

**AVISTA UTILITIES**  
2018  
Washington Electric  
Schedule 75  
Annual Decoupling Rate Adjustment Filing

**ATTACHMENT A**

Rate Calculation for  
November 1, 2018 – October 31, 2019

August 17, 2018

Avista Utilities  
 Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
 Effective November 1, 2018 - October 31, 2019

**Residential Electric**

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		-0.00109	4.69%	
2	Oct-18	(\$2,593,143)		
3	Nov-18	(\$2,360,950)	(\$9,662)	221,885,239
4	Dec-18	(\$2,062,467)	(\$8,627)	281,752,865
5	Jan-19	(\$1,776,639)	(\$7,488)	269,096,125
6	Feb-19	(\$1,542,256)	(\$6,473)	220,969,041
7	Mar-19	(\$1,315,954)	(\$5,575)	212,731,216
8	Apr-19	(\$1,134,611)	(\$4,779)	170,754,523
9	May-19	(\$968,279)	(\$4,101)	156,360,976
10	Jun-19	(\$809,698)	(\$3,468)	148,668,087
11	Jul-19	(\$607,063)	(\$2,763)	188,439,203
12	Aug-19	(\$412,423)	(\$1,988)	180,392,736
13	Sep-19	(\$242,751)	(\$1,278)	156,834,680
14	Oct-19	(\$51,175)	(\$573)	176,283,612
15	Annual Total		(\$56,776)	2,384,168,302
16	Incremental Rate to Recover Estimated Interest		(\$0.00002)	
17	Estimated Rate to Recover Deferral Balance		(\$0.00109)	
18	Rate before Gross-up for Revenue-related items		(\$0.00111)	
19	Times: Gross-up for Revenue-related items (3)		1.047725	
20	Preliminary Proposed Decoupling Rate		(\$0.00116)	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		(\$0.00116)	Rebate Rate
23	Adjusted for Revenue Related Expenses		(\$0.00111)	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of -\$0.00109 to recover the October 2018 balance of -\$2,593,143 over 12 months. See page 2 and 5 of Attachment A for October 2018 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.  
<http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>
- (3) 2017 Commission Basis conversion factor, see page 8 of Attachment A.
- (4) See pages 6 and 7 of Attachment A for earnings test and 3% test adjustment calculations.
- (5) See page 2 of Attachment A for estimated carryover balance calculations.

Avista Utilities  
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
Effective November 1, 2018 - October 31, 2019

**Residential Electric**

Calculate Estimated Monthly Balances through October 2018

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-17	<b>(\$2,092,790)</b>			
2	Earnings Sharing Adjustment	(\$728,117)			
3	Adjusted December Balance	(\$2,820,907)			
4	Jan-18	(\$2,830,898)	(\$9,991)		4.25%
5	Feb-18	(\$2,840,924)	(\$10,026)		4.25%
6	Mar-18	(\$2,850,985)	(\$10,062)		4.25%
7	Apr-18	(\$2,861,605)	(\$10,620)		4.47%
8	May-18	(\$2,872,265)	(\$10,659)		4.47%
9	Jun-18	(\$2,882,964)	(\$10,699)		4.47%
10	Jul-18	(\$2,894,231)	(\$11,268)		4.69%
11	Aug-18	(\$2,905,543)	(\$11,312)		4.69%
12	Sep-18	(\$2,916,899)	(\$11,356)		4.69%
13	<b>Oct-18</b>	<b>(\$2,928,299)</b>	(\$11,400)		4.69%
14	<b>Prior Year Residual Balance</b>	<b>\$335,156</b>			
15	Nov-18	(\$2,356,504)	(\$9,654)	(\$246,293)	4.69%
16	Dec-18	(\$2,052,357)	(\$8,599)	(\$312,746)	4.69%
17	Jan-19	(\$1,761,098)	(\$7,438)	(\$298,697)	4.69%
18	Feb-19	(\$1,522,226)	(\$6,404)	(\$245,276)	4.69%
19	Mar-19	(\$1,291,582)	(\$5,488)	(\$236,132)	4.69%
20	Apr-19	(\$1,106,722)	(\$4,678)	(\$189,538)	4.69%
21	May-19	(\$937,148)	(\$3,986)	(\$173,561)	4.69%
22	Jun-19	(\$775,466)	(\$3,340)	(\$165,022)	4.69%
23	Jul-19	(\$568,921)	(\$2,622)	(\$209,168)	4.69%
24	Aug-19	(\$370,517)	(\$1,832)	(\$200,236)	4.69%
25	Sep-19	(\$197,538)	(\$1,108)	(\$174,086)	4.69%
26	<b>Oct-19</b>	<b>(\$2,253)</b>	(\$390)	(\$195,675)	4.69%
27	Total		(\$162,930)	(\$2,646,427)	
<b>Summary</b>					
28	2017 Deferred Revenue	(\$2,092,790)			
29	Less Earnings Sharing	(\$728,117)			
30	Add Prior Year Residual Balance	\$335,156			
31	Add Interest through 10/31/2019	(\$162,930)			
32	Add Revenue Related Expense Adj.	(\$116,955)			
33	Total Requested Recovery	(\$2,765,635)			
34	Customer Rebate Revenue	(\$2,765,635)			
35	Carryover Deferred Revenue	\$0			

Avista Utilities  
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
Effective November 1, 2018 - October 31, 2019

**Non-Residential Electric**

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00051	4.69%	
2	Oct-18	\$1,096,954		
3	Nov-18	\$1,012,988	\$4,115	172,708,471
4	Dec-18	\$919,952	\$3,770	189,814,202
5	Jan-19	\$828,342	\$3,410	186,313,254
6	Feb-19	\$747,510	\$3,073	164,520,841
7	Mar-19	\$661,426	\$2,748	174,180,411
8	Apr-19	\$581,023	\$2,423	162,405,195
9	May-19	\$494,921	\$2,098	172,942,337
10	Jun-19	\$406,631	\$1,758	176,564,147
11	Jul-19	\$299,119	\$1,376	213,507,317
12	Aug-19	\$197,681	\$969	200,797,741
13	Sep-19	\$108,208	\$597	176,607,555
14	Oct-19	\$17,625	\$245	178,093,996
15	Annual Total		\$26,584	2,168,455,465
16	Incremental Rate to Recover Estimated Interest		\$0.00001	
17	Estimated Rate to Recover Deferral Balance		\$0.00051	
18	Rate before Gross-up for Revenue-related items		\$0.00052	
19	Times: Gross-up for Revenue-related items (3)		1.047725	
20	Preliminary Proposed Decoupling Rate		\$0.00054	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.00054	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00052	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00051 to recover the October 2018 balance of \$1,096,954 over 12 months. See page 4 and 5 of Attachment A for October 2018 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the present FERC rate. The FERC interest rate is updated quarterly.  
<http://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>
- (3) 2016 Commission Basis conversion factor, see page 8 of Attachment A.
- (4) See pages 6 and 7 of Attachment A for earnings test and 3% test adjustment calculations.
- (5) See page 4 of Attachment A for estimated carryover balance calculations.

Avista Utilities  
 Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates  
 Effective November 1, 2018 - October 31, 2019

**Non-Residential Electric**

Calculate Estimated Monthly Balances through October 2018

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-17	<b>\$1,735,911</b>			
2	Earnings Sharing Adjustment	(\$697,138)			
3	Adjusted December Balance	\$1,038,773			
4	Jan-18	\$1,042,452	\$3,679		4.25%
5	Feb-18	\$1,046,144	\$3,692		4.25%
6	Mar-18	\$1,049,849	\$3,705		4.25%
7	Apr-18	\$1,053,760	\$3,911		4.47%
8	May-18	\$1,057,685	\$3,925		4.47%
9	Jun-18	\$1,061,625	\$3,940		4.47%
10	Jul-18	\$1,065,774	\$4,149		4.69%
11	Aug-18	\$1,069,940	\$4,165		4.69%
12	Sep-18	\$1,074,121	\$4,182		4.69%
13	<b>Oct-18</b>	<b>\$1,078,319</b>	\$4,198		4.69%
14	<b>Prior Year Residual Balance</b>	<b>\$18,634</b>			
15	Nov-18	\$1,011,257	\$4,112	\$89,808	4.69%
16	Dec-18	\$916,313	\$3,759	\$98,703	4.69%
17	Jan-19	\$822,822	\$3,392	\$96,883	4.69%
18	Feb-19	\$740,320	\$3,049	\$85,551	4.69%
19	Mar-19	\$652,463	\$2,716	\$90,574	4.69%
20	Apr-19	\$570,397	\$2,385	\$84,451	4.69%
21	May-19	\$482,521	\$2,054	\$89,930	4.69%
22	Jun-19	\$392,414	\$1,706	\$91,813	4.69%
23	Jul-19	\$282,707	\$1,317	\$111,024	4.69%
24	Aug-19	\$179,193	\$901	\$104,415	4.69%
25	Sep-19	\$87,878	\$521	\$91,836	4.69%
26	<b>Oct-19</b>	<b>(\$4,569)</b>	\$162	\$92,609	4.69%
27	Total		\$65,620	\$1,127,597	

**Summary**

28	2017 Deferred Revenue	\$1,735,911
29	Less Earnings Sharing	(\$697,138)
30	Add Prior Year Residual Balance	\$18,634
31	Add Interest through 10/31/2019	\$65,620
32	Add Revenue Related Expense Adj.	\$47,938
33	Total Requested Refund	\$1,170,966
34	Customer Surcharge Revenue	\$1,170,966
35	Carryover Deferred Revenue	\$0

Avista Utilities  
Decoupling Mechanism Prior Surcharge or Rebate Amortization  
Effective November 1, 2017 - October 31, 2018  
Docket No. UE-17939

**Residential Electric Surcharge**

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
1	Nov-17	\$ 10,195,041.79	\$34,222.69	\$ (880,710.00)	\$ 9,348,554.48	4.21%	
2	Dec-17	\$ 9,348,554.48	\$30,751.14	\$(1,166,765.87)	\$ 8,212,539.75	4.21%	
3	Jan-18	\$ 8,212,539.75	\$27,027.93	\$(1,162,250.77)	\$ 7,077,316.91	4.25%	
4	Feb-18	\$ 7,077,316.91	\$23,441.73	\$(916,951.19)	\$ 6,183,807.45	4.25%	
5	Mar-18	\$ 6,183,807.45	\$20,168.61	\$(978,281.24)	\$ 5,225,694.82	4.25%	
6	Apr-18	\$ 5,225,694.82	\$18,086.99	\$(740,255.37)	\$ 4,503,526.44	4.47%	
7	May-18	\$ 4,503,526.44	\$15,607.76	\$(627,047.86)	\$ 3,892,086.34	4.47%	
8	Jun-18	\$ 3,892,086.34	\$13,367.24	\$(607,128.45)	\$ 3,298,325.13	4.47%	
9	Jul-18	\$ 3,298,325.13	\$11,355.24	\$(785,864.40)	\$ 2,523,815.97	4.69%	
10	Aug-18	\$ 2,523,815.97	\$8,343.65	\$(777,959.84)	\$ 1,754,199.78	4.69%	183,481,095
11	Sep-18	\$ 1,754,199.78	\$5,540.87	\$(672,984.02)	\$ 1,086,756.63	4.69%	158,722,647
12	Oct-18	\$ 1,086,756.63	\$2,773.24	\$(754,373.42)	\$ <b>335,156.45</b>	4.69%	177,918,260

**Non-Residential Electric Surcharge**

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
13	Nov-17	\$ 808,937.41	\$2,727.72	\$(62,878.18)	\$ 748,786.95	4.21%	
14	Dec-17	\$ 748,786.95	\$2,518.48	\$(61,863.62)	\$ 689,441.81	4.21%	
15	Jan-18	\$ 689,441.81	\$2,324.53	\$(66,207.29)	\$ 625,559.05	4.25%	
16	Feb-18	\$ 625,559.05	\$2,096.21	\$(67,375.64)	\$ 560,279.62	4.25%	
17	Mar-18	\$ 560,279.62	\$1,871.33	\$(63,806.12)	\$ 498,344.83	4.25%	
18	Apr-18	\$ 498,344.83	\$1,741.22	\$(61,807.14)	\$ 438,278.91	4.47%	
19	May-18	\$ 438,278.91	\$1,508.03	\$(66,875.54)	\$ 372,911.40	4.47%	
20	Jun-18	\$ 372,911.40	\$1,261.39	\$(68,567.36)	\$ 305,605.43	4.47%	
21	Jul-18	\$ 305,605.43	\$1,041.60	\$(78,197.29)	\$ 228,449.74	4.69%	
22	Aug-18	\$ 228,449.74	\$742.05	\$(77,170.75)	\$ 152,021.04	4.69%	203,080,911
23	Sep-18	\$ 152,021.04	\$461.84	\$(67,704.72)	\$ 84,778.16	4.69%	178,170,326
24	Oct-18	\$ 84,778.16	\$201.69	\$(66,345.43)	\$ <b>18,634.42</b>	4.69%	174,593,227

Avista Utilities  
Decoupling Mechanism Earnings Test and 3% Test  
2017 Deferrals

**2017 Commission Basis Earnings Test for Decoupling**

Line No.		Electric
1	Rate Base	\$ 1,513,706,000
2	Net Income	\$ 112,202,000
3	Calculated ROR	7.41%
4	Base ROR	7.29%
5	Excess ROR	0.12%
6	Excess Earnings	\$ 1,852,833
7	Conversion Factor	0.620392
8	Excess Revenue (Excess Earnings/CF)	\$ 2,986,551
9	Sharing %	50%
10	2017 Total Earnings Test Sharing	<b>\$ 1,493,276</b>

**Revenue From 2017 Normalized Loads and Customers at Present Billing Rates**

11	Residential Revenue	\$ 231,219,047	51.09%
12	Non-Residential Revenue	\$ 221,381,435	48.91%
13	Total Normalized Revenue	\$ 452,600,482	100.00%

	Gross Revenue Adjustment	Net of Revenue Related Expenses
14	Residential	\$ 728,117
15	Non-Residential	\$ 697,138
16	Total	<u>\$ 1,425,255</u>

Avista Utilities  
Decoupling Mechanism Earnings Test and 3% Test  
2017 Deferrals

**3% Incremental Surcharge Test**

Line No.		Residential	Non-Residential
1	Revenue From 2017 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 231,219,047	\$ 221,381,435
2	November 2018 - October 2019 Usage (kWhs)	2,384,168,302	2,168,455,465
3	Proposed Decoupling Recovery Rates	-\$0.00116	\$0.00054
4	Present Decoupling Surcharge Recovery Rates	\$0.00445	\$0.00040
5	Incremental Decoupling Recovery Rates	-\$0.00561	\$0.00014
6	Incremental Decoupling Recovery	\$ (13,375,184)	\$ 303,584
7	Incremental Surcharge %	<b>-5.78%</b>	<b>0.14%</b>
8	3% Test Adjustment (Note 2)	\$ -	\$ -
9	3% Test Rate Adjustment	\$0.00000	\$0.00000
10	Adjusted Proposed Decoupling Recovery Rates	-\$0.00116	\$0.00054
11	Adjusted Incremental Decoupling Recovery	\$ (13,375,184)	\$ 303,584
12	Adjusted Incremental Surcharge %	<b>-5.78%</b>	<b>0.14%</b>

Notes

(1) Revenue from 2017 normalized loads and customers at present billing rates effective since July 1, 2018.

(2) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.



**AVISTA UTILITIES**  
**Revenue Conversion Factor**  
**Washington - Electric System**  
**TWELVE MONTHS ENDED December 31, 2017**

<b>Line No.</b>	<b>Description</b>	<b>Factor</b>
1	<b>Revenues</b>	<i>1.000000</i>
	<b>Expense:</b>	
2	Uncollectibles	<i>0.005011</i>
3	Commission Fees	<i>0.002000</i>
4	Washington Excise Tax	<i>0.038540</i>
5	Total Expense	<u><i>0.045551</i></u>
6	Net Operating Income Before FIT	<i>0.954449</i>
7	Federal Income Tax @ 35%	<u><i>0.334057</i></u>
8	<b>REVENUE CONVERSION FACTOR</b>	<u><u><i>0.620392</i></u></u>
9	Gross Up Factor	<i>1.047725</i>

2017 Commission Basis Conversion Factor

Avista Utilities  
Washington Jurisdiction  
2018 Decoupling Schedule 75 Filing  
Electric

Type of Service	Schedule Number	Decoupling Billing Determinants	Present Decoupling Rate	Present Decoupling Revenue	Proposed Decoupling Incr./ (Decr.)	Proposed Decoupling Revenue	Proposed Decoupling Rate	Incremental Rate change	Present Billing Revenue	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
<b>Residential</b>	<b>1/2</b>	<b>2,384,168,302</b>	<b>\$ 0.00445</b>	<b>\$ 10,609,549</b>	<b>\$ (13,375,184)</b>	<b>\$ (2,765,635)</b>	<b>\$ (0.00116)</b>	<b>\$ (0.00561)</b>	<b>\$ 231,219,047</b>	<b>-5.78%</b>
General Service	11/12	626,441,376	\$ 0.00040	\$ 250,577	\$ 87,702	\$ 338,278	\$ 0.00054	\$ 0.00014	\$ 77,951,257	0.11%
Large General Service	21/22	1,399,790,113	\$ 0.00040	\$ 559,916	\$ 195,971	\$ 755,887	\$ 0.00054	\$ 0.00014	\$ 131,676,803	0.15%
Pumping Service	30/31/32	142,223,976	\$ 0.00040	\$ 56,890	\$ 19,911	\$ 76,801	\$ 0.00054	\$ 0.00014	\$ 11,753,375	0.17%
Extra Large General Service	25	N/A							\$ 67,667,531	0.00%
ST & Area Lighting	41 - 48	N/A							\$ 6,776,437	0.00%
Total		4,552,623,767		\$ 11,476,931	\$ (13,071,600)	\$ (1,594,669)			\$ 527,044,450	-2.48%
<b>Non-Residential Group Sub-Totals</b>		<b>2,168,455,465</b>		<b>\$ 867,382</b>	<b>\$ 303,584</b>	<b>\$ 1,170,966</b>			<b>\$ 221,381,435</b>	<b>0.14%</b>

Average Residential Bill		@938 kWhs
Basic Charge	\$9.00	\$9.00
First 800 kWhs	\$0.08170	\$65.36
Next 700 kWhs	\$0.09402	\$12.97
Over 1,500 kWhs	\$0.10913	\$0.00
Residential Bill at 7/1/2018 rates		\$87.33
Proposed rate change	\$ (0.00561)	(\$5.26)
Residential Bill at Proposed rates		\$82.07
Proposed Percent Decrease		-6.02%