

AVISTA UTILITIES
2020
Washington Natural Gas
Schedule 175
Annual Decoupling Rate Adjustment Filing

ATTACHMENT A

Rate Calculation for
August 1, 2020 – July 31, 2021

May 29, 2020

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective August 1, 2020 - July 31, 2021

Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		-0.0064	4.75%	
2	Jul-20	(\$837,046)		
3	Aug-20	(\$827,202)	(\$3,287)	2,051,714
4	Sep-20	(\$810,095)	(\$3,234)	3,178,330
5	Oct-20	(\$757,507)	(\$3,096)	8,700,753
6	Nov-20	(\$659,711)	(\$2,799)	15,717,991
7	Dec-20	(\$523,016)	(\$2,336)	21,723,608
8	Jan-21	(\$375,649)	(\$1,775)	23,303,433
9	Feb-21	(\$248,960)	(\$1,234)	19,987,878
10	Mar-21	(\$147,699)	(\$784)	15,944,593
11	Apr-21	(\$82,052)	(\$454)	10,328,109
12	May-21	(\$51,588)	(\$264)	4,801,381
13	Jun-21	(\$33,601)	(\$168)	2,836,645
14	Jul-21	(\$18,997)	(\$104)	2,298,200
15	Annual Total		(\$19,536)	130,872,633
16	Incremental Rate to Recover Estimated Interest		(\$0.00015)	
17	Estimated Rate to Recover Deferral Balance		(\$0.00640)	
18	Rate before Gross-up for Revenue-related items		(\$0.00655)	
19	Times: Gross-up for Revenue-related items (3)		1.045369	
20	Preliminary Proposed Decoupling Rate		(\$0.00685)	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		(\$0.00685)	Rebate Rate
23	Adjusted for Revenue Related Expenses		(\$0.00655)	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes Notes

(1)

Deferral balance at the end of the month, Rate of -\$0.00640 to recover the July 2020 balance of -\$837,046 over 12 months. See page 2 and 5 of Attachment A for July 2020 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) 2019 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.

Residential Natural Gas

Calculate Estimated Monthly Balances through July 2021

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-19	(\$1,053,674)			
2	Earnings Sharing Adjustment	\$0			
3	Adjusted December Balance	(\$1,053,674)			
4	Jan-20	(\$1,058,030)	(\$4,355)		4.96%
5	Feb-20	(\$1,062,403)	(\$4,373)		4.96%
6	Mar-20	(\$1,066,794)	(\$4,391)		4.96%
7	Apr-20	(\$1,071,017)	(\$4,223)		4.75%
8	May-20	(\$1,075,256)	(\$4,239)		4.75%
9	Jun-20	(\$1,079,512)	(\$4,256)		4.75%
10	Jul-20	(\$1,083,785)	(\$4,273)		4.75%
11	Prior Year Carryover Balance	\$ 246,739			
12	Aug-20	(\$826,894)	(\$3,287)	(\$13,439)	4.75%
13	Sep-20	(\$809,308)	(\$3,232)	(\$20,818)	4.75%
14	Oct-20	(\$755,409)	(\$3,091)	(\$56,990)	4.75%
15	Nov-20	(\$655,242)	(\$2,786)	(\$102,953)	4.75%
16	Dec-20	(\$515,265)	(\$2,312)	(\$142,290)	4.75%
17	Jan-21	(\$364,365)	(\$1,737)	(\$152,637)	4.75%
18	Feb-21	(\$234,627)	(\$1,183)	(\$130,921)	4.75%
19	Mar-21	(\$130,912)	(\$722)	(\$104,437)	4.75%
20	Apr-21	(\$63,647)	(\$384)	(\$67,649)	4.75%
21	May-21	(\$32,388)	(\$190)	(\$31,449)	4.75%
22	Jun-21	(\$13,899)	(\$91)	(\$18,580)	4.75%
23	Jul-21	\$1,129	(\$25)	(\$15,053)	4.75%
24	Total		(\$49,152)	(\$765,969)	

Summary

25	2019 Deferred Revenue	(\$1,053,674)
26	Less Earnings Sharing	\$0
27	Add Prior Year Carryover Balance	\$ 246,739
28	Add Interest through 07/31/2021	(\$49,152)
29	Add Revenue Related Expense Adj.	(\$40,390)
30	Total Requested Recovery	(\$896,478)
31	Customer Surcharge Revenue	(\$896,478)
32	Carryover Deferred Revenue	\$0

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective August 1, 2020 - July 31, 2021

Non-Residential Natural Gas

Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00392	4.75%	
2	Jul-20	\$236,954		
3	Aug-20	\$229,667	\$922	2,094,002
4	Sep-20	\$221,216	\$891	2,382,942
5	Oct-20	\$201,908	\$836	5,138,667
6	Nov-20	\$174,663	\$744	7,140,073
7	Dec-20	\$140,527	\$623	8,867,081
8	Jan-21	\$104,273	\$484	9,371,854
9	Feb-21	\$73,425	\$351	7,958,872
10	Mar-21	\$47,642	\$239	6,638,255
11	Apr-21	\$29,619	\$153	4,636,742
12	May-21	\$20,004	\$98	2,477,620
13	Jun-21	\$12,603	\$64	1,904,555
14	Jul-21	\$5,247	\$35	1,885,523
15	Annual Total		\$5,438	60,496,185
16	Incremental Rate to Recover Estimated Interest		\$0.00009	
17	Estimated Rate to Recover Deferral Balance		\$0.00392	
18	Rate before Gross-up for Revenue-related items		\$0.00401	
19	Times: Gross-up for Revenue-related items (3)		1.045369	
20	Preliminary Proposed Decoupling Rate		\$0.00419	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.00419	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00401	Amortization Rate
24	Estimated Carryover Balance (5)		\$0	

Notes Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00392 to recover the July 2020 balance of \$236,954 over 12 months. See page 4 and 5 of Attachment A for July 2020 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) 2019 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.

Non-Residential Natural Gas

Calculate Estimated Monthly Balances through July 2021

Line No.		Ending Balance	Interest	Amortization	Interest Rate
1	Dec-19	\$63,249			
2	Earnings Sharing Adjustment	\$0			
3	Adjusted December Balance	\$63,249			
4	Jan-20	\$63,510	\$261		4.96%
5	Feb-20	\$63,773	\$263		4.96%
6	Mar-20	\$64,037	\$264		4.96%
7	Apr-20	\$64,290	\$253		4.75%
8	May-20	\$64,544	\$254		4.75%
9	Jun-20	\$64,800	\$255		4.75%
10	Jul-20	\$65,056	\$256		4.75%
	Prior Year Carryover Balance \$	171,897			
11	Aug-20	\$229,478	\$921	\$8,397	4.75%
12	Sep-20	\$220,812	\$889	\$9,556	4.75%
13	Oct-20	\$201,039	\$833	\$20,606	4.75%
14	Nov-20	\$173,146	\$739	\$28,632	4.75%
15	Dec-20	\$138,204	\$615	\$35,557	4.75%
16	Jan-21	\$101,096	\$473	\$37,581	4.75%
17	Feb-21	\$69,518	\$337	\$31,915	4.75%
18	Mar-21	\$43,121	\$222	\$26,619	4.75%
19	Apr-21	\$24,662	\$134	\$18,593	4.75%
20	May-21	\$14,804	\$78	\$9,935	4.75%
21	Jun-21	\$7,210	\$43	\$7,637	4.75%
22	Jul-21	(\$337)	\$14	\$7,561	4.75%
24	Total		\$7,107	\$204,031	
Summary					
25	2019 Deferred Revenue	\$63,249			
26	Less Earnings Sharing	\$0			
27	Add Prior Year Carryover Balance	\$ 171,897			
28	Add Interest through 07/31/2021	\$7,107			
29	Add Revenue Related Expense Adj.	\$11,226			
30	Total Requested Recovery	\$253,479			
31	Customer Surcharge Revenue	\$253,479			
32	Carryover Deferred Revenue	\$0			

Avista Utilities
Decoupling Mechanism Prior Surcharge or Rebate Amortization
Effective November 1, 2019 - July 31, 2020
Docket No. UG-190710

Residential Natural Gas Surcharge

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
1	Nov-19	\$ 672,472.77	\$2,878.53	\$ (70,320.00)	\$ 605,031.30	5.42%	
2	Dec-19	\$ 605,031.30	\$2,559.28	\$ (76,803.40)	\$ 530,787.18	5.42%	
3	Jan-20	\$ 530,787.18	\$2,028.93	\$ (79,833.33)	\$ 452,982.78	4.96%	
4	Feb-20	\$ 452,982.78	\$1,721.31	\$ (73,074.42)	\$ 381,629.67	4.96%	
5	Mar-20	\$ 381,629.67	\$1,438.54	\$ (67,191.29)	\$ 315,876.92	4.96%	
6	Apr-20	\$ 315,876.92	\$1,181.37	\$ (34,849.95)	\$ 282,208.34	4.75%	
10	May-20	\$ 282,208.34	\$1,081.12	\$ (18,164.17)	\$ 265,125.29	4.75%	4,529,718
11	Jun-20	\$ 265,125.29	\$1,026.93	\$ (11,380.44)	\$ 254,771.78	4.75%	2,838,014
12	Jul-20	\$ 254,771.78	\$990.61	\$ (9,022.91)	\$ 246,739.48	4.75%	2,250,101

Non-Residential Natural Gas Surcharge

Line No.	Date	Regulatory Asset Beginning Balance	Interest	Amortization	Regulatory Asset Ending Balance	Interest Rate	Aug - Oct Forecast Usage
13	Nov-19	\$ 1,001,036.50	\$4,232.62	\$ (127,849.57)	\$ 877,419.55	5.42%	
14	Dec-19	\$ 877,419.55	\$3,646.58	\$ (140,117.79)	\$ 740,948.34	5.42%	
15	Jan-20	\$ 740,948.34	\$2,769.89	\$ (141,625.04)	\$ 602,093.19	4.96%	
16	Feb-20	\$ 602,093.19	\$2,202.00	\$ (138,701.64)	\$ 465,593.55	4.96%	
17	Mar-20	\$ 465,593.55	\$1,663.76	\$ (126,141.67)	\$ 341,115.64	4.96%	
18	Apr-20	\$ 341,115.64	\$1,223.67	\$ (63,954.77)	\$ 278,384.54	4.75%	
22	May-20	\$ 278,384.54	\$1,015.79	\$ (43,526.12)	\$ 235,874.21	4.75%	2,473,075
23	Jun-20	\$ 235,874.21	\$870.20	\$ (32,066.71)	\$ 204,677.70	4.75%	1,821,972
24	Jul-20	\$ 204,677.70	\$743.83	\$ (33,524.41)	\$ 171,897.12	4.75%	1,904,796

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2019 Washington Natural Gas Deferrals

2019 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	\$ 385,391,000
2	Net Income	\$ 24,030,000
3	Calculated ROR	6.24%
4	Base ROR	7.50%
5	Excess ROR	-1.26%
6	Excess Earnings	\$ -
7	Conversion Factor	0.755714
8	Excess Revenue (Excess Earnings/CF)	\$ -
9	Sharing %	50%
10	2019 Total Earnings Test Sharing	\$ -

Revenue From 2019 Normalized Loads and Customers at Present Billing Rates

11	Residential Revenue	\$ 119,141,053	75.61%
12	Non-Residential Revenue	\$ 38,441,296	24.39%
13	Total Normalized Revenue	\$ 157,582,349	100.00%

	Gross Revenue Adjustment	Net of Revenue Related Expenses
14 Residential	\$ -	\$ -
15 Non-Residential	\$ -	\$ -
16 Total	\$ -	\$ -

Avista Utilities
Decoupling Mechanism Earnings Test and 3% Test
2019 Washington Natural Gas Deferrals

3% Incremental Surcharge Test

Line No.		Residential	Non-Residential
1	Revenue From 2019 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$ 119,141,053	\$ 38,441,296
2	August 2020 - July 2021 Usage	130,872,633	60,496,185
3	Proposed Decoupling Recovery Rates	-\$0.00685	\$0.00419
4	Present Decoupling Surcharge Recovery Rates	\$0.00420	\$0.01841
5	Incremental Decoupling Recovery Rates	-\$0.01105	-\$0.01422
6	Incremental Decoupling Recovery	\$ (1,446,143)	\$ (860,256)
7	Incremental Surcharge %	-1.21%	-2.24%
8	3% Test Adjustment (2)	\$ -	\$ -
9	3% Test Rate Adjustment	\$0.00000	\$0.00000
10	Adjusted Proposed Decoupling Recovery Rates	-\$0.00685	\$0.00419
11	Adjusted Incremental Decoupling Recovery	\$ (1,446,143)	\$ (860,256)
12	Adjusted Incremental Surcharge %	-1.21%	-2.24%

Notes

(1) Revenue from 2019 normalized loads and customers at present billing rates effective since April 1, 2020.

(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 - Gas System
TWELVE MONTHS ENDED December 31, 2019

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.002996
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038405
5	Total Expense	<u>0.043400</u>
6	Net Operating Income Before FIT	0.956600
7	Federal Income Tax @ 21%	0.200886
8	REVENUE CONVERSION FACTOR	<u><u>0.755714</u></u>
9	Gross Up Factor	1.045369

2019 Commission Basis Conversion Factor

Avista Utilities
Washington Jurisdiction
2020 Decoupling Schedule 175 Filing
Natural Gas

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)		
General Service	101/102	130,872,633	\$ 0.00420	\$ 549,665	\$ (1,446,143)	\$ (896,478)	\$ (0.00685)	\$ (0.01105)	\$ 119,141,053	-1.21%
Large General Service	111/112/116	60,496,185	\$ 0.01841	\$ 1,113,735	\$ (860,256)	\$ 253,479	\$ 0.00419	\$ (0.01422)	\$ 38,441,296	-2.24%
High Annual Load Factor Large General Service	121/122/126	0	\$ 0.01841	\$ -	\$ -	\$ -	\$ 0.00419	\$ (0.01422)	\$ -	#DIV/0!
Interruptible Service	131	0	\$ 0.01841	\$ -	\$ -	\$ -	\$ 0.00419	\$ (0.01422)	\$ -	0.00%
Interruptible Service	132	N/A							\$ 455,396	0.00%
Transportation Service	146	N/A							\$ 3,448,777	0.00%
Special Contract Transportation Service	148	N/A							\$ 1,441,933	0.00%
Total		191,368,818		\$ 1,663,400	\$ (2,306,398)	\$ (642,999)			\$ 162,928,455	-1.42%
Non-Residential Group Subtotal		60,496,185		\$ 1,113,735	\$ (860,256)	\$ 253,479			\$ 38,441,296	-2.24%

Average Residential Bill		@66 therms
Basic Charge	\$9.50	\$9.50
First 70 therms	\$0.71111	\$46.93
Next 70 therms	\$0.83409	\$0.00
Residential Bill at 4/1/2020 rates		\$56.43
Proposed rate change	\$ (0.01105)	(\$0.73)
Residential Bill at Proposed rates		\$55.70
Proposed Percent Increase		-1.29%