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February 29, 2016

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3612

Attention: Filing Center

Advice No. 16-03-G

Docket No. UG-288 Compliance Filing – Commission Order No. 16-076

Attached for filing with the Commission are tariff sheets in compliance with Commission Order No. 16-076 in Docket No. UG-288. Also attached is documentation showing the components included in the compliance rates, as well as the baseline decoupling values.

If you have any questions regarding this matter, please contact Pat Ehrbar at 509-495-8620 or Joe Miller at 509-495-4546.

Sincerely,

A handwritten signature in cursive script that reads "Patrick Ehrbar for".

David Meyer
Vice President and Chief Counsel for
Regulatory and Governmental Affairs

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 410

GENERAL RESIDENTIAL NATURAL GAS SERVICE - OREGON

APPLICABILITY:

Applicable to residential natural gas service for all purposes.

TERRITORY:

This schedule is applicable to the entire territory in the State of Oregon served by the Company.

THERM:

The word "therm" means one hundred thousand British Thermal Units (100,000 B.T.U.)

RATES:

Per Meter
Per Month

Customer Charge:

\$9.00

(I)

Commodity Charge Per Therm:

Base Rate

\$0.58062

(I)

OTHER CHARGES:

Schedule 461 – Purchased Gas Cost Adjustment

\$0.47248

Schedule 462 – Gas Cost Rate Adjustment

(\$0.02849)

Schedule 476 – Intervenor Funding

\$0.00183

Schedule 478 – DSM Cost Recovery

\$0.02212

Schedule 493 – Low Income Rate Assistance Program

\$0.00451

Schedule 497 – Capital Cost Recovery

\$0.00000

Total Billing Rate *

\$1.05307

(I)

Minimum Charge:

The Customer Charge constitutes the Minimum Charge.

* The rates shown in this Rate Schedule as Other Charges may not always reflect actual billing rates. See the corresponding rate schedules under Other Charges for the actual rates.

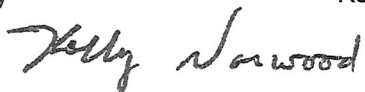
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Advice No. 16-03-G
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Effective For Service On & After
March 1, 2016

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By

Kelly O. Norwood, V.P. State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 420
GENERAL NATURAL GAS SERVICE - OREGON

APPLICABILITY:

Applicable to commercial and small industrial natural gas service for all purposes.

TERRITORY:

This schedule is applicable to the entire territory in the State of Oregon served by the Company.

THERM:

The word "therm" means one hundred thousand British Thermal Units (100,000 B.T.U.)

RATES:

Per Meter
Per Month

Customer Charge:

\$17.00

(l)

Commodity Charge Per Therm:

Base Rate

\$0.48015

(l)

OTHER CHARGES:

Schedule 461 – Purchased Gas Cost Adjustment

\$0.47248

Schedule 462 – Gas Cost Rate Adjustment

(\$0.02849)

Schedule 478 – DSM Cost Recovery

\$0.02212

Schedule 497 – Capital Cost Recovery

\$0.00000

Total Billing Rate *

\$0.94626

(l)

Minimum Charge:

The Customer Charge constitutes the Minimum Charge.

* The rates shown in this Rate Schedule as Other Charges may not always reflect actual billing rates. See the corresponding rate schedules under Other Charges for the actual rates.

(continued)

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**SCHEDULE 475
DECOUPLING MECHANISM – NATURAL GAS**

(N)

PURPOSE:

This Schedule establishes balancing accounts and implements an annual rate adjustment mechanism that decouples or separates the recovery of the Company’s Commission authorized revenues from the therm sales to customers served under the applicable natural gas service schedules.

APPLICABLE:

To Customers in the State of Oregon where the Company has natural gas service available. This schedule shall be applicable to all retail customers taking service under Schedules 410, 420, 424, 440, and 444. This Schedule does not apply to Schedule 447 (Special Contract Natural Gas Service) or Schedule 456 (Interruptible Transportation Service For Customer-Owned Gas). Applicable Customers will be segregated into two (2) distinct Rate Groups:

- Group 1 – Schedule 410
- Group 2 – Schedules 420, 424, 440 and 444

MONTHLY RATE:

- Group 1 – \$0.00000 per therm
- Group 2 – \$0.00000 per therm

DESCRIPTION OF THE NATURAL GAS DECOUPLING MECHANISM:

Calculation of Monthly Allowed Delivery Revenue Per Customer:

Step 1 – Determine the Total Delivery Revenue - The Total Normalized Revenue is equal to the final approved base rate revenue approved in the Company’s last general rate case, individually for each Rate Schedule.

(N)

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**SCHEDULE 475A
DECOUPLING MECHANISM – NATURAL GAS**

Step 2 – Remove Basic Charge Revenue – included in Total Delivery Revenue is revenue recovered from customers in Basic and Minimum charges (“Basic Charges”). Because the decoupling mechanism only tracks revenue that varies with customer energy usage, the revenue from Basic Charges is removed. The number of Customer Bills in the test period, multiplied by the applicable Fixed Charges determines the total Basic Charge revenue by rate schedule.

Step 3 – Determine Allowed Decoupled Revenue – Allowed Decoupled Revenue is equal to the Delivery Revenue (Step 1) minus the Basic Charge Revenue (Step 2).

Step 4 – Determine the Allowed Decoupled Revenue per Customer – To determine the annual per customer Allowed Decoupled Revenue, divide the Allowed Decoupled Revenue (by Rate Group) by the Rate Year number of Customers (by Rate Group) to determine the annual Allowed Decoupled Revenue per Customer (by Rate Group).

Step 5 – Determine the Monthly Allowed Decoupled Revenue per Customer - to determine the monthly Allowed Decoupled Revenue per Customer, the annual Allowed Decoupled Revenue per Customer is shaped based on the monthly therm usage from the rate year. The mechanism uses the resulting monthly percentage of usage by month and multiplied that by the annual Allowed Decoupled Revenue per Customer to determine the 12 monthly values.

Calculation of Monthly Decoupling Deferral:

Step 1 – Determine the actual number of customers each month.

Step 2 – Multiply the actual number of customers by the applicable monthly Allowed Decoupled Revenue per Customer. The result of this calculation is the total Allowed Decoupled Revenue for the applicable month.

Step 3 – Determine the actual revenue collected in the applicable month.

Step 4 – Calculate the amount of fixed charge revenues included in total actual monthly revenues.

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(N)

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**SCHEDULE 475B
DECOUPLING MECHANISM – NATURAL GAS**

Step 5 – Subtract the basic charge revenue (Step 4) from the total actual monthly revenue (Step 3). The result is the Actual Decoupled Revenue.

Step 6 – The difference between the Actual Decoupled Revenue (Step 5) and the Allowed Decoupled Revenue (Step 2) is calculated, and the resulting balance is deferred by the Company. Interest would accrue on deferrals at the Company's authorized rate of return.

ANNUAL NATURAL GAS DECOUPLING RATE ADJUSTMENT:

On or before August 1st each year, the Company will file a request with the Commission to surcharge or rebate, by Rate Group, the amount accumulated in the deferred revenue accounts for the prior January through December time period. The proposed tariff revisions included with that filing would include a rate adjustment that recovers/rebates the appropriate deferred revenue amount over a twelve-month period effective on November 1st on a uniform cents per therm basis.

The deferred revenue amount approved for recovery or rebate would be transferred to a balancing account and the revenue surcharged or rebated during the period would reduce the deferred revenue in the balancing account. Any deferred revenue remaining in the balancing account at the end of the calendar year would be added to the new revenue deferrals to determine the amount of the proposed surcharge/rebate for the following year.

After determining the amount of deferred revenue that can be recovered through a surcharge (or refunded through a rebate) by Rate Group, the proposed rates under this Schedule will be determined by dividing the deferred revenue to be recovered by Rate Group by the estimated therm sales for each Rate Group during the twelve month recovery period. The deferred revenue amount to be recovered will be transferred to a Decoupling Balancing Account and the actual revenue received under this Schedule will be applied to the Account to reduce (amortize) the balance. Interest would accrue on deferrals at the Company's authorized rate of return, similar to other Company deferrals. Once a deferral balance is approved for amortization, interest will accrue at the Modified Blended Treasury Rate, similar to other Company amortizations.

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(N)

(N)

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**SCHEDULE 475C
DECOUPLING MECHANISM – NATURAL GAS**

3% ANNUAL DECOUPLING RATE INCREASE LIMITATION:

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 billing 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.

(N)

(N)

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Support Documents

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Proposed GRC Increase	Distribution Revenue Under Proposed Rates	Therms (000s)	Distribution Revenue Percentage Increase	Billed Revenue Under Present Rates (1)	Proposed GRC Increase	Billed Revenue Under Proposed Rates	Billed Revenue Percentage Increase
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Residential	410	\$34,352	\$2,963	\$37,315	48,035	8.6%	\$57,046	\$2,963	\$60,010	5.2%
2	General Service	420	13,509	1,497	15,006	26,415	11.1%	25,821	\$1,497	\$27,317	5.8%
3	Large General Service	424	651	0	651	4,331	0.0%	2,669	\$0	\$2,669	0.0%
4	Interruptible Service	440	460	0	460	3,951	0.0%	1,345	\$0	\$1,345	0.0%
5	Seasonal Service	444	45	0	45	265	0.0%	169	\$0	\$169	0.0%
6	Transportation Service	456	3,127	0	3,127	37,221	0.0%	3,118	\$0	\$3,118	0.0%
7	Special Contract	447	213	0	213	0	0.0%	213	\$0	\$213	0.0%
8	Total		\$52,357	\$4,460	\$56,817	120,217	8.5%	\$90,381	\$4,460	\$94,841	4.9%

(1) Includes the effects of the November 1, 2015 rate changes.

Revenue Change By Rate Schedule

		Incremental Rate Change	Revenue Impact
<u>Residential</u>	<u>410</u>		
Therms	48,034,609	\$ 0.03989	\$ 1,916,101
Bills	1,047,325	\$ 1.00	\$ 1,047,325
			<u>\$ 2,963,426</u>
<u>General Service</u>	<u>420</u>		
Therms	26,414,656	\$ 0.04114	\$ 1,086,699
Bills	136,601	\$ 3.00	\$ 409,803
			<u>\$ 1,496,502</u>
			<u>\$ 4,459,928</u>

**Avista Utilities
Comparison of Present & Proposed Gas Rates
Oregon - Gas**

<u>Present Base Rates</u>	<u>Change</u>	<u>Proposed Base Rates</u>
Residential Service Schedule 410		
\$8.00 Customer Charge	\$1.00/month	\$9.00 Customer Charge
All Therms - \$0.54073/Therm	\$0.03989/therm	All Therms - \$0.58062/Therm
General Service Schedule 420		
\$14.00 Customer Charge	\$3.00/month	\$17.00 Customer Charge
All Therms - \$0.43901/Therm	\$0.04114/therm	All Therms - \$0.48015/Therm
Large General Service Schedule 424		
\$50.00 Customer Charge	\$0.00/month	\$50.00 Customer Charge
All Therms - \$0.13887/Therm	\$0.00000/therm	All Therms - \$0.13887/Therm
Interruptible Service Schedule 440		
All Therms - \$0.11652/Therm	\$0.00000/therm	All Therms - \$0.11652/Therm
Seasonal Service Schedule 444		
All Therms - \$0.17155/Therm	\$0.00000/therm	All Therms - \$0.17155/Therm
Transportation Service Schedule 456		
\$275.00 Customer Charge	\$0.00/month	\$275.00 Customer Charge
1st 10,000 Therms - \$0.14978/Therm	\$0.00000/therm	1st 10,000 Therms - \$0.14978/Therm
Next 20,000 Therms - \$0.09014/Therm	\$0.00000/therm	Next 20,000 Therms - \$0.09014/Therm
Next 20,000 Therms - \$0.07409/Therm	\$0.00000/therm	Next 20,000 Therms - \$0.07409/Therm
Next 200,000 Therms - \$0.05799/Therm	\$0.00000/therm	Next 200,000 Therms - \$0.05799/Therm
Over 250,000 Therms - \$0.02942/Therm	\$0.00000/therm	Over 250,000 Therms - \$0.02942/Therm
<u>Schedule 456 Monthly Minimum Charge</u> 18,750 @ \$0.08359 = \$1,567.31		

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Decoupling Base

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue by Rate Schedule - Natural Gas
Docket No. UG-288 Rates Effective March 1, 2016

	TOTAL	RESIDENTIAL SCHEDULE 410	SM COMMERCIAL & INDUSTRIAL SCH. 420	LG COMMERCIAL & INDUSTRIAL SCH. 424	INTERRUPTIBLE SCH 440	INTERRUPTIBLE SCH 444	TRANSPORTATION SCH 456
1 Total Normalized 2016 Margin Revenue	\$ 52,144,000	\$ 34,352,000	\$ 13,509,000	\$ 651,000	\$ 460,000	\$ 45,000	\$ 3,127,000
2 Approved Margin Revenue Increase	\$ 4,460,000	\$ 2,963,000	\$ 1,497,000	\$ -	\$ -	\$ -	\$ -
3 Total Delivery Revenue (2016 Test Year) (Ln 1 + Ln 2)	\$ 56,604,000	\$ 37,315,000	\$ 15,006,000	\$ 651,000	\$ 460,000	\$ 45,000	\$ 3,127,000
4 Customer Bills (2016 Test Year)	1,185,790	1,047,325	136,601	975	414	44	431
5 Approved Basic Charges		\$9.00	\$17.00	\$50.00	\$0.00	\$0.00	\$275.00
6 Basic Charge Revenue (Ln 4 * Ln 5)	\$ 11,915,422	\$ 9,425,925	\$ 2,322,218	\$ 48,736	\$ -	\$ -	\$ 118,543
7 Decoupled Revenue (Ln 6 - Ln 3)	\$ 44,688,578	\$ 27,889,075	\$ 12,683,782	\$ 602,264	\$ 460,000	\$ 45,000	\$ 3,008,457
8 Normalized Therms (2016 Test Year)	120,217,087	48,034,609	26,414,656	4,331,078	3,951,434	264,683	37,220,627
9 Average Number of Customers (Line 8 / 12 mos.)		Residential 87,277	Non-Residential Group 11,503				Exempt from Decoupling Mechanism
10 Annual Therms		48,034,609	34,961,852				
11 Basic Charge Revenues		\$ 9,425,925	\$ 2,370,954				
12 Customer Bills		1,047,325	138,034				
13 Average Basic Charge		\$9.00	\$17.18				

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-288 Rates Effective March 1, 2016

Line No.	Source	Residential	Non-Residential Schedules*
(a)	(b)	(c)	(d)
1	Decoupled Revenue	\$ 27,889,075	\$ 13,791,046
2	Test Year Number of Customers 2016	87,277	11,503
3	Decoupled Revenue Per Customer	\$ 319.55	\$ 1,198.93

*Schedules 420, 424, 440, and 444

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Monthly Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-288 Rates Effective March 1, 2016

Line No.	Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
1															
2	<u>Natural Gas Delivery Volume</u>														
3	<u>Residential</u>														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	8,138,166	6,272,728	5,487,095	3,990,763	2,463,713	1,554,279	1,324,758	1,213,479	1,232,544	2,796,347	5,511,521	8,049,216	48,034,609
5	- % of Annual Total	% of Total	16.94%	13.06%	11.42%	8.31%	5.13%	3.24%	2.76%	2.53%	2.57%	5.82%	11.47%	16.76%	100.00%
6															
7	<u>Non-Residential Sales*</u>														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	5,086,227	4,037,385	3,509,828	2,614,908	1,792,006	1,358,257	1,415,569	1,527,240	1,837,667	2,842,902	3,907,838	5,032,023	34,961,852
9	- % of Annual Total	% of Total	14.55%	11.55%	10.04%	7.48%	5.13%	3.88%	4.05%	4.37%	5.26%	8.13%	11.18%	14.39%	100.00%
10															
11	<u>Monthly Decoupled Revenue Per Customer ("RPC")</u>														
12	<u>Residential</u>														
13	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													\$ 319.55
14	- Monthly Decoupled Revenue per Customer	(5) x (13)	\$ 54.14	\$ 41.73	\$ 36.50	\$ 26.55	\$ 16.39	\$ 10.34	\$ 8.81	\$ 8.07	\$ 8.20	\$ 18.60	\$ 36.67	\$ 53.55	\$ 319.55
15	- Monthly Allowed Customers		87,799	87,774	87,708	87,603	87,371	87,028	86,666	86,389	86,337	86,866	87,585	88,200	
16	<u>Non-Residential Sales*</u>														
17	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													\$ 1,198.93
18	- Monthly Decoupled Revenue per Customer	(9) x (17)	\$ 174.42	\$ 138.45	\$ 120.36	\$ 89.67	\$ 61.45	\$ 46.58	\$ 48.54	\$ 52.37	\$ 63.02	\$ 97.49	\$ 134.01	\$ 172.56	\$ 1,198.93
19	- Monthly Allowed Customers		11,550	11,575	11,573	11,522	11,514	11,482	11,453	11,420	11,413	11,431	11,511	11,588	
20	*Schedules 420, 424, 440, and 444.														