

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 175E
DECOUPLING MECHANISM – NATURAL GAS

3% ANNUAL RATE INCREASE LIMITATION:

Following the application of the Earnings Test described above, the amount of the incremental proposed rate adjustment under this Schedule cannot reflect more than a 3% rate increase. This will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this Schedule by the total "normalized" revenue for the two Rate Groups for the most recent January through December time period. Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year. There is no limit to the level of the decoupling rebate, and the reversal of any rebate rate would not be included in the 3% incremental surcharge test.

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OTHER CONDITIONS:

The Decoupling Mechanism will last for a five-year period, starting on January 1, 2015 and ending December 31, 2019.

A third-party evaluation of the electric mechanism will be completed following the end of the third full-year, and will be paid for by Avista.

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Issued by Avista Corporation

By  Kelly Norwood, Vice President, State & Federal Regulation