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July 28, 2017

Advice No. 17-05-G/ UG-342
(UM 1753)

Public Utility Commission of Oregon
201 High Street SE
Suite 100
Salem, OR 97301

Attention: Filing Center

Pursuant to Order No. 16-076 in Docket UM 1753, ORS 757.210 and ORS 757.259(5), Avista Utilities hereby submits the following tariff revision applicable to its Oregon natural gas operations along with a copy of its supporting workpapers.

Decoupling Mechanism - Oregon

First Revision Sheet 475	Canceling	Original Sheet 475
First Revision Sheet 475A	Canceling	Original Sheet 475A
First Revision Sheet 475B	Canceling	Original Sheet 475B
First Revision Sheet 475C	Canceling	Original Sheet 475C

First Revision Sheet 475 represents recovery of the prudently incurred deferred revenues associated with the Company's natural gas Decoupling Mechanism from March 1, 2016 through December 31, 2016. The Company is requesting an increase in overall retail revenues of \$2,143,795, or 2.4%, effective November 1, 2017. The current amortization rates and the proposed changes, both inclusive of the gross revenue factor, are as follows:

<u>Rate</u> <u>Schedule</u>	<u>Current</u> <u>Amortization</u> <u>Rates</u>	<u>Proposed</u> <u>Rate</u> <u>Change</u>	<u>Updated</u> <u>Amortization</u> <u>Rate</u>
410	\$0.00000	\$0.02456	\$0.02456
420	\$0.00000	\$0.02439	\$0.02439
424	\$0.00000	\$0.02439	\$0.02439
440	\$0.00000	\$0.02439	\$0.02439
444	\$0.00000	\$0.02439	\$0.02439

On December 16, 2015, the Company filed its “Application for Authorization to Defer Expenses or Revenues” related to the Company’s natural gas decoupling mechanism for the 10-month period of March 2016 through December 2016. Avista made that filing under ORS 757.259 and OAR 860-027-0300(4). This filing is in compliance with ORS 757.210 which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Commission in a proceeding to change rates. All of the deferrals included in this filing occurred with appropriate application and Commission authorization, as rate orders or under approved tariffs.

This filing is the “Natural Gas Decoupling Rate Adjustment”, filed in compliance with docket UM 1753. In Order Nos. 16-076 and 16-109, the Commission approved a natural gas decoupling mechanism for Avista for a three-year period, with this filing reflecting the deferral balance for the first year (March 1, 2016 through December 31, 2016), with that deferral being amortized over the period November 1, 2017 – October 31, 2018.

The purpose of the natural gas decoupling mechanism is to adjust the Company’s Commission-authorized revenues from therm sales, such that the Company’s revenues will be recognized based on the number of customers served under the applicable natural gas service schedules. The decoupling mechanism allows the Company to: 1) defer the difference between actual decoupling-related revenue received from customers through volumetric rates, and the decoupling-related revenue approved for recovery in the Company’s last general rate case on a per customer basis; and 2) file a tariff to surcharge or rebate, by rate group, the total deferred amount accumulated in the deferred revenue accounts for the prior March through December time period.

The proposed tariff reflects a surcharge of 2.456 cents per therm for the Residential Group served under Schedule 410, and a surcharge of 2.439 cents per therm for the Non-Residential Group (Schedules 420, 424, 440 and 444). The Residential Group surcharge represents a 2.12% increase to Schedule 410 customers, and the Non-Residential group surcharge represents a 3.0% increase. The Company has requested a November 1, 2017 effective date to coincide with the rate changes related to the Company’s annual Purchased Gas Cost Adjustment and other annual rate adjustment filings.

Residential Group Rate Determination

The Company recorded \$1,121,435 in the surcharge direction in deferred revenue for the natural gas residential customer group in 2016. The proposed rate of 2.456 cents per therm is designed to recover \$1,242,336 from the Company’s residential natural gas customers served under rate Schedule 410. The following table summarizes the components of the Company’s request for recovery:

2016 Deferred Revenue	\$1,121,435
Add: Interest through 10/31/2018	\$81,347
Add: Revenue Related Expense Adj.	\$39,555
Total For Recovery	\$1,242,336
Customer Surcharge Revenue	\$1,242,336
Carryover Deferred Revenue	\$0

Attachment A, pages 1 and 2 show the derivation of the proposed surcharge rate to recover revenue of \$1,242,336, based on projected sales volumes for Schedule 410 customers during the surcharge/amortization period (November 2017 through October 2018). As identified on First Revision Sheet 475B under Step 6 of “Calculation of Monthly Decoupling Deferral”, interest on the deferred balance accrues at the Company’s authorized rate of return.¹ If the proposed surcharge is approved by the Commission, the 2016 deferral balance, plus interest through October, will be transferred into a regulatory asset balancing account. The balance in the account will be reduced each month by the revenue collected under the tariff. Consistent with other amortizations, interest will accrue on the amortization balance at the Modified Blended Treasury Rate.

Non-Residential Group Rate Determination

The Company recorded \$907,621 in the surcharge direction in deferred revenue for the natural gas Non-Residential Group in 2016. The 3% incremental surcharge limitation, which is discussed later in this letter, affects the requested surcharge rate for this recovery period. The proposed surcharge rate of 2.439 cents per therm is designed to recover \$901,458 from the Company’s commercial and industrial customers served under rate Schedules 420, 424, 440 and 444. The following table summarizes the components of the Company’s request for recovery:

2016 Deferred Revenue	\$907,621
Add: Interest through 10/31/2018	\$68,413
Add: Revenue Related Expense Adj.	\$28,459
Total For Recovery	\$1,004,493
Customer Surcharge Revenue at 3%	\$901,458
Carryover Deferred Revenue	\$103,035

Attachment A, pages 3 and 4 show the derivation of the proposed surcharge rate to recover the revenue of \$901,458, based on projected sales volumes for Schedules 420, 424, 440 and 444 during the surcharge/amortization period (November 2017 through October 2018). As identified on the First Revision Sheet 475B under Step 6 of “Calculation of Monthly Decoupling Deferral”, interest on the deferred balance accrues at the Company’s authorized rate of return.² If the

¹ The Company’s authorized rate of return of 7.46% was approved with rates effective March 1, 2016 in Docket No. UG-288.

² Ibid.

proposed surcharge is approved by the Commission, the 2016 deferral balance, plus interest through October, will be transferred into a regulatory asset balancing account. Consistent with other amortizations, interest will accrue on the amortization balance at the Modified Blended Treasury Rate. The balance in the account will be reduced each month by the revenue collected under the tariff. The remaining deferral balance of \$103,035 will be carried over to be recovered in a future period, or potentially offset with deferrals in the opposite direction.³

Support showing the monthly calculation of the 2016 deferral balances for both the Residential and Non-Residential Groups is provided as Attachment B. These calculations were also provided to the Commission in quarterly reports.

Weather Related Deferral

As part of the Decoupling Mechanism approved by the Commission, the Company is required to track how much of the decoupling deferral is related to weather and how much is related to conservation (non-weather). As shown on page 1 of Attachment B, of the total decoupling deferral for residential customers of \$1,121,435, reduction in customer usage due to weather accounted for \$1,631,365, while other increases in customer usage offset weather-related usage reductions by \$509,931. As shown on page 2 of Attachment B, of the \$907,621 total decoupling deferral for non-residential customers, \$671,498 is attributed to weather and \$236,123 is attributed to conservation (non-weather).

3% Annual Rate Increase Test

As described in Tariff Schedule 475C, the 3% annual rate increase limitation is 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 balance will be carried over to the following year. The 3% annual rate increase limitation was met for Non-Residential Customers for 2016.

The rate necessary to recover the Non-Residential Group surcharge balance, including estimated interest and revenue related expenses as determined on page 3 of Attachment A (see line 20 – Preliminary Proposed Decoupling Rate), would recover approximately \$1 million from customers (based on projected sales volumes for Schedules 420, 424, 440 and 444 customers during the surcharge /amortization period). That amount is 3.35% of the normalized Non-Residential Group revenue (Attachment A, page 5, line 7). The 3% rate increase limitation results in the proposed Non-Residential surcharge rate of 2.439 cents per therm.

³ For January through June 2017, the Company has deferred in the rebate direction approximately \$2.1 million for the Residential and Non-Residential Groups.

Since there is no restriction on the amount of rebate refunded to customers in one year, it is important to clarify the language in tariff sheet 475C for application of the 3% test in the recovery period following a rebate.⁴ First Revision Sheet 475C modifies the final sentence under the 3% Annual Rate Increase Limitation section to read as follows:

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.

Existing Customers and New Customers

The decoupling mechanism approved by the Commission in Docket No. UG-288 excludes new customers. The language in the Settlement Stipulation⁵ states that new customers, defined as new meters hooked up to Avista's distribution system, will not be included in the decoupling mechanism unless those new meters were included in the test year forecast of revenues. Specifically, the number of customers decoupled each month cannot exceed the monthly forecasted number of customers, by rate group, included in the rate year forecasted customers. The Company uses the new customer hookup report to determine the average decoupled revenue per new customer. The average decoupled revenue per customer is then multiplied by the number of actual customers that exceed the monthly forecasted level of customers. That amount would then be deducted from the monthly actual decoupled revenue prior to calculating the decoupling deferral entry.

Consistent with the Settlement Stipulation in Docket No. UG-325, the Company agreed that the language regarding the treatment of new and existing customers would be added to Schedule 475 in this filing. The clarifying language on Revised Tariff Sheets 475A and 475B reflects the new customer exclusion in the mechanism description.

Avista tracks the usage of new customers since January 1, 2016 as compared with existing customers.⁶ The Decoupling Mechanism Quarterly Reports provide the specific usage characteristic details of new customers versus existing customers. In general, the average usage of new natural gas customers in 2016 was comparable to the average usage of existing customers. Avista will continue to track the usage of new customers over the term of the Decoupling Mechanism.

3% Test for Amortizations (All November 1 Filings)

Pursuant to ORS 757.210, ORS 757.259(5-7) and OAR 860-027-0300(9), the overall annual average rate impact of the amortizations authorized under the statutes may not exceed three percent of the natural gas utility's gross revenues for the preceding calendar year, unless the

⁴ Without this clarification, the Company could be required to continue a rebate when the deferral balance is zero or in a surcharge position. For example, if the Company had a 5% rebate in one year and the following year had no deferral balance, a 3% rate increase over the 5% rebate would still require a 2% rebate even though there would not be a rebate balance in the deferral account.

⁵ Order No. 16-076, Appendix A, page 7.

⁶ "Existing customers" were in service prior to 2016. "New customers" consist of all new hookups in 2016 and after.

Commission finds that allowing a higher amortization rate is reasonable under the circumstances. Total Oregon gross revenues for calendar year 2016 was \$156,148,758. The total rate impact of the amortizations requested in this filing, along with the PGA amortization (Advice No. 17-02-G), are summarized below:

Filing Name	Schedule	Advice No.	Amortization
Prior Period Gas Cost deferral true-up	Schedule 462	Advice No. 17-02-G	\$ (6,762,827)
Decoupling Mechanism – Natural Gas	Schedule 475	Advice No. 17-05-G	2,143,795
Total Amortization			<u>\$ (4,619,032)</u>

The net effect of combining the results of these filings is an amortization balance of (\$4,619,032) or (2.96%) which falls within the requirements of the statute.

Other Information

Pursuant to OAR 860-022-0025 and OAR 860-022-0030, the total number of customers affected by this filing, the annual revenue before and after the impact of the rate change, and the average monthly use and resulting bills under existing and proposed rates are as follows:

<u>Rate Schedule</u>	<u>Number of Customers</u>
Schedule 410	89,839
Schedule 420	11,779
Schedule 424	86
Schedule 440	35
Schedule 444	4

Sch No	Description	Present Revenues	Proposed Revenues	Revenue Incr (Decr)	Percent Incr (Decr)	Use (Therms)	Present Monthly Cost	Proposed Monthly Cost	Change to Monthly Cost	% Change Monthly Cost
410	Residential	\$ 60,479,089	\$ 61,721,426	\$ 1,242,337	2.1%	47	\$ 56.10	\$ 57.25	\$ 1.15	2.0%
420	General	\$ 27,258,404	\$ 27,937,830	\$ 679,426	2.5%	197	\$ 192.78	\$ 197.58	\$ 4.80	2.5%
424	Large General	\$ 2,419,566	\$ 2,526,146	\$ 106,580	4.4%	4,240	\$ 2,347.66	\$ 2,451.07	\$ 103.41	4.4%
440	Interruptible	\$ 1,259,259	\$ 1,368,801	\$ 109,542	8.7%	10,592	\$ 2,969.70	\$ 3,228.03	\$ 258.33	8.7%
444	Seasonal	\$ 139,285	\$ 145,194	\$ 5,909	4.2%	5,155	\$ 2,963.52	\$ 3,089.25	\$ 125.73	4.2%

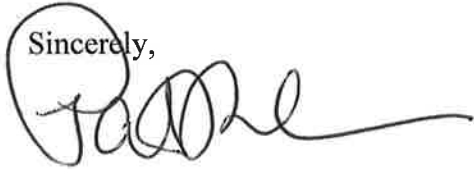
After combining the impact of this filing with the three other regulatory filings made today⁷, a residential customer using an average of 47 therms a month could expect their bill to *decrease* by \$0.73, or 1.3 percent, for a revised monthly bill of \$55.37 effective November 1, 2017.

⁷ On July 28, 2017, Avista filed to update effective November 1, 2017 Schedules 461/462 (Purchased Gas Cost Adjustment Schedules - Advice No. 17-02-G), Schedule 476 (Intervenor Funding Schedule - Advice No. 17-03-G), and Schedules 477/478/479 (DSM / Residual Account / SB408 - Advice No. 17-04-G).

The Company will issue a media release coincident with the annual PGA filing and provide notice to customers via a newspaper advertisement following the updated PGA filing in mid-September.

Please direct any questions regarding this filing to Ms. Tara Knox at (509) 495-4325.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ehrbar", with a long horizontal flourish extending to the right.

Patrick Ehrbar,
Senior Manager, Rates & Tariffs

Enc.

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

AVISTA UTILITIES
ADVICE NO. 17-05-G

Tariff Sheets

July 28, 2017

AVISTA CORPORATION
dba Avista Utilities

**SCHEDULE 475
DECOUPLING MECHANISM – NATURAL GAS**

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 – \$0.02456 per therm

Group 2 – \$0.02439 per therm

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DESCRIPTION OF THE NATURAL GAS DECOUPLING MECHANISM:

Calculation of Monthly Allowed Delivery Revenue Per Customer:

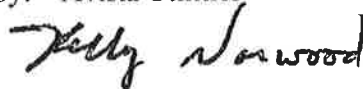
Step 1 – Determine the Total Delivery Revenue - The Total Normalized Revenue is equal to the final approved base rate revenue approved in the Company's last general rate case, individually for each Rate Schedule.

Advice No. 17-05-G
Issued July 28, 2017

Effective For Service On & After
November 1, 2017

Issued by: Avista Utilities

By



Kelly O. Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

**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. If the actual number of customers in the month exceed the forecasted number of customers from the approved Rate Year, the deferral will be based on Rate Year Adjusted customers and Rate Year Adjusted decoupled revenues for the applicable month.

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Step 2 – Multiply the lesser of actual number of customers or Rate Year Adjusted 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.

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Step 3 – Determine the actual revenue collected in the applicable month. If the actual number of customers in the month exceed the forecasted number of customers from the approved Rate Year, deduct average revenue per new customer multiplied by the number of actual customers that exceed the monthly forecasted level of customers, to determine Rate Year Adjusted actual revenue.

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Advice No. 17-05-G
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Kelly O. Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 475B

DECOUPLING MECHANISM – NATURAL GAS

Step 4 – Calculate the amount of basic charge revenues included in total actual monthly revenues. If the actual number of customers in the month exceed the forecasted number of customers from the approved Rate Year, deduct average basic charge revenue per new customer multiplied by the number of actual customers that exceed the monthly forecasted level of customers, to determine Rate Year Adjusted basic charge revenue.

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Step 5 – Subtract the lesser of actual basic charge revenue or Rate Year Adjusted basic charge revenue (Step 4) from the total actual monthly revenue or Rate Year Adjusted total monthly revenue (Step 3). The result is the Actual Decoupled Revenue.

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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.

Advice No. 17-05-G
Issued July 28, 2017

Effective For Service On & After
November 1, 2017

Issued by: Avista Utilities

By



Kelly O. Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

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, and the reversal of any rebate rate would not be included in the 3% incremental surcharge test.

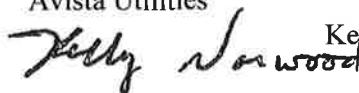
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By



Kelly O. Norwood, Vice President, State & Federal Regulation

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

AVISTA UTILITIES
ADVICE NO. 17-05-G

ATTACHMENT A
DECOUPLING RATE ADJUSTMENT CALCULATION

July 28, 2017

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2017 - October 31, 2018

RESIDENTIAL GROUP				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.02359	2.38%	
2	Oct-17	\$1,193,134		
3	Nov-17	\$1,051,391	\$2,224	6,102,874
4	Dec-17	\$845,567	\$1,879	8,804,716
5	Jan-18	\$644,683	\$1,476	8,578,231
6	Feb-18	\$492,285	\$1,126	6,508,026
7	Mar-18	\$354,702	\$839	5,867,822
8	Apr-18	\$260,458	\$609	4,020,929
9	May-18	\$203,588	\$460	2,430,225
10	Jun-18	\$168,345	\$368	1,509,624
11	Jul-18	\$137,890	\$303	1,303,844
12	Aug-18	\$108,071	\$244	1,274,394
13	Sep-18	\$77,803	\$184	1,290,889
14	Oct-18	\$9,664	\$87	2,892,152
15	Annual Total		\$9,800	50,583,726
16	Incremental Rate to Recover Estimated Interest		\$0.00019	
17	Estimated Rate to Recover Deferral Balance		\$0.02359	
18	Rate before Gross-up for Revenue-related items		\$0.02378	
19	Times: Gross-up for Revenue-related items (3)		1.03278	
20	Preliminary Proposed Decoupling Rate		\$0.02456	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.02456	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.02378	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.02359 to recover the October 2017 balance of \$1,193,134 over 12 months. See page 2 of Attachment A for October 2017 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the Modified Blended Treasury Rate.
- (3) UG 288 conversion factor, see page 6 of Attachment A.
- (4) See page 5 of Attachment A for 3% test adjustment calculations.
- (5) See page 2 of Attachment A for estimated carryover balance calculations.

RESIDENTIAL GROUP

Calculate Estimated Monthly Balances through October 2018

Line No.		Ending Balance	Allowed Rate of Return	Amortization
			7.46% (Deferral) & 2.38% (Amort)	
1	Dec-16	\$1,121,435		
4	Jan-17	\$1,128,407	\$6,972	
5	Feb-17	\$1,135,422	\$7,015	
6	Mar-17	\$1,142,480	\$7,059	
7	Apr-17	\$1,149,582	\$7,102	
8	May-17	\$1,156,729	\$7,147	
9	Jun-17	\$1,163,920	\$7,191	
10	Jul-17	\$1,171,156	\$7,236	
11	Aug-17	\$1,178,436	\$7,281	
12	Sep-17	\$1,185,762	\$7,326	
13	Oct-17	\$1,193,134	\$7,371	
14	Nov-17	\$1,050,230	\$2,222	\$145,126
15	Dec-17	\$842,729	\$1,875	\$209,376
16	Jan-18	\$640,208	\$1,469	\$203,990
17	Feb-18	\$486,563	\$1,116	\$154,761
18	Mar-18	\$347,853	\$827	\$139,537
19	Apr-18	\$252,831	\$595	\$95,618
20	May-18	\$195,484	\$444	\$57,791
21	Jun-18	\$159,937	\$352	\$35,899
22	Jul-18	\$129,218	\$286	\$31,005
23	Aug-18	\$99,139	\$226	\$30,305
24	Sep-18	\$68,608	\$166	\$30,697
25	Oct-18	(\$99)	\$68	\$68,775
26	Total		\$81,347	\$1,202,881

Summary

27	2016 Deferred Revenue	\$1,121,435
29	Add Interest through 10/31/2018	\$81,347
30	Add Revenue Related Expense Adj.	\$39,555
31	Total Requested Recovery	\$1,242,336
32	Customer Surcharge Revenue	\$1,242,336
33	Carryover Deferred Revenue	\$0

Avista Utilities
Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
Effective November 1, 2017 - October 31, 2018

NON-RESIDENTIAL GROUP				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.02613	2.38%	
2	Oct-17	\$965,650		
3	Nov-17	\$852,166	\$1,801	4,411,955
4	Dec-17	\$707,813	\$1,545	5,583,561
5	Jan-18	\$567,707	\$1,264	5,410,245
6	Feb-18	\$458,893	\$1,017	4,203,240
7	Mar-18	\$358,832	\$810	3,860,372
8	Apr-18	\$288,841	\$642	2,703,136
9	May-18	\$241,358	\$525	1,837,276
10	Jun-18	\$206,343	\$444	1,357,002
11	Jul-18	\$168,915	\$372	1,446,614
12	Aug-18	\$130,193	\$296	1,493,237
13	Sep-18	\$83,466	\$212	1,796,328
14	Oct-18	\$8,899	\$92	2,857,194
15	Annual Total		\$9,019	36,960,160
16	Incremental Rate to Recover Estimated Interest		\$0.00024	
17	Estimated Rate to Recover Deferral Balance		\$0.02613	
18	Rate before Gross-up for Revenue-related items		\$0.02637	
19	Times: Gross-up for Revenue-related items (3)		1.032780	
20	Preliminary Proposed Decoupling Rate		\$0.02723	
21	3% Test Rate Adjustment (4)		(\$0.00284)	
22	Final Proposed Decoupling Rate		\$0.02439	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.02362	Amortization Rate
24	Estimated Carryover Balance (5)		\$103,035	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.02613 to recover the October 2016 balance of \$965,650 over 12 months. See page 4 of Attachment A for October 2016 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the Modified Blended Treasury Rate.
- (3) UG 288 conversion factor, see page 6 of Attachment A.
- (4) See page 5 of Attachment A for 3% test adjustment calculations.
- (5) See page 2 of Attachment A for estimated carryover balance calculations.

NON-RESIDENTIAL GROUP

Calculate Estimated Monthly Balance through October 2018

Line No.		Ending Balance	Allowed Rate of Return	Amortization
			7.46% (Deferral) & 2.38% (Amort)	
1	Dec-16	\$907,621		
4	Jan-17	\$913,263	\$5,642	
5	Feb-17	\$918,941	\$5,677	
6	Mar-17	\$924,654	\$5,713	
7	Apr-17	\$930,402	\$5,748	
8	May-17	\$936,186	\$5,784	
9	Jun-17	\$942,006	\$5,820	
10	Jul-17	\$947,862	\$5,856	
11	Aug-17	\$953,754	\$5,893	
12	Sep-17	\$959,684	\$5,929	
13	Oct-17	\$965,650	\$5,966	
14	Nov-17	\$863,251	\$1,812	\$104,210
15	Dec-17	\$732,949	\$1,581	\$131,884
16	Jan-18	\$606,486	\$1,327	\$127,790
17	Feb-18	\$508,310	\$1,104	\$99,281
18	Mar-18	\$418,045	\$918	\$91,182
19	Apr-18	\$354,963	\$766	\$63,848
20	May-18	\$312,228	\$661	\$43,396
21	Jun-18	\$280,763	\$587	\$32,052
22	Jul-18	\$247,117	\$523	\$34,169
23	Aug-18	\$212,302	\$455	\$35,270
24	Sep-18	\$170,251	\$379	\$42,429
25	Oct-18	\$103,035	\$271	\$67,487
26	Total		\$68,413	\$872,999
Summary				
27	2016 Deferred Revenue	\$907,621		
29	Add Interest through 10/31/2018	\$68,413		
30	Add Revenue Related Expense Adj.	\$28,459		
31	Total Requested Recovery	\$1,004,493		
32	Customer Surcharge Revenue	\$901,458		
33	Carryover Deferred Revenue	\$103,035		

Avista Utilities
Decoupling Mechanism 3% Test
2016 Oregon Natural Gas Deferrals

Line No.		Residential	Non-Residential	Total
1	Revenue From 2016 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$58,669,121	\$30,044,992	\$88,714,113
2	November 2017 - October 2018 Usage	50,583,726	36,960,160	
3	Proposed Decoupling Recovery Rates	\$0.02456	\$0.02723	
4	Present Decoupling Recovery Rates	\$0.00000	\$0.00000	
5	Incremental Decoupling Recovery Rates	\$0.02456	\$0.02723	
6	Incremental Recovery	\$1,242,336	\$1,006,425	\$2,248,761
7	Incremental Surcharge %	2.12%	3.35%	
8	3% Test Adjustment (2)	\$0	(\$105,075)	(\$105,075)
9	3% Test Rate Adjustment	\$0.00000	-\$0.00284	
10	Adjusted Proposed Decoupling Recovery Rates	\$0.02456	\$0.02439	
11	Adjusted Incremental Decoupling Recovery	\$1,242,336	\$901,458	\$2,143,795
12	Adjusted Incremental Surcharge %	2.12%	3.00%	2.42%

Notes

(1) 2016 Normalized Revenue from Revenue System Reports, Weather Normalization model, with effective rates at January 1, 2017.

(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
OREGON NATURAL GAS
CONVERSION FACTOR EXHIBIT
TWELVE MONTHS BASE YEAR ENDED JUNE 30, 2016**

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>	
1	Revenues	1.000000	1.000000
2	Expense:		
3	Uncollectibles	0.006335	0.006335
4	Commission Fees	0.003000	0.003000
5	Energy Resource Supplier Assesment	0.001172	0.001172
6	Franchise Fees	0.021230	0.021230
7	Oregon Excise Tax	0.000000	
5	Total Expense	<u>0.031737</u>	<u>0.031737</u>
6	Net Operating Income Before FIT	0.968263	0.968263
7	Federal Income Tax @ 35%	0.338892	
8	REVENUE CONVERSION FACTOR	<u>0.629371</u>	<u>0.968263</u>
9	Gross Up Factor		1.03278

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

AVISTA UTILITIES
ADVICE NO. 17-05-G

ATTACHMENT B
2016 DECOUPLING DEFERRED REVENUE

July 28, 2017

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of OR Natural Gas Deferrals (Calendar Year 2016)
Docket No. UG-288 Rates Effective March 1, 2016

Line No.	Source	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
Residential Group															
1	Rate Year Allowed Customers	Page 3		87,708	87,603	87,371	87,028	86,666	86,389	86,337	86,866	87,585	88,200	871,752	
2	Total Actual Billed Customers	Revenue Reports		87,919	87,751	87,611	87,328	87,117	87,013	87,018	87,434	88,202	88,640	876,033	
3	Total Actual Usage (Therms)	Revenue Reports		5,134,000	2,727,267	1,918,705	1,238,239	1,136,363	1,109,449	1,173,686	3,168,968	4,966,685	9,269,970	31,843,332	
4	Total Actual Base Rate Revenue	Revenue Reports		\$ 3,766,376	\$ 2,353,657	\$ 1,878,910	\$ 1,444,118	\$ 1,448,021	\$ 1,511,211	\$ 1,457,557	\$ 2,724,721	\$ 3,708,712	\$ 6,147,539	\$ 26,440,823	
5	Total Actual Fixed Charge Revenue	Revenue Reports		\$ 746,592	\$ 796,598	\$ 795,175	\$ 794,469	\$ 790,076	\$ 790,287	\$ 790,209	\$ 790,287	\$ 796,678	\$ 801,793	\$ 7,892,164	
6	New Hook-up Customers Billed	Revenue Reports		379	473	592	681	799	877	996	1,109	1,326	1,448	8,680	
7	New Hook-up Usage (Therms)	Revenue Reports		13,984	13,210	8,351	5,885	5,209	4,867	7,809	14,443	37,822	89,047	200,627	
8	New Hook-up Base Rate Revenue	Revenue Reports		\$ 10,541	\$ 11,460	\$ 9,649	\$ 9,070	\$ 9,589	\$ 10,175	\$ 12,879	\$ 17,542	\$ 33,051	\$ 64,140	\$ 188,096	
9	New Hook-up Fixed Charge Revenue	Revenue Reports		\$ 2,709	\$ 3,798	\$ 4,800	\$ 5,652	\$ 6,563	\$ 7,349	\$ 8,344	\$ 9,155	\$ 11,090	\$ 12,437	\$ 71,898	
10	Actual Customers	Rate Year Adjusted	-	-	87,708	87,603	87,371	87,028	86,666	86,389	86,337	86,866	87,585	88,200	871,752
11	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$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
12	Decoupled Revenue	(10) x (11)	\$ -	\$ -	\$ 3,201,606	\$ 2,325,732	\$ 1,431,998	\$ 899,854	\$ 763,780	\$ 697,387	\$ 707,918	\$ 1,615,934	\$ 3,211,322	\$ 4,722,886	\$ 19,578,417
13	Actual Base Rate Revenue (Excludes Gas Costs)	Rate Year Adjusted	\$ -	\$ -	\$ 3,760,517	\$ 2,350,072	\$ 1,875,000	\$ 1,440,121	\$ 1,442,605	\$ 1,503,968	\$ 1,448,748	\$ 2,715,731	\$ 3,693,323	\$ 6,128,055	\$ 26,358,141
14	Actual Fixed Charge Revenue	Rate Year Adjusted	\$ -	\$ -	\$ 745,086	\$ 795,410	\$ 793,230	\$ 791,978	\$ 786,368	\$ 785,055	\$ 784,502	\$ 785,595	\$ 791,515	\$ 798,015	\$ 7,856,754
15	Customer Decoupled Payments	(13) - (14)	\$ -	\$ -	\$ 3,015,431	\$ 1,554,662	\$ 1,081,770	\$ 648,143	\$ 656,237	\$ 718,912	\$ 664,246	\$ 1,930,136	\$ 2,901,809	\$ 5,330,040	\$ 18,501,387
16	Residential Revenue Per Customer Received		\$0.00	\$0.00	\$34.38	\$17.75	\$12.38	\$7.45	\$7.57	\$8.32	\$7.69	\$22.22	\$33.13	\$60.43	
17	Deferral - Surcharge (Rebate)	(12) - (15)	\$ -	\$ -	\$ 186,175	\$ 771,070	\$ 350,228	\$ 251,711	\$ 107,543	\$ (21,525)	\$ 43,672	\$ (314,202)	\$ 309,513	\$ (607,155)	\$ 1,077,030
18	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ -	\$ -	\$ (5,754)	\$ (23,831)	\$ (10,824)	\$ (7,779)	\$ (3,324)	\$ 665	\$ (1,350)	\$ 9,711	\$ (9,566)	\$ 18,765	\$ (33,287)
19		Authorized ROR	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	
20	Interest on Deferral	Avg Balance Calc	\$ -	\$ -	\$ 561	\$ 3,447	\$ 6,845	\$ 8,700	\$ 9,836	\$ 10,156	\$ 10,286	\$ 9,535	\$ 9,581	\$ 8,744	\$ 77,691
21	Monthly Residential Deferral Totals		\$ -	\$ -	\$ 180,982	\$ 750,686	\$ 346,249	\$ 252,631	\$ 114,056	\$ (10,704)	\$ 52,608	\$ (294,955)	\$ 309,528	\$ (579,646)	\$ 1,121,435
22	Cumulative Deferral Balance	Σ(17) + (20)	\$ -	\$ -	\$ 180,982	\$ 931,668	\$ 1,277,917	\$ 1,530,548	\$ 1,644,604	\$ 1,633,900	\$ 1,686,509	\$ 1,391,553	\$ 1,701,081	\$ 1,121,435	
23	Weather Related Deferred Revenue			\$ 388,547	\$ 693,123	\$ 289,067	\$ (41,881)	\$ (580)	\$ 884	\$ 9,583	\$ (13,662)	\$ 675,256	\$ (395,098)		
24	Revenue Related Expenses			\$ (12,008)	\$ (21,422)	\$ (8,934)	\$ 1,294	\$ 18	\$ (27)	\$ (296)	\$ 422	\$ (20,869)	\$ 12,211		
25	Interest			\$ 1,170	\$ 4,435	\$ 7,420	\$ 8,211	\$ 8,134	\$ 8,185	\$ 8,268	\$ 8,307	\$ 10,351	\$ 11,259		
26	Total Residential Weather Related Deferral Surcharge (Rebate)			\$ 377,708	\$ 676,136	\$ 287,553	\$ (32,375)	\$ 7,572	\$ 9,042	\$ 17,554	\$ (4,933)	\$ 664,737	\$ (371,628)	\$ 1,631,365	
27	Cumulative Weather Related Deferral Balance			\$ 377,708	\$ 1,053,844	\$ 1,341,398	\$ 1,309,022	\$ 1,316,594	\$ 1,325,636	\$ 1,343,190	\$ 1,338,257	\$ 2,002,994	\$ 1,631,365		
28	Conservation (Non-Weather) Related Deferred Revenue			\$ (202,371)	\$ 77,947	\$ 61,161	\$ 293,591	\$ 108,123	\$ (22,409)	\$ 34,089	\$ (300,539)	\$ (365,743)	\$ (212,057)		
29	Revenue Related Expenses			\$ 6,254	\$ (2,409)	\$ (1,890)	\$ (9,074)	\$ (3,342)	\$ 693	\$ (1,054)	\$ 9,288	\$ 11,304	\$ 6,554		
30	Interest			\$ (609)	\$ (988)	\$ (575)	\$ 490	\$ 1,702	\$ 1,971	\$ 2,019	\$ 1,229	\$ (770)	\$ (2,515)		
31	Total Residential Conservation (Non-Weather) Related Deferral Surcharge (Rebate)			\$ (196,726)	\$ 74,550	\$ 58,695	\$ 285,007	\$ 106,484	\$ (19,745)	\$ 35,054	\$ (290,022)	\$ (355,209)	\$ (208,018)	\$ (509,931)	
32	Cumulative Conservation (Non-Weather) Related Deferral Balance			\$ (196,726)	\$ (122,176)	\$ (63,481)	\$ 221,526	\$ 328,010	\$ 308,265	\$ 343,319	\$ 53,297	\$ (301,913)	\$ (509,931)		
33	Residential Cumulative Deferral Surcharge (Rebate) Balance			\$ 180,982	\$ 931,668	\$ 1,277,917	\$ 1,530,548	\$ 1,644,604	\$ 1,633,900	\$ 1,686,509	\$ 1,391,553	\$ 1,701,081	\$ 1,121,435		

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of OR Natural Gas Deferrals (Calendar Year 2016)
Docket No. UG-288 Rates Effective March 1, 2016

Line No.	Source	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
Non-Residential Group															
1	Rate Year Allowed Customers	Page 3		11,573	11,522	11,514	11,482	11,453	11,420	11,413	11,431	11,511	11,588		
2	Total Actual Billed Customers	Revenue Reports		11,768	11,708	11,759	11,697	11,659	11,671	11,651	11,664	11,718	11,792		
3	Total Actual Usage (Therms)	Revenue Reports		3,531,956	2,192,176	1,746,016	1,465,622	1,293,484	1,507,309	1,632,097	2,474,028	3,089,029	5,501,142		
4	Total Actual Base Rate Revenue	Revenue Reports		\$ 1,606,345	\$ 1,017,229	\$ 838,442	\$ 681,856	\$ 671,422	\$ 742,125	\$ 722,185	\$ 1,173,201	\$ 1,423,957	\$ 2,545,661		
5	Total Actual Fixed Charge Revenue	Revenue Reports		\$ 183,604	\$ 201,787	\$ 203,037	\$ 201,702	\$ 201,143	\$ 201,338	\$ 200,833	\$ 201,050	\$ 201,928	\$ 203,440		
6	New Hook-up Customers Billed	Revenue Reports		49	63	84	98	107	113	132	145	168	189		
7	New Hook-up Usage (Therms)	Revenue Reports		9,128	6,995	6,569	8,490	8,527	22,673	12,380	16,098	26,757	66,972		
8	New Hook-up Base Rate Revenue	Revenue Reports		\$ 4,867	\$ 4,368	\$ 4,531	\$ 4,976	\$ 4,205	\$ 10,688	\$ 5,939	\$ 8,251	\$ 13,341	\$ 32,502		
9	New Hook-up Fixed Charge Revenue	Revenue Reports		\$ 679	\$ 1,013	\$ 1,377	\$ 1,643	\$ 1,750	\$ 1,880	\$ 2,176	\$ 2,407	\$ 2,773	\$ 3,010		
10	Actual Customers	Rate Year Adjusted	-	-	11,573	11,522	11,514	11,482	11,453	11,420	11,413	11,511	11,588	114,908	
11	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$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
12	Decoupled Revenue	(10) x (11)	\$ -	\$ -	\$ 1,392,951	\$ 1,033,175	\$ 707,586	\$ 534,820	\$ 555,989	\$ 598,087	\$ 719,226	\$ 1,114,446	\$ 1,542,577	\$ 1,999,678	\$ 10,198,535
13	Actual Base Rate Revenue (Excludes Gas Costs)	Rate Year Adjusted	\$ -	\$ -	\$ 1,586,987	\$ 1,004,313	\$ 825,245	\$ 670,951	\$ 663,343	\$ 718,363	\$ 711,476	\$ 1,159,962	\$ 1,407,515	\$ 2,510,624	\$ 11,258,781
14	Actual Fixed Charge Revenue	Rate Year Adjusted	\$ -	\$ -	\$ 180,904	\$ 198,792	\$ 199,026	\$ 198,101	\$ 197,781	\$ 197,159	\$ 196,910	\$ 197,187	\$ 198,511	\$ 200,195	\$ 1,964,564
15	Customer Decoupled Payments	(13) - (14)	\$ -	\$ -	\$ 1,406,083	\$ 805,522	\$ 626,219	\$ 472,851	\$ 465,562	\$ 521,204	\$ 514,567	\$ 962,775	\$ 1,209,005	\$ 2,310,428	\$ 9,294,216
16	Non-Residential Revenue Per Customer Received		\$0.00	\$0.00	\$121.50	\$69.91	\$54.39	\$41.18	\$40.65	\$45.64	\$45.09	\$84.22	\$105.03	\$199.38	
17	Deferral - Surcharge (Rebate)	(12) - (15)	\$ -	\$ -	\$ (13,133)	\$ 227,653	\$ 81,366	\$ 61,970	\$ 90,427	\$ 76,883	\$ 204,659	\$ 151,672	\$ 333,572	\$ (310,750)	\$ 904,319
18	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ -	\$ -	\$ 406	\$ (7,036)	\$ (2,515)	\$ (1,915)	\$ (2,795)	\$ (2,376)	\$ (6,325)	\$ (4,688)	\$ (10,309)	\$ 9,604	\$ (27,949)
19		Authorized ROR	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	
20	Interest on Deferral	Avg Balance Calc	\$ -	\$ -	\$ (40)	\$ 606	\$ 1,541	\$ 1,982	\$ 2,453	\$ 2,972	\$ 3,838	\$ 4,935	\$ 6,427	\$ 6,536	\$ 31,252
21	Monthly Non-Residential Deferral Totals		\$ -	\$ -	\$ (12,766)	\$ 221,224	\$ 80,392	\$ 62,036	\$ 90,085	\$ 77,479	\$ 202,173	\$ 151,920	\$ 329,690	\$ (294,610)	\$ 907,621
22	Cumulative Deferral (Rebate) Balance	Σ((17) + (20))	\$ -	\$ -	\$ (12,766)	\$ 208,457	\$ 288,849	\$ 350,886	\$ 440,971	\$ 518,449	\$ 720,622	\$ 872,542	\$ 1,202,232	\$ 907,621	
23	Weather Related Deferred Revenue			\$ 158,939	\$ 288,652	\$ 120,596	\$ (20,600)	\$ (1,186)	\$ 2,746	\$ 6,930	\$ 969	\$ 285,746	\$ (182,322)		
24	Revenue Related Expenses			\$ (4,912)	\$ (8,921)	\$ (3,727)	\$ 637	\$ 37	\$ (85)	\$ (214)	\$ (30)	\$ (8,831)	\$ 5,635		
25	Interest			\$ 479	\$ 1,830	\$ 3,073	\$ 3,394	\$ 3,349	\$ 3,375	\$ 3,425	\$ 3,470	\$ 4,355	\$ 4,693		
26	Total Non-Residential Weather Related Deferral Surcharge (Rebate)			\$ 154,506	\$ 281,561	\$ 119,942	\$ (16,570)	\$ 2,200	\$ 6,035	\$ 10,140	\$ 4,409	\$ 281,269	\$ (171,994)	\$ 671,498	
27	Cumulative Weather Related Deferral Balance			\$ 154,506	\$ 436,067	\$ 556,009	\$ 539,439	\$ 541,639	\$ 547,674	\$ 557,814	\$ 562,223	\$ 843,492	\$ 671,498		
28	Conservation (Non-Weather) Related Deferred Revenue			\$ (172,072)	\$ (60,999)	\$ (39,230)	\$ 82,570	\$ 91,613	\$ 74,137	\$ 197,730	\$ 150,703	\$ 47,827	\$ (128,429)		
29	Revenue Related Expenses			\$ 5,318	\$ 1,885	\$ 1,212	\$ (2,552)	\$ (2,831)	\$ (2,291)	\$ (6,111)	\$ (4,658)	\$ (1,478)	\$ 3,969		
30	Interest			\$ (518)	\$ (1,223)	\$ (1,533)	\$ (1,412)	\$ (896)	\$ (402)	\$ 414	\$ 1,466	\$ 2,073	\$ 1,843		
31	Total Non-Residential Conservation (Non-Weather) Related Deferral Surcharge (Rebate)			\$ (167,272)	\$ (60,337)	\$ (39,550)	\$ 78,606	\$ 87,885	\$ 71,443	\$ 192,032	\$ 147,511	\$ 48,421	\$ (122,617)	\$ 236,123	
32	Cumulative Conservation (Non-Weather) Related Deferral Balance			\$ (167,272)	\$ (227,609)	\$ (267,160)	\$ (188,553)	\$ (100,668)	\$ (29,225)	\$ 162,808	\$ 310,318	\$ 358,740	\$ 236,123		
33	Non-Residential Cumulative Deferral Surcharge (Rebate) Balance			\$ (12,766)	\$ 208,457	\$ 288,849	\$ 350,886	\$ 440,971	\$ 518,449	\$ 720,622	\$ 872,542	\$ 1,202,232	\$ 907,621		
35	Total Oregon Cumulative Deferral Balance Surcharge (Rebate)	Residential (33) + Non-Residential (33)	\$ -	\$ -	\$ 168,216	\$ 1,140,126	\$ 1,566,766	\$ 1,881,434	\$ 2,085,575	\$ 2,152,350	\$ 2,407,131	\$ 2,264,095	\$ 2,903,312	\$ 2,029,056	

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	Page 1	\$ 27,889,075 \$ 13,791,046
2	Test Year Number of Customers 2016	Revenue Data	87,277 11,503
3	Decoupled Revenue Per Customer	(1) / (2)	\$ 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	Natural Gas Delivery Volume														
3	<i>Residential</i>														
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	<i>Non-Residential Sales*</i>														
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	Monthly Decoupled Revenue Per Customer ("RPC")														
12	<i>Residential</i>														
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	<i>Non-Residential Sales*</i>														
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.														

Staff Forecast

Therms

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
Schedule 410	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
Schedule 420	4,279,073	3,302,427	2,866,347	2,056,004	1,331,775	924,590	912,032	934,930	951,060	1,807,000	2,930,714	4,118,706	26,414,656
Schedule 424	436,093	405,285	356,326	293,874	246,337	237,713	273,520	303,513	286,120	464,884	517,645	509,768	4,331,078
Schedule 440	370,667	329,673	287,156	264,578	210,160	191,832	220,654	259,590	468,200	494,384	453,835	400,706	3,951,434
Schedule 444	394	0	0	452	3,735	4,122	9,364	29,208	132,286	76,634	5,645	2,843	264,683

Customers

Schedule 410	87,799	87,774	87,708	87,603	87,371	87,028	86,666	86,389	86,337	86,866	87,585	88,200	1,047,325
Schedule 420	11,435	11,454	11,457	11,406	11,396	11,366	11,335	11,299	11,287	11,305	11,392	11,470	136,601
Schedule 424	79	86	82	80	81	81	81	81	81	81	81	82	975
Schedule 440	34	33	33	33	34	34	34	35	37	37	35	34	414
Schedule 444	2	2	2	2	3	2	3	5	9	9	3	3	44

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

AVISTA UTILITIES
ADVICE NO. 17-05-G

**PRESS RELEASE
(DRAFT)**

July 28, 2017

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DRAFT 07-26-2017

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Avista Requests Natural Gas Rate Decrease for Oregon Customers in Annual Cost Adjustment Filings

Request reflects change in the wholesale cost of natural gas included in customer rates

SPOKANE, Wash. – July 28, 2017, 1:05 p.m. PDT: Avista's (**NYSE: AVA**) customers in Oregon would see a decrease in their natural gas rates effective Nov. 1, 2017 if the Public Utility Commission of Oregon (OPUC or Commission) approves the company's annual rate adjustment filings. These annual filings are required, have no impact on the company's earnings, and are not related to the proposed acquisition of Avista by Hydro One.

Purchased Gas Cost Adjustment (PGA)

The first rate adjustment is Avista's Purchased Gas Cost Adjustment (PGA). PGAs are filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. If approved, Avista's request is designed to decrease natural gas revenues by \$1.5 million or 1.6 percent.

The primary drivers for the requested rate reduction include continued low natural gas commodity costs due to the continued high production levels of natural gas and a reduction in the cost to transport natural gas to Avista's distribution system.

About 40 percent of an Avista natural gas customer's bill in Oregon is the combined cost of purchasing natural gas on the wholesale market and transporting it to Avista's system. These costs fluctuate up and down based on market prices, and are not marked up by Avista. The remaining 60 percent covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

Natural Gas Decoupling

The second rate adjustment is related to Avista's natural gas decoupling mechanism. Decoupling is a mechanism designed to break the link between a utility's revenues and customers' energy usage. Avista's actual revenue, based on therm sales, will vary, up or down, from the level included in a general rate case and approved by the Commission. This could be caused by changes in weather, energy conservation or the economy. Generally, under decoupling natural gas revenues are adjusted each month based on the number of customers, rather than therm sales. The difference between revenues based on sales and revenues based on the number of customers is surcharged or rebated to customers beginning in the following year.

If approved, Avista's request is designed to increase natural gas revenues by \$2.1 million or 2.3 percent. This rate adjustment is driven primarily by a lower level of customer usage in 2016, due in part to warmer than normal weather in 2016.

Energy Efficiency

The third rate adjustment is related primarily to the funding of Avista's natural gas energy efficiency programs. Traditionally, Avista would defer the costs of providing energy efficiency programs, and would later surcharge customers to recover those costs. Beginning in May 2016, the Commission approved a change to the way Avista funds its energy efficiency programs, switching from the deferral and surcharge approach, to a more real-time collection of funds necessary to administer energy efficiency programs through current rates. In November 2016, the Commission approved rates designed to recover the final deferred energy efficiency costs. Those costs are projected to be recovered by Nov. 1, 2017. Also included in this filing are smaller rate adjustments related to prior deferred rate adjustments. If approved, Avista's request is designed to decrease natural gas revenues by approximately \$1.7 million or 1.7 percent.

Customer Bills

If the three requests are approved, along with another smaller rate adjustment associated with intervenor funding, Avista residential customers using an average of 47 therms per month could expect their bill to decrease by \$0.73, or 1.3 percent, for a revised monthly bill of \$55.37 beginning Nov. 1, 2017. Overall, Avista's natural gas revenues would decrease by \$1.1 million or 1.1 percent.

The percentage change for natural gas customers varies by rate schedule and depends on how much energy a customer uses.

Avista serves approximately 99,000 natural gas customers in Oregon.

About Avista Corp.

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. [Avista Utilities](#) is our operating division that provides electric service to 379,000 customers and natural gas to 342,000 customers. Its service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.6 million. Alaska Energy and Resources Company is an Avista subsidiary that provides retail electric service in the city and borough of Juneau, Alaska, through its subsidiary [Alaska Electric Light and Power Company](#). Avista stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com.

This news release contains forward-looking statements regarding the company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2016 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.



SOURCE: Avista Corporation

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GSFM May Mid-month (6 14 17 pricing)_OR Decoupling.xlsm

Bill Determ Tab

Total Loads by Rate Sched:

	OR410	OR420	OR424	OR440	OR444	OR447	OR456	Oregon Na RES
Nov 17	6,102,874	3,286,702	540,154	570,360	14,739	458,375	3,365,147	6,102,874
Dec 17	8,804,716	4,547,395	532,320	501,028	2,817	428,098	3,441,287	8,804,716
Jan 18	8,578,231	4,494,730	480,953	431,216	3,346	435,704	3,493,532	8,578,231
Feb 18	6,508,026	3,472,145	381,597	349,493	4	494,865	3,850,724	6,508,026
Mar 18	5,867,822	3,132,877	383,648	343,840	8	489,882	3,521,960	5,867,822
Apr 18	4,020,929	2,097,883	312,293	292,067	893	517,369	3,582,967	4,020,929
May 18	2,430,225	1,339,807	254,528	241,666	1,275	498,686	3,368,972	2,430,225
Jun 18	1,509,624	893,127	229,566	226,917	7,392	480,614	3,219,432	1,509,624
Jul 18	1,303,844	904,924	260,851	272,203	8,636	473,851	3,122,304	1,303,844
Aug 18	1,274,394	906,584	272,973	300,299	13,381	460,198	2,895,768	1,274,394
Sep 18	1,290,889	953,934	266,084	441,057	135,254	466,476	3,064,382	1,290,889
Oct 18	2,892,152	1,826,670	454,873	521,110	54,542	452,467	3,031,129	2,892,152
Nov 18	6,042,216	3,173,379	538,001	556,747	15,299	478,060	3,428,750	6,042,216
Dec 18	8,622,203	4,454,868	531,870	488,144	2,590	438,236	3,431,887	8,622,203
Jan 19	8,606,296	4,591,205	479,344	431,393	3,358	454,731	3,569,676	8,606,296
Feb 19	6,587,762	3,461,518	391,434	364,473	4	505,899	3,872,391	6,587,762
Mar 19	5,966,663	3,101,895	392,014	358,091	3	503,941	3,570,454	5,966,663
Apr 19	4,053,611	2,118,291	312,946	297,618	468	530,393	3,649,381	4,053,611
May 19	2,476,885	1,329,564	254,275	242,122	1,175	515,250	3,434,938	2,476,885
Jun 19	1,544,585	890,946	226,524	222,475	7,300	494,680	3,276,952	1,544,585
Jul 19	1,321,440	916,886	261,036	269,102	8,028	489,479	3,177,419	1,321,440
Aug 19	1,237,115	944,302	283,676	316,829	14,349	474,722	2,944,774	1,237,115
Sep 19	1,280,293	954,427	279,103	464,691	139,318	481,723	3,119,793	1,280,293
Oct 19	2,913,880	1,840,466	455,584	530,669	59,732	466,683	3,080,381	2,913,880
Nov 19	6,087,365	3,200,454	542,284	563,647	13,510	491,837	3,463,746	6,087,365
Dec 19	8,638,321	4,533,714	537,866	492,220	2,929	453,118	3,466,153	8,638,321
Jan 20	8,665,061	4,572,548	479,625	432,052	3,277	467,986	3,609,036	8,665,061
Feb 20	6,843,148	3,582,522	410,389	382,375	18	520,308	3,921,813	6,843,148
Mar 20	5,974,772	3,132,649	391,627	359,036	3	517,482	3,632,187	5,974,772
Apr 20	4,078,426	2,125,240	314,704	299,877	3	543,984	3,707,675	4,078,426
May 20	2,508,502	1,329,833	253,663	242,918	1,086	529,342	3,489,331	2,508,502
Jun 20	1,551,266	905,315	229,930	226,284	7,386	508,367	3,330,707	1,551,266
Jul 20	1,327,056	925,905	267,265	276,257	7,940	503,459	3,230,843	1,327,056
Aug 20	1,256,046	936,446	292,064	325,607	14,108	488,150	2,992,675	1,256,046
Sep 20	1,279,007	973,887	282,708	469,987	139,978	495,230	3,164,315	1,279,007
Oct 20	2,906,686	1,866,198	459,882	538,379	60,403	479,819	3,123,692	2,906,686
Nov 20	6,082,918	3,232,032	547,546	568,405	13,385	505,014	3,505,660	6,082,918
Dec 20	8,678,428	4,528,307	541,886	495,151	2,797	466,499	3,512,545	8,678,428
Jan 21	8,823,750	4,631,444	489,677	440,773	3,234	481,047	3,660,172	8,823,750
Feb 21	6,727,406	3,517,196	401,468	374,665	6	533,709	3,975,848	6,727,406
Mar 21	6,082,249	3,174,880	395,560	363,273	2	530,604	3,688,643	6,082,249
Apr 21	4,149,489	2,147,732	318,656	304,060	459	557,106	3,762,034	4,149,489
May 21	2,540,938	1,346,795	257,075	246,323	1,097	542,533	3,540,223	2,540,938
Jun 21	1,573,713	908,307	232,259	229,347	7,406	521,298	3,380,142	1,573,713
Jul 21	1,351,604	922,949	270,155	280,673	7,875	516,530	3,279,347	1,351,604
Aug 21	1,262,591	951,122	295,166	330,303	14,146	500,983	3,038,615	1,262,591
Sep 21	1,289,518	986,438	285,801	475,148	139,829	508,149	3,209,745	1,289,518

Oct 21	2,950,609	1,886,137	467,244	547,777	61,882	492,620	3,168,969	2,950,609
Nov 21	6,179,613	3,279,306	558,878	580,852	13,466	517,781	3,551,727	6,179,613
Dec 21	8,843,015	4,583,435	551,234	502,992	2,908	479,338	3,562,207	8,843,015
Jan 22	8,927,536	4,676,119	493,310	445,045	3,215	493,652	3,712,009	8,927,536
Feb 22	6,818,778	3,541,916	402,699	376,926	6	546,432	4,027,379	6,818,778
Mar 22	6,161,177	3,196,179	398,872	368,092	2	543,075	3,739,948	6,161,177
Apr 22	4,206,501	2,160,246	320,201	306,984	468	569,567	3,811,936	4,206,501
May 22	2,572,168	1,356,318	259,087	249,344	1,070	554,882	3,588,889	2,572,168
Jun 22	1,594,158	913,186	233,731	232,102	7,417	533,491	3,428,283	1,594,158
Jul 22	1,359,275	937,490	272,326	284,740	7,851	528,738	3,326,606	1,359,275
Aug 22	1,271,378	963,995	297,230	335,299	14,082	512,986	3,084,621	1,271,378
Sep 22	1,302,962	992,923	288,663	481,374	140,334	520,186	3,256,166	1,302,962
Oct 22	2,980,810	1,902,371	472,498	556,544	62,235	504,479	3,216,242	2,980,810
Nov 22	6,265,412	3,298,835	562,235	586,251	13,402	529,609	3,599,696	6,265,412
Dec 22	8,953,678	4,621,107	554,578	507,048	2,904	491,076	3,611,463	8,953,678

atural Gas
Non-RES

4,411,955
5,583,561
5,410,245
4,203,240
3,860,372
2,703,136
1,837,276
1,357,002
1,446,614
1,493,237
1,796,328
2,857,194
4,283,426
5,477,471
5,505,299
4,217,428
3,852,004
2,729,322
1,827,136
1,347,245
1,455,051
1,559,155
1,837,539
2,886,452
4,319,895
5,566,729
5,487,501
4,375,304
3,883,315
2,739,824
1,827,500
1,368,914
1,477,368
1,568,225
1,866,560
2,924,863
4,361,368
5,568,142
5,565,127
4,293,334
3,933,716
2,770,907
1,851,289
1,377,319
1,481,651
1,590,738
1,887,215

2,963,039
4,432,502
5,640,570
5,617,689
4,321,547
3,963,146
2,787,900
1,865,819
1,386,436
1,502,407
1,610,607
1,903,294
2,993,648
4,460,723
5,685,637

Avista Utilities
 Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
 Effective November 1, 2017 - October 31, 2018

RESIDENTIAL GROUP				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.02359	2.38%	
2	Oct-17	\$1,193,134		
3	Nov-17	\$1,051,391	\$2,224	6,102,874
4	Dec-17	\$845,567	\$1,879	8,804,716
5	Jan-18	\$644,683	\$1,476	8,578,231
6	Feb-18	\$492,285	\$1,126	6,508,026
7	Mar-18	\$354,702	\$839	5,867,822
8	Apr-18	\$260,458	\$609	4,020,929
9	May-18	\$203,588	\$460	2,430,225
10	Jun-18	\$168,345	\$368	1,509,624
11	Jul-18	\$137,890	\$303	1,303,844
12	Aug-18	\$108,071	\$244	1,274,394
13	Sep-18	\$77,803	\$184	1,290,889
14	Oct-18	\$9,664	\$87	2,892,152
15	Annual Total		\$9,800	50,583,726
16	Incremental Rate to Recover Estimated Interest		\$0.00019	
17	Estimated Rate to Recover Deferral Balance		\$0.02359	
18	Rate before Gross-up for Revenue-related items		\$0.02378	
19	Times: Gross-up for Revenue-related items (3)		1.03278	
20	Preliminary Proposed Decoupling Rate		\$0.02456	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed Decoupling Rate		\$0.02456	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.02378	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.02359 to recover the October 2017 balance of \$1,193,134 over 12 months. See page 2 of Attachment A for October 2017 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the Modified Blended Treasury Rate.
- (3) UG 288 conversion factor, see page 6 of Attachment A.
- (4) See page 5 of Attachment A for 3% test adjustment calculations.
- (5) See page 2 of Attachment A for estimated carryover balance calculations.

RESIDENTIAL GROUP

Calculate Estimated Monthly Balances through October 2018

Line No.		Ending Balance	Allowed Rate of Return 7.46% (Deferral) & 2.38% (Amort)	Amortization
1	Dec-16	\$1,121,435		
4	Jan-17	\$1,128,407	\$6,972	
5	Feb-17	\$1,135,422	\$7,015	
6	Mar-17	\$1,142,480	\$7,059	
7	Apr-17	\$1,149,582	\$7,102	
8	May-17	\$1,156,729	\$7,147	
9	Jun-17	\$1,163,920	\$7,191	
10	Jul-17	\$1,171,156	\$7,236	
11	Aug-17	\$1,178,436	\$7,281	
12	Sep-17	\$1,185,762	\$7,326	
13	Oct-17	\$1,193,134	\$7,371	
14	Nov-17	\$1,050,230	\$2,222	\$145,126
15	Dec-17	\$842,729	\$1,875	\$209,376
16	Jan-18	\$640,208	\$1,469	\$203,990
17	Feb-18	\$486,563	\$1,116	\$154,761
18	Mar-18	\$347,853	\$827	\$139,537
19	Apr-18	\$252,831	\$595	\$95,618
20	May-18	\$195,484	\$444	\$57,791
21	Jun-18	\$159,937	\$352	\$35,899
22	Jul-18	\$129,218	\$286	\$31,005
23	Aug-18	\$99,139	\$226	\$30,305
24	Sep-18	\$68,608	\$166	\$30,697
25	Oct-18	(\$99)	\$68	\$68,775
26	Total		\$81,347	\$1,202,881

Summary

27	2016 Deferred Revenue	\$1,121,435
29	Add Interest through 10/31/2018	\$81,347
30	Add Revenue Related Expense Adj.	\$39,555
31	Total Requested Recovery	<u>\$1,242,336</u>
32	Customer Surcharge Revenue	\$1,242,336
33	Carryover Deferred Revenue	\$0

Avista Utilities
 Calculation of Decoupling Mechanism Surcharge or Rebate Amortization Rates
 Effective November 1, 2017 - October 31, 2018

NON-RESIDENTIAL GROUP				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.02613	2.38%	
2	Oct-17	\$965,650		
3	Nov-17	\$852,166	\$1,801	4,411,955
4	Dec-17	\$707,813	\$1,545	5,583,561
5	Jan-18	\$567,707	\$1,264	5,410,245
6	Feb-18	\$458,893	\$1,017	4,203,240
7	Mar-18	\$358,832	\$810	3,860,372
8	Apr-18	\$288,841	\$642	2,703,136
9	May-18	\$241,358	\$525	1,837,276
10	Jun-18	\$206,343	\$444	1,357,002
11	Jul-18	\$168,915	\$372	1,446,614
12	Aug-18	\$130,193	\$296	1,493,237
13	Sep-18	\$83,466	\$212	1,796,328
14	Oct-18	\$8,899	\$92	2,857,194
15	Annual Total		\$9,019	36,960,160
16	Incremental Rate to Recover Estimated Interest		\$0.00024	
17	Estimated Rate to Recover Deferral Balance		\$0.02613	
18	Rate before Gross-up for Revenue-related items		\$0.02637	
19	Times: Gross-up for Revenue-related items (3)		1.032780	
20	Preliminary Proposed Decoupling Rate		\$0.02723	
21	3% Test Rate Adjustment (4)		(\$0.00284)	
22	Final Proposed Decoupling Rate		\$0.02439	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.02362	Amortization Rate
24	Estimated Carryover Balance (5)		\$103,035	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.02613 to recover the October 2016 balance of \$965,650 over 12 months. See page 4 of Attachment A for October 2016 balance calculation.
- (2) Interest computed on average balance between beginning and end of month at the Modified Blended Treasury Rate.
- (3) UG 288 conversion factor, see page 6 of Attachment A.
- (4) See page 5 of Attachment A for 3% test adjustment calculations.
- (5) See page 2 of Attachment A for estimated carryover balance calculations.

NON-RESIDENTIAL GROUP

Calculate Estimated Monthly Balance through October 2018

Line No.		Ending Balance	Allowed Rate of Return 7.46% (Deferral) & 2.38% (Amort)	Amortization
1	Dec-16	\$907,621		
4	Jan-17	\$913,263	\$5,642	
5	Feb-17	\$918,941	\$5,677	
6	Mar-17	\$924,654	\$5,713	
7	Apr-17	\$930,402	\$5,748	
8	May-17	\$936,186	\$5,784	
9	Jun-17	\$942,006	\$5,820	
10	Jul-17	\$947,862	\$5,856	
11	Aug-17	\$953,754	\$5,893	
12	Sep-17	\$959,684	\$5,929	
13	Oct-17	\$965,650	\$5,966	
14	Nov-17	\$863,251	\$1,812	\$104,210
15	Dec-17	\$732,949	\$1,581	\$131,884
16	Jan-18	\$606,486	\$1,327	\$127,790
17	Feb-18	\$508,310	\$1,104	\$99,281
18	Mar-18	\$418,045	\$918	\$91,182
19	Apr-18	\$354,963	\$766	\$63,848
20	May-18	\$312,228	\$661	\$43,396
21	Jun-18	\$280,763	\$587	\$32,052
22	Jul-18	\$247,117	\$523	\$34,169
23	Aug-18	\$212,302	\$455	\$35,270
24	Sep-18	\$170,251	\$379	\$42,429
25	Oct-18	\$103,035	\$271	\$67,487
26	Total		\$68,413	\$872,999

Summary

27	2016 Deferred Revenue	\$907,621
29	Add Interest through 10/31/2018	\$68,413
30	Add Revenue Related Expense Adj.	\$28,459
31	Total Requested Recovery	<u>\$1,004,493</u>
32	Customer Surcharge Revenue	\$901,458
33	Carryover Deferred Revenue	\$103,035

Avista Utilities
Decoupling Mechanism 3% Test
2016 Oregon Natural Gas Deferrals

Line No.		Residential	Non-Residential	Total
1	Revenue From 2016 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$58,669,121	\$30,044,992	\$88,714,113
2	November 2017 - October 2018 Usage	50,583,726	36,960,160	
3	Proposed Decoupling Recovery Rates	\$0.02456	\$0.02723	
4	Present Decoupling Recovery Rates	\$0.00000	\$0.00000	
5	Incremental Decoupling Recovery Rates	\$0.02456	\$0.02723	
6	Incremental Recovery	\$1,242,336	\$1,006,425	\$2,248,761
7	Incremental Surcharge %	2.12%	3.35%	
8	3% Test Adjustment (2)	\$0	(\$105,075)	(\$105,075)
9	3% Test Rate Adjustment	\$0.00000	-\$0.00284	
10	Adjusted Proposed Decoupling Recovery Rates	\$0.02456	\$0.02439	
11	Adjusted Incremental Decoupling Recovery	\$1,242,336	\$901,458	\$2,143,795
12	Adjusted Incremental Surcharge %	2.12%	3.00%	2.42%

Notes

(1) 2016 Normalized Revenue from Revenue System Reports, Weather Normalization model, with effective rates at January 1, 2017.

(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
OREGON NATURAL GAS
CONVERSION FACTOR EXHIBIT
TWELVE MONTHS BASE YEAR ENDED JUNE 30, 2016**

Line No.	Description	Factor	
1	Revenues	1.000000	1.000000
2	Expense:		
3	Uncollectibles	0.006335	0.006335
4	Commission Fees	0.003000	0.003000
5	Energy Resource Supplier Assesment	0.001172	0.001172
6	Franchise Fees	0.021230	0.021230
7	Oregon Excise Tax	0.000000	
5	Total Expense	<u>0.031737</u>	<u>0.031737</u>
6	Net Operating Income Before FIT	0.968263	0.968263
7	Federal Income Tax @ 35%	0.338892	
8	REVENUE CONVERSION FACTOR	<u>0.629371</u>	<u>0.968263</u>
9	Gross Up Factor		1.03278

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of OR Natural Gas Deferrals (Calendar Year 2016)
Docket No. UG-288 Rates Effective March 1, 2016

Line No.	Source	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
Residential Group															
1	Rate Year Allowed Customers	Page 3		87,708	87,603	87,371	87,028	86,666	86,389	86,337	86,866	87,585	88,200	871,752	
2	Total Actual Billed Customers	Revenue Reports		87,919	87,751	87,611	87,328	87,117	87,013	87,018	87,434	88,202	88,640	876,033	
3	Total Actual Usage (Therms)	Revenue Reports		5,134,000	2,727,267	1,918,705	1,238,239	1,136,363	1,109,449	1,173,686	3,168,968	4,966,685	9,269,970	31,843,332	
4	Total Actual Base Rate Revenue	Revenue Reports		\$ 3,766,376	\$ 2,353,657	\$ 1,878,910	\$ 1,444,118	\$ 1,448,021	\$ 1,511,211	\$ 1,457,557	\$ 2,724,721	\$ 3,708,712	\$ 6,147,539	\$ 26,440,823	
5	Total Actual Fixed Charge Revenue	Revenue Reports		\$ 746,592	\$ 796,598	\$ 795,175	\$ 794,469	\$ 790,076	\$ 790,287	\$ 790,209	\$ 790,287	\$ 796,678	\$ 801,793	\$ 7,892,164	
6	New Hook-up Customers Billed	Revenue Reports		379	473	592	681	799	877	996	1,109	1,326	1,448	8,680	
7	New Hook-up Usage (Therms)	Revenue Reports		13,984	13,210	8,351	5,885	5,209	4,867	7,809	14,443	37,822	89,047	200,627	
8	New Hook-up Base Rate Revenue	Revenue Reports		\$ 10,541	\$ 11,460	\$ 9,649	\$ 9,070	\$ 9,589	\$ 10,175	\$ 12,879	\$ 17,542	\$ 33,051	\$ 64,140	\$ 188,096	
9	New Hook-up Fixed Charge Revenue	Revenue Reports		\$ 2,709	\$ 3,798	\$ 4,800	\$ 5,652	\$ 6,563	\$ 7,349	\$ 8,344	\$ 9,155	\$ 11,090	\$ 12,437	\$ 71,898	
10	Actual Customers	Rate Year Adjusted	-	-	87,708	87,603	87,371	87,028	86,666	86,389	86,337	86,866	87,585	88,200	871,752
11	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$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
12	Decoupled Revenue	(10) x (11)	\$ -	\$ -	\$ 3,201,606	\$ 2,325,732	\$ 1,431,998	\$ 899,854	\$ 763,780	\$ 697,387	\$ 707,918	\$ 1,615,934	\$ 3,211,322	\$ 4,722,886	\$ 19,578,417
13	Actual Base Rate Revenue (Excludes Gas Costs)	Rate Year Adjusted	\$ -	\$ -	\$ 3,760,517	\$ 2,350,072	\$ 1,875,000	\$ 1,440,121	\$ 1,442,605	\$ 1,503,968	\$ 1,448,748	\$ 2,715,731	\$ 3,693,323	\$ 6,128,055	\$ 26,358,141
14	Actual Fixed Charge Revenue	Rate Year Adjusted	\$ -	\$ -	\$ 745,086	\$ 795,410	\$ 793,230	\$ 791,978	\$ 786,368	\$ 785,055	\$ 784,502	\$ 785,595	\$ 791,515	\$ 798,015	\$ 7,856,754
15	Customer Decoupled Payments	(13) - (14)	\$ -	\$ -	\$ 3,015,431	\$ 1,554,662	\$ 1,081,770	\$ 648,143	\$ 656,237	\$ 718,912	\$ 664,246	\$ 1,930,136	\$ 2,901,809	\$ 5,330,040	\$ 18,501,387
16	Residential Revenue Per Customer Received		\$0.00	\$0.00	\$34.38	\$17.75	\$12.38	\$7.45	\$7.57	\$8.32	\$7.69	\$22.22	\$33.13	\$60.43	
17	Deferral - Surcharge (Rebate)	(12) - (15)	\$ -	\$ -	\$ 186,175	\$ 771,070	\$ 350,228	\$ 251,711	\$ 107,543	\$ (21,525)	\$ 43,672	\$ (314,202)	\$ 309,513	\$ (607,155)	\$ 1,077,030
18	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ -	\$ -	\$ (5,754)	\$ (23,831)	\$ (10,824)	\$ (7,779)	\$ (3,324)	\$ 665	\$ (1,350)	\$ 9,711	\$ (9,566)	\$ 18,765	\$ (33,287)
19		Authorized ROR	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	
20	Interest on Deferral	Avg Balance Calc	\$ -	\$ -	\$ 561	\$ 3,447	\$ 6,845	\$ 8,700	\$ 9,836	\$ 10,156	\$ 10,286	\$ 9,535	\$ 9,581	\$ 8,744	\$ 77,691
21	Monthly Residential Deferral Totals		\$ -	\$ -	\$ 180,982	\$ 750,686	\$ 346,249	\$ 252,631	\$ 114,056	\$ (10,704)	\$ 52,608	\$ (294,955)	\$ 309,528	\$ (579,646)	\$ 1,121,435
22	Cumulative Deferral Balance	Σ(17) + (20)	\$ -	\$ -	\$ 180,982	\$ 931,668	\$ 1,277,917	\$ 1,530,548	\$ 1,644,604	\$ 1,633,900	\$ 1,686,509	\$ 1,391,553	\$ 1,701,081	\$ 1,121,435	
23	Weather Related Deferred Revenue			\$ 388,547	\$ 693,123	\$ 289,067	\$ (41,881)	\$ (580)	\$ 884	\$ 9,583	\$ (13,662)	\$ 675,256	\$ (395,098)		
24	Revenue Related Expenses			\$ (12,008)	\$ (21,422)	\$ (8,934)	\$ 1,294	\$ 18	\$ (27)	\$ (296)	\$ 422	\$ (20,869)	\$ 12,211		
25	Interest			\$ 1,170	\$ 4,435	\$ 7,420	\$ 8,211	\$ 8,134	\$ 8,185	\$ 8,268	\$ 8,307	\$ 10,351	\$ 11,259		
26	Total Residential Weather Related Deferral Surcharge (Rebate)			\$ 377,708	\$ 676,136	\$ 287,553	\$ (32,375)	\$ 7,572	\$ 9,042	\$ 17,554	\$ (4,933)	\$ 664,737	\$ (371,628)	\$ 1,631,365	
27	Cumulative Weather Related Deferral Balance			\$ 377,708	\$ 1,053,844	\$ 1,341,398	\$ 1,309,022	\$ 1,316,594	\$ 1,325,636	\$ 1,343,190	\$ 1,338,257	\$ 2,002,994	\$ 1,631,365		
28	Conservation (Non-Weather) Related Deferred Revenue			\$ (202,371)	\$ 77,947	\$ 61,161	\$ 293,591	\$ 108,123	\$ (22,409)	\$ 34,089	\$ (300,539)	\$ (365,743)	\$ (212,057)		
29	Revenue Related Expenses			\$ 6,254	\$ (2,409)	\$ (1,890)	\$ (9,074)	\$ (3,342)	\$ 693	\$ (1,054)	\$ 9,288	\$ 11,304	\$ 6,554		
30	Interest			\$ (609)	\$ (988)	\$ (575)	\$ 490	\$ 1,702	\$ 1,971	\$ 2,019	\$ 1,229	\$ (770)	\$ (2,515)		
31	Total Residential Conservation (Non-Weather) Related Deferral Surcharge (Rebate)			\$ (196,726)	\$ 74,550	\$ 58,695	\$ 285,007	\$ 106,484	\$ (19,745)	\$ 35,054	\$ (290,022)	\$ (355,209)	\$ (208,018)	\$ (509,931)	
32	Cumulative Conservation (Non-Weather) Related Deferral Balance			\$ (196,726)	\$ (122,176)	\$ (63,481)	\$ 221,526	\$ 328,010	\$ 308,265	\$ 343,319	\$ 53,297	\$ (301,913)	\$ (509,931)		
33	Residential Cumulative Deferral Surcharge (Rebate) Balance			\$ 180,982	\$ 931,668	\$ 1,277,917	\$ 1,530,548	\$ 1,644,604	\$ 1,633,900	\$ 1,686,509	\$ 1,391,553	\$ 1,701,081	\$ 1,121,435		

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of OR Natural Gas Deferrals (Calendar Year 2016)
Docket No. UG-288 Rates Effective March 1, 2016

Line No.	Source	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	
Non-Residential Group															
1	Rate Year Allowed Customers	Page 3		11,573	11,522	11,514	11,482	11,453	11,420	11,413	11,431	11,511	11,588		
2	Total Actual Billed Customers	Revenue Reports		11,768	11,708	11,759	11,697	11,659	11,671	11,651	11,664	11,718	11,792		
3	Total Actual Usage (Therms)	Revenue Reports		3,531,956	2,192,176	1,746,016	1,465,622	1,293,484	1,507,309	1,632,097	2,474,028	3,089,029	5,501,142		
4	Total Actual Base Rate Revenue	Revenue Reports		\$ 1,606,345	\$ 1,017,229	\$ 838,442	\$ 681,856	\$ 671,422	\$ 742,125	\$ 722,185	\$ 1,173,201	\$ 1,423,957	\$ 2,545,661		
5	Total Actual Fixed Charge Revenue	Revenue Reports		\$ 183,604	\$ 201,787	\$ 203,037	\$ 201,702	\$ 201,143	\$ 201,338	\$ 200,833	\$ 201,050	\$ 201,928	\$ 203,440		
6	New Hook-up Customers Billed	Revenue Reports		49	63	84	98	107	113	132	145	168	189		
7	New Hook-up Usage (Therms)	Revenue Reports		9,128	6,995	6,569	8,490	8,527	22,673	12,380	16,098	26,757	66,972		
8	New Hook-up Base Rate Revenue	Revenue Reports		\$ 4,867	\$ 4,368	\$ 4,531	\$ 4,976	\$ 4,205	\$ 10,688	\$ 5,939	\$ 8,251	\$ 13,341	\$ 32,502		
9	New Hook-up Fixed Charge Revenue	Revenue Reports		\$ 679	\$ 1,013	\$ 1,377	\$ 1,643	\$ 1,750	\$ 1,880	\$ 2,176	\$ 2,407	\$ 2,773	\$ 3,010		
10	Actual Customers	Rate Year Adjusted	-	-	11,573	11,522	11,514	11,482	11,453	11,420	11,413	11,511	11,588	114,908	
11	Monthly Decoupled Revenue per Customer	Appendix 5, Page 3	\$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
12	Decoupled Revenue	(10) x (11)	\$ -	\$ -	\$ 1,392,951	\$ 1,033,175	\$ 707,586	\$ 534,820	\$ 555,989	\$ 598,087	\$ 719,226	\$ 1,114,446	\$ 1,542,577	\$ 1,999,678	\$ 10,198,535
13	Actual Base Rate Revenue (Excludes Gas Costs)	Rate Year Adjusted	\$ -	\$ -	\$ 1,586,987	\$ 1,004,313	\$ 825,245	\$ 670,951	\$ 663,343	\$ 718,363	\$ 711,476	\$ 1,159,962	\$ 1,407,515	\$ 2,510,624	\$ 11,258,781
14	Actual Fixed Charge Revenue	Rate Year Adjusted	\$ -	\$ -	\$ 180,904	\$ 198,792	\$ 199,026	\$ 198,101	\$ 197,781	\$ 197,159	\$ 196,910	\$ 197,187	\$ 198,511	\$ 200,195	\$ 1,964,564
15	Customer Decoupled Payments	(13) - (14)	\$ -	\$ -	\$ 1,406,083	\$ 805,522	\$ 626,219	\$ 472,851	\$ 465,562	\$ 521,204	\$ 514,567	\$ 962,775	\$ 1,209,005	\$ 2,310,428	\$ 9,294,216
16	Non-Residential Revenue Per Customer Received		\$0.00	\$0.00	\$121.50	\$69.91	\$54.39	\$41.18	\$40.65	\$45.64	\$45.09	\$84.22	\$105.03	\$199.38	
17	Deferral - Surcharge (Rebate)	(12) - (15)	\$ -	\$ -	\$ (13,133)	\$ 227,653	\$ 81,366	\$ 61,970	\$ 90,427	\$ 76,883	\$ 204,659	\$ 151,672	\$ 333,572	\$ (310,750)	\$ 904,319
18	Deferral - Revenue Related Expenses	Rev Conv Factor	\$ -	\$ -	\$ 406	\$ (7,036)	\$ (2,515)	\$ (1,915)	\$ (2,795)	\$ (2,376)	\$ (6,325)	\$ (4,688)	\$ (10,309)	\$ 9,604	\$ (27,949)
19		Authorized ROR	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	7.46%	
20	Interest on Deferral	Avg Balance Calc	\$ -	\$ -	\$ (40)	\$ 606	\$ 1,541	\$ 1,982	\$ 2,453	\$ 2,972	\$ 3,838	\$ 4,935	\$ 6,427	\$ 6,536	\$ 31,252
21	Monthly Non-Residential Deferral Totals		\$ -	\$ -	\$ (12,766)	\$ 221,224	\$ 80,392	\$ 62,036	\$ 90,085	\$ 77,479	\$ 202,173	\$ 151,920	\$ 329,690	\$ (294,610)	\$ 907,621
22	Cumulative Deferral (Rebate) Balance	Σ(17) + (20)	\$ -	\$ -	\$ (12,766)	\$ 208,457	\$ 288,849	\$ 350,886	\$ 440,971	\$ 518,449	\$ 720,622	\$ 872,542	\$ 1,202,232	\$ 907,621	
23	Weather Related Deferred Revenue			\$ 158,939	\$ 288,652	\$ 120,596	\$ (20,600)	\$ (1,186)	\$ 2,746	\$ 6,930	\$ 969	\$ 285,746	\$ (182,322)		
24	Revenue Related Expenses			\$ (4,912)	\$ (8,921)	\$ (3,727)	\$ 637	\$ 37	\$ (85)	\$ (214)	\$ (30)	\$ (8,831)	\$ 5,635		
25	Interest			\$ 479	\$ 1,830	\$ 3,073	\$ 3,394	\$ 3,349	\$ 3,375	\$ 3,425	\$ 3,470	\$ 4,355	\$ 4,693		
26	Total Non-Residential Weather Related Deferral Surcharge (Rebate)			\$ 154,506	\$ 281,561	\$ 119,942	\$ (16,570)	\$ 2,200	\$ 6,035	\$ 10,140	\$ 4,409	\$ 281,269	\$ (171,994)	\$ 671,498	
27	Cumulative Weather Related Deferral Balance			\$ 154,506	\$ 436,067	\$ 556,009	\$ 539,439	\$ 541,639	\$ 547,674	\$ 557,814	\$ 562,223	\$ 843,492	\$ 671,498		
28	Conservation (Non-Weather) Related Deferred Revenue			\$ (172,072)	\$ (60,999)	\$ (39,230)	\$ 82,570	\$ 91,613	\$ 74,137	\$ 197,730	\$ 150,703	\$ 47,827	\$ (128,429)		
29	Revenue Related Expenses			\$ 5,318	\$ 1,885	\$ 1,212	\$ (2,552)	\$ (2,831)	\$ (2,291)	\$ (6,111)	\$ (4,658)	\$ (1,478)	\$ 3,969		
30	Interest			\$ (518)	\$ (1,223)	\$ (1,533)	\$ (1,412)	\$ (896)	\$ (402)	\$ 414	\$ 1,466	\$ 2,073	\$ 1,843		
31	Total Non-Residential Conservation (Non-Weather) Related Deferral Surcharge (Rebate)			\$ (167,272)	\$ (60,337)	\$ (39,550)	\$ 78,606	\$ 87,885	\$ 71,443	\$ 192,032	\$ 147,511	\$ 48,421	\$ (122,617)	\$ 236,123	
32	Cumulative Conservation (Non-Weather) Related Deferral Balance			\$ (167,272)	\$ (227,609)	\$ (267,160)	\$ (188,553)	\$ (100,668)	\$ (29,225)	\$ 162,808	\$ 310,318	\$ 358,740	\$ 236,123		
33	Non-Residential Cumulative Deferral Surcharge (Rebate) Balance			\$ (12,766)	\$ 208,457	\$ 288,849	\$ 350,886	\$ 440,971	\$ 518,449	\$ 720,622	\$ 872,542	\$ 1,202,232	\$ 907,621		
35	Total Oregon Cumulative Deferral Balance Surcharge (Rebate)	Residential (33) + Non-Residential (33)	\$ -	\$ -	\$ 168,216	\$ 1,140,126	\$ 1,566,766	\$ 1,881,434	\$ 2,085,575	\$ 2,152,350	\$ 2,407,131	\$ 2,264,095	\$ 2,903,312	\$ 2,029,056	

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	Page 1	\$ 27,889,075	\$ 13,791,046
2 Test Year Number of Customers 2016	Revenue Data	87,277	11,503
3 Decoupled Revenue Per Customer	(1) / (2)	\$ 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	Natural Gas Delivery Volume														
3	<i>Residential</i>														
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	<i>Non-Residential Sales*</i>														
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	Monthly Decoupled Revenue Per Customer ("RPC")														
12	<i>Residential</i>														
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	<i>Non-Residential Sales*</i>														
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.														

Staff Forecast

Therms

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
Schedule 410	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
Schedule 420	4,279,073	3,302,427	2,866,347	2,056,004	1,331,775	924,590	912,032	934,930	951,060	1,807,000	2,930,714	4,118,706	26,414,656
Schedule 424	436,093	405,285	356,326	293,874	246,337	237,713	273,520	303,513	286,120	464,884	517,645	509,768	4,331,078
Schedule 440	370,667	329,673	287,156	264,578	210,160	191,832	220,654	259,590	468,200	494,384	453,835	400,706	3,951,434
Schedule 444	394	0	0	452	3,735	4,122	9,364	29,208	132,286	76,634	5,645	2,843	264,683

Customers

Schedule 410	87,799	87,774	87,708	87,603	87,371	87,028	86,666	86,389	86,337	86,866	87,585	88,200	1,047,325
Schedule 420	11,435	11,454	11,457	11,406	11,396	11,366	11,335	11,299	11,287	11,305	11,392	11,470	136,601
Schedule 424	79	86	82	80	81	81	81	81	81	81	81	82	975
Schedule 440	34	33	33	33	34	34	34	35	37	37	35	34	414
Schedule 444	2	2	2	2	3	2	3	5	9	9	3	3	44