

**Avista Corp.**  
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Spokane, Washington 99220-3727  
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IDAHO PUBLIC UTILITIES COMMISSION



June 30, 2017

Diane Hanian  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, ID 83702

Re: **Case No. AVU-G-17-03**  
Natural Gas Fixed Cost Adjustment Annual Rate Filing of Avista Corporation

Dear Commission Secretary:

Enclosed for filing with the Commission is Avista's natural gas Fixed Cost Adjustment (FCA) annual rate adjustment filing. This filing consists of an original and seven copies of Avista's Application, Exhibit A (the Company's proposed tariffs), and Attachments A & B in support of the Application. A certificate of service is also enclosed. A computer readable copy of the Application, exhibit, attachments, and workpapers, required under Rule 231.05, are included on an enclosed compact disc.

Please direct any questions on this matter to me at (509) 495-8620.

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 and Tariffs

Enclosures

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this 30<sup>th</sup> day of June, 2017, served the Application of Avista Corporation – Fixed Cost Rate Adjustment, upon the following parties, by mailing a copy thereof, properly addressed with postage prepaid to:

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Idaho Public Utilities Commission  
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Patrick Ehrbar  
Senior Manager, Rates & Tariffs

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IDAHO PUBLIC UTILITIES COMMISSION

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6 P. O. BOX 3727  
7 SPOKANE, WASHINGTON 99220  
8 PHONE: (509) 495-4316, FAX: (509) 495-8851

9

10 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

11

12 IN THE MATTER OF THE FIXED COST )  
13 ADJUSTMENT MECHANISM (FCA) ) CASE NO. AVU-G-17-03  
14 ANNUAL RATE ADJUSTMENT FILING ) APPLICATION OF AVISTA  
15 OF AVISTA CORPORATION ) CORPORATION  
16  
17

18

I. INTRODUCTION

19 In accordance with Idaho Code §61-502, Commission Order  
20 No. 33437, and RP 052, Avista Corporation, doing business as  
21 Avista Utilities (hereinafter "Avista" or "Company"), at 1411  
22 East Mission Avenue, Spokane, Washington, respectfully makes  
23 application to the Idaho Public Utilities Commission  
24 ("Commission") for an order authorizing Avista to implement  
25 natural gas Fixed Cost Adjustment Mechanism (FCA) rates for  
26 natural gas service from November 1, 2017 through October 31,  
27 2018, and to approve the Company's corresponding  
28 modifications to Schedule 175, "Fixed Cost Adjustment  
29 Mechanism - Natural Gas" (specifically tariff Sheets 175,

1 175A, 175B, and 175C). The proposed FCA surcharge rate for  
2 the Residential Group (Schedule 101) is 2.466¢ per therm, and  
3 1.615¢ per therm for the Non-Residential Group (Schedules 111  
4 and 112). The Residential Group surcharge represents a \$1.4  
5 million, or 3.0%, increase to Schedule 101 customers, and the  
6 Non-Residential group surcharge represents a \$0.4 million, or  
7 3.0%, increase. The Company has requested an November 1,  
8 2017 effective date.

9 The Company requests that this filing be processed under  
10 the Commission's Modified Procedure Rules (RP 201-204).  
11 Communications in reference to this Application should be  
12 addressed to:

13 David J. Meyer, Esq.  
14 Vice President and Chief Counsel for  
15 Regulatory & Governmental Affairs  
16 Avista Corporation  
17 P.O. Box 3727  
18 MSC-27  
19 1411 E. Mission Ave  
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24 Patrick Ehrbar  
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33

1 II. BACKGROUND

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

14 In Case Nos. AVU-E-15-05 and AVU-G-15-01, the Commission  
15 in Order No. 33437 approved for Avista a Fixed Cost Adjustment  
16 Mechanism. On page 10 of Order No. 33437, the Commission  
17 stated:

18 The parties have also agreed upon a three-year FCA pilot  
19 for electric and natural gas operations. The FCA will  
20 compare actual FCA revenues to allowed FCA revenues  
21 determined on a per-customer basis. Any differences will  
22 be deferred for a rebate or surcharge. There are a number  
23 of customer safeguards, including that an FCA surcharge  
24 cannot exceed a 3% annual rate adjustment. Any  
25 unrecovered balances will be carried forward to recover  
26 in future years. Further, there is no limit to the level  
27 of the FCA rebate. As part of the Stipulation, Staff and  
28 other interested parties, will review the efficacy of  
29 the FCA after its second full year to ensure it is

1 functioning as intended. Fixed cost adjustment  
2 mechanisms are intended to encourage conservation, and  
3 allow customers more control over their bills. Further,  
4 the proposed FCA will remove any financial disincentive  
5 of the Company to encourage energy conservation.  
6

7 The Section 13 of the Stipulation and Settlement  
8 approved by the Commission in Order No. 33437 provided further  
9 details, reproduced below, regarding the mechanics of the  
10 fixed cost adjustment mechanism.

11 A. FCA Mechanisms Term. The Parties agree to an initial  
12 FCA term of 3 years, with a review of how the mechanisms  
13 have functioned conducted by Avista, Staff, and other  
14 interested parties following the end of the second full-  
15 year. Avista may seek to extend the term of the  
16 mechanism prior to its expiration.  
17

18 B. Rate Groups. There will be two rate groups  
19 established for both the electric FCA and natural gas  
20 FCA:

21 Electric Customer Rate Groups:

- 22 1. Residential - Schedule 1  
23 2. Commercial - Schedules 11, 12, 21, 22, 31, 32

24 Natural Gas Rate Groups:

- 25 1. Residential - Schedule 101  
26 2. Commercial - Schedules 111 and 112  
27

28 C. Existing Customers and New Customers. The Parties  
29 have agreed that revenue related to certain items  
30 discussed below would not be included in the FCA for new  
31 customers. The result is that the Fixed Cost Adjustment  
32 Revenue-Per-Customer for new customers will be less than  
33 the Fixed Cost Adjustment Revenue-Per-Customer for  
34 existing customers. For new electric customers added  
35 after the test period, recovery of incremental revenue  
36 related to fixed production and transmission costs would  
37 be excluded from the electric FCA. For new natural gas  
38 customers added after the test period, recovery of  
39 incremental revenue related to fixed production and  
40 underground storage facility costs would be excluded.

1 These modifications are included in Appendices B and C  
2 to the Stipulation.  
3

4 D. Quarterly Reporting. Avista will file, within 45  
5 days of the end of each quarter, a report detailing the  
6 FCA activity by month. The reporting will also include  
7 information related to the deferrals by rate group, what  
8 the deferrals would have been if tracked by rate  
9 schedule, use and revenue-per-customer for existing and  
10 new customers, and other summary financial information.  
11 Avista will provide such other information as may be  
12 reasonably requested, from time to time, in the future  
13 quarterly reports.  
14

15 E. Annual Filings. On or before July 1, the Company  
16 will file a proposed rate adjustment surcharge or rebate  
17 based on the amount of deferred revenue recorded for the  
18 prior January through December time period. The rate  
19 adjustment would be calculated separately for each Rate  
20 Group, with the applicable surcharge or rebate recovered  
21 from each group on a uniform cents per kWh or per therm  
22 basis. The proposed tariff (Schedule 75 for electric,  
23 Schedule 175 for natural gas) included with that filing  
24 would include a rate adjustment that recovers/rebates  
25 the appropriate deferred revenue amount over a twelve-  
26 month period effective on October 1 for electric (to  
27 match with Power Cost Adjustment and Residential  
28 Exchange annual rate adjustments time period) and  
29 November 1st for natural gas (to match with the annual  
30 Purchased Gas Cost Adjustment rate adjustment time  
31 period). The deferred revenue amount approved for  
32 recovery or rebate would be transferred to a balancing  
33 account and the revenue surcharged or rebated during the  
34 period would reduce the deferred revenue in the  
35 balancing account. After determining the amount of  
36 deferred revenue that can be recovered through a  
37 surcharge (or refunded through a rebate) by Rate Group,  
38 the proposed rates under Schedules 75 and 175 would be  
39 determined by dividing the deferred revenue to be  
40 recovered by Rate Group by the estimated kWh sales  
41 (Electric FCA) or therm sales (Natural Gas FCA) for each  
42 Rate Group during the twelve-month recovery period. Any  
43 deferred revenue remaining in the balancing account at  
44 the end of the amortization period would be added to the

1 new revenue deferrals to determine the amount of the  
2 proposed surcharge/rebate for the following year.

3  
4 F. Interest. Interest will be accrued on the  
5 unamortized balance in the FCA balancing accounts at the  
6 Customer Deposit Rate.

7  
8 G. Accounting. Avista will record the deferral in  
9 account 186 - Miscellaneous Deferred Debits. The amount  
10 approved for recovery or rebate would then be  
11 transferred into a Regulatory Asset or Regulatory  
12 Liability account for amortization. On the income  
13 statement, the Company would record both the deferred  
14 revenue and the amortization of the deferred revenue  
15 through Account 456 (Other Electric Revenue), or Account  
16 495 (Other Gas Revenue), in separate sub-accounts. The  
17 Company would file quarterly reports with the Commission  
18 showing pertinent information regarding the status of  
19 the current deferral. This report would include a  
20 spreadsheet showing the monthly revenue deferral  
21 calculation for each month of the deferral period  
22 (January - December), as well as the current and  
23 historical monthly balance in the deferral account.

24  
25 H. 3% Rate Increase Cap. An FCA surcharge, by rate  
26 group, cannot exceed a 3% annual rate adjustment, and  
27 any unrecovered balances will be carried forward to  
28 future years for recovery. There is no limit to the level  
29 of the FCA rebate.

30  
31  
32 As detailed above, the Commission approved the following  
33 procedural schedule for administering the annual natural gas  
34 FCA filings:

35 July 1 - Company filing for prior January - December  
36 deferral period

37  
38 November 1 - Commission Order and effective date of  
39 natural gas FCA rate adjustment  
40



1                    III. DRIVERS OF NATURAL GAS FCA SURCHARGES

2                    The FCA surcharge deferrals in 2016 were the result of  
3 lower monthly use-per-customer than the use-per-customer that  
4 was embedded in the 2014 test year (i.e., the FCA base).  
5 Residential average monthly use-per-customer was down 5  
6 therms, and non-residential average monthly use-per customer  
7 was down 121 therms in 2016. The Company has identified  
8 several primary drivers for the drop in use-per-customer.

9                    First, weather was abnormally warm during 2016 giving  
10 rise to a weather normalization adjustment<sup>1</sup> that required the  
11 addition of 5 million therms to residential usage (5 therms  
12 per customer) and 1 million therms (58 therms per customer)  
13 to non-residential usage. The estimated FCA revenue  
14 shortfall associated with weather was approximately \$2.4  
15 million residential and \$0.2 million non-residential.<sup>2</sup>

16                    Natural gas energy efficiency programs were suspended in  
17 Idaho during 2014 and 2015, then reinstated during 2016.  
18 Consequently, while energy efficiency is considered a  
19 surcharge driver, the impact between the 2014 test year and

---

1 The 2016 weather normalization adjustment has been included in the Company's pending general rate case, Case No. AVU-G-17-01.

2 For January through May 2017, the Company has deferred in the rebate direction approximately \$1.9 million for the Residential and Non-Residential Groups. Of that amount, approximately \$1.3 million is related to abnormally colder weather experienced by customers this winter.

1 2016 appears to be small. Estimated savings as reported in  
 2 the 2016 DSM Annual Report reduced residential usage by  
 3 approximately 154,000 therms (0.2 therms-per-customer) and  
 4 non-residential usage by approximately 35,000 therms (2  
 5 therms-per-customer) during 2016. The estimated FCA revenue  
 6 shortfall associated with energy efficiency programmatic  
 7 savings is \$0.1 million residential and \$0.01 million non-  
 8 residential.

9 These drivers accounts for almost all of the residential  
 10 surcharge and 45% of the non-residential surcharge. The  
 11 "other" drivers are related to items not easily quantifiable,  
 12 such as the effects of non-programmatic energy efficiency,  
 13 changes in business cycles, etc. The following table  
 14 summarizes the impact of these drivers on the FCA Revenues  
 15 received from customers in 2016.

<b>Driver</b>	<b>Residential Group</b>		<b>Non-Residential Group</b>	
	<b><u>Use-per-Customer</u></b>	<b><u>FCA Revenue</u></b>	<b><u>Use-per-Customer</u></b>	<b><u>FCA Revenue</u></b>
Weather	(5)	(\$2.4)	(58)	(\$0.2)
Energy Efficiency	0	(\$0.1)	(2)	\$0.0
Other	(1)	(\$0.1)	(61)	(\$0.3)
<b>Total</b>	<b>(6)</b>	<b>(\$2.6)</b>	<b>(121)</b>	<b>(\$0.5)</b>

1 IV. RESIDENTIAL GROUP RATE DETERMINATION

2 The Company recorded \$2,626,654 in the surcharge  
3 direction in deferred revenue for the natural gas residential  
4 customer group in 2016. The 3% incremental surcharge  
5 limitation, which is discussed later in this letter, affects  
6 the requested surcharge rate for this recovery period. The  
7 proposed rate of 2.466 cents per therm is designed to recover  
8 \$1,440,064 from the Company's residential natural gas  
9 customers served under rate Schedule 101. The following table  
10 summarizes the components of the Company's request for  
11 recovery:

2016 Deferred Revenue	\$2,626,654
Add: Interest through 10/31/2018	\$38,933
Add: Revenue Related Expense Adj.	\$8,176
Total For Recovery	\$2,673,762
Customer Surcharge Revenue at 3%	\$1,440,064
Carryover Deferred Revenue	\$1,233,698

12  
13 Attachment A, page 1 shows the derivation of the proposed  
14 surcharge rate to recover revenue of \$1,440,064, based on  
15 projected sales volumes for Schedule 101 customers during the  
16 surcharge/amortization period (November 2017 through October  
17 2018). As identified on First Revision Sheet 175 under Step  
18 6 of "Calculation of Monthly FCA Deferral", interest on the  
19 deferred balance accrues at the Customer Deposit Interest

1 Rate.<sup>3</sup> If the proposed surcharge is approved by the  
2 Commission, the 2016 deferral balance, plus interest through  
3 October, will be transferred into a regulatory asset  
4 balancing account. The balance in the account will be reduced  
5 each month by the revenue collected under the tariff. The  
6 remaining deferral balance of \$1,223,698 will be carried over  
7 to be recovered in a future period, or potentially offset  
8 with deferrals in the opposite direction.<sup>4</sup>

9

10 **V. NON-RESIDENTIAL GROUP RATE DETERMINATION**

11 The Company recorded \$500,253 in the surcharge direction  
12 in deferred revenue for the natural gas Non-Residential Group  
13 in 2016, plus interest and revenue-related expenses. The 3%  
14 incremental surcharge limitation, which is discussed later in  
15 this letter, affects the requested surcharge rate for this  
16 recovery period. The proposed surcharge rate of 1.615 cents  
17 per therm is designed to recover \$383,369 from the Company's  
18 commercial and industrial customers served under rate

---

3 The Customer Deposit Interest Rate was 1.00% throughout 2016. The current rate of 1.00% has been used going forward as an estimate for purposes of this rate determination. The Original Sheet 175B inadvertently showed that interest would accrue at the FERC quarterly rate. First Revision Sheet 175B corrects that error.

4 Through May 31, 2017, the Company has recorded a deferral balance, in the rebate direction, of \$1,500,139 for the Residential Group. For the Non-Residential Group, the deferral balance as of May 31, 2017 is \$400,311, also in the rebate direction.

1 Schedules 111 and 112. The following table summarizes the  
2 components of the Company's request for recovery:

2016 Deferred Revenue	\$500,253
Add: Interest through 10/31/2018	\$6,932
Add: Revenue Related Expense Adj.	\$2,136
Total For Recovery	\$509,321
Customer Surcharge Revenue	\$383,369
Carryover Deferred Revenue	\$125,952

3  
4 Attachment A, page 3 shows the derivation of the proposed  
5 surcharge rate to recover the revenue of \$383,369, based on  
6 projected sales volumes for Schedules 111 and 112 during the  
7 surcharge/amortization period (November 2017 through October  
8 2018). As identified on the First Revision Sheet 175B under  
9 Step 6 of "Calculation of Monthly FCA Deferral", interest on  
10 the deferred balance accrues at the Customer Deposit Interest  
11 Rate.<sup>5</sup> If the proposed surcharge is approved by the  
12 Commission, the 2016 deferral balance, plus interest through  
13 October, will be transferred into a regulatory asset  
14 balancing account. The balance in the account will be reduced  
15 each month by the revenue collected under the tariff. The  
16 remaining deferral balance of \$125,952 will be carried over  
17 to be recovered in a future period, or potentially offset  
18 with deferrals in the opposite direction.<sup>6</sup>

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5 See footnote 3.

6 See footnote 4.

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

6

7 **VI. 3% ANNUAL RATE INCREASE TEST**

8 The Company has included language on First Revision  
9 Sheet 175C which reflects, from the Settlement Stipulation  
10 approved by the Commission in Order No. 33437, the 3% rate  
11 increase cap. The language states: "An FCA surcharge by  
12 rate group, cannot exceed a 3% annual rate adjustment, and  
13 any unrecovered balances will be carried forward to future  
14 years for recovery. There is no limit to the level of a FCA  
15 rebate."<sup>7</sup> Reference to the 3% rate increase cap was  
16 inadvertently omitted from the Schedule 175 tariff describing  
17 the FCA mechanism and the proposed revision to Sheet 175C  
18 corrects that oversight.

19 As described in the revised Tariff Schedule 175 the 3%  
20 annual rate increase limitation will be determined by  
21 dividing the incremental annual revenue to be collected

---

7 See AVU-E-15-05 and AVU-G-15-01, Stipulation and Settlement, p.13.

1 (proposed surcharge revenue less present surcharge revenue)  
2 under this Schedule by the total "normalized" revenue for the  
3 two Rate Groups for the most recent January through December  
4 time period. Normalized revenue is determined by multiplying  
5 the weather-corrected usage for the period by the present  
6 rates in effect. If the incremental amount of the proposed  
7 surcharge exceeds 3%, only a 3% incremental rate increase  
8 will be proposed and any remaining deferred balance will be  
9 carried over to the following year.

10 Revenue from 2016 normalized loads and customers  
11 calculated at the billing rates in effect since January 1,  
12 2017 for the two rate groups are shown on page 5 of Attachment  
13 A on line 1. The rate necessary to recover the Residential  
14 Group surcharge balance, including estimated interest and  
15 revenue related expenses as determined on page 1 of Attachment  
16 A (see line 20 - Preliminary Proposed Decoupling Rate), would  
17 recover approximately \$2.6 million from customers (based on  
18 projected sales volumes for Schedule 101 customers during the  
19 surcharge/amortization period). That amount is 5.57% of the  
20 normalized residential revenue (Attachment A, page 5, line  
21 7). The 3% rate increase limitation results in the proposed  
22 residential surcharge rate of 2.466 cents per therm. The  
23 remaining deferral balance of \$1,233,698 will be carried over

1 to be recovered in a future period, or potentially offset  
2 with deferrals in the opposite direction.

3 The rate necessary to recover the Non-Residential Group  
4 surcharge balance, including estimated interest and revenue  
5 related expenses as determined on page 3 of Attachment A (see  
6 line 20 - Preliminary Proposed FCA Rate), would recover  
7 approximately \$0.5 million from customers (based on projected  
8 sales volumes for Schedules 111 and 112 customers during the  
9 surcharge/amortization period). That amount is 3.99% of the  
10 normalized Non-Residential Group revenue (Attachment A, page  
11 5, line 7). The 3% rate increase limitation results in the  
12 proposed non-residential surcharge rate of 1.615 cents per  
13 therm. The remaining deferral balance of \$125,952 will be  
14 carried over to be recovered in a future period, or  
15 potentially offset with deferrals in the opposite direction.

16

17 **VII. EXISTING CUSTOMERS AND NEW CUSTOMERS**

18 The Settlement Stipulation approved by the Commission  
19 requires that natural gas customers that have been added since  
20 the test year are subject to a FCA Revenue-Per-Customer that  
21 excludes incremental revenue related to fixed production and  
22 underground storage facility costs. Separate calculations  
23 for new versus existing customers are clearly identified in



1 the FCA base that was approved in Order No. 33437 (included  
2 in this filing as Attachment B, pages 3 through 6). Revised  
3 tariff Sheet 175A contains added language to the "Calculation  
4 of Monthly Allowed Delivery Revenue Per Customer" section of  
5 the tariff that clarifies the distinction in the  
6 determination of the revenues excluded from the FCA for new  
7 customers. Similarly, Revised Sheet 175B contains added  
8 language to the "Calculation of Monthly FCA Deferral" section  
9 of the tariff that clarifies the distinction in the  
10 determination of actual revenues subject to the FCA for new  
11 customers.

12 Due to this segregation, Avista tracks the usage of new  
13 customers since January 1, 2015 as compared with existing  
14 customers.<sup>8</sup> In general, the average usage of new natural gas  
15 customers is comparable to the average usage of existing  
16 customers. Avista will continue to track the usage of new  
17 customers over the Fixed Cost Adjustment term.

18

19 **VIII. PROPOSED RATES TO BE EFFECTIVE NOVEMBER 1, 2017**

20 The Company is proposing a per therm FCA surcharge rate  
21 of 2.466¢ for the Residential Group, and a per therm FCA

---

8 "Existing customers" were part of the test year used to set the January 1, 2016 rates (2014 calendar year). "New customers" consist of all new hookups after the test year.

1 surcharge rate of 1.615¢ for the Non-Residential Group, both  
2 to become effective November 1, 2017. Attachment A to this  
3 Application provides the Residential and Non-Residential Rate  
4 Calculation, and Attachment B provides the support for the  
5 deferrals for the January 1, 2016 through December 31, 2016  
6 deferral period. Attached as Exhibit "A" is a copy of the  
7 proposed tariff, Schedule 175, which contains the proposed  
8 FCA rates and tariff revisions discussed earlier in this  
9 Application. Exhibit "A" also includes the proposed changes  
10 to Schedule 175 in strike/underline format.

11 Residential customers using an average of 61 therms per  
12 month would see their monthly bills increase from \$51.10 to  
13 \$52.61, an increase of \$1.51 per month, or 3.0%.

14

15 **IX. COMMUNICATIONS AND SERVICE OF APPLICATION**

16 In conformance with RP 125, this Application will be  
17 brought to the attention of the Company's customers. First,  
18 the Company has served a copy of this Application upon the  
19 service list in Case Nos. AVU-E-15-05 and AVU-G-15-01, the  
20 cases that gave rise to the FCA mechanisms. Second, the  
21 Company will file with the Commission in early September 2017  
22 a copy of its news release and customer notice. Because the

1 Company has a number of natural gas rate adjustment filings<sup>9</sup>  
2 that will be made in August 2017, and in an effort to minimize  
3 potential customer confusion, a single news release will be  
4 issued on or before August 31, 2017 providing details about  
5 each of the Company's rate requests. Further, in September  
6 2017, a customer notice will be provided to customers which  
7 will provide details about each of the filings made by the  
8 Company.

9

10 **X. REQUEST FOR RELIEF**

11 The Company requests that the Commission issue an order  
12 approving recovery of FCA deferrals for the period January 1,  
13 2016 through December 31, 2016, and approve a per therm FCA  
14 surcharge rate of 2.466¢ for the Residential Group, and a per  
15 therm FCA surcharge rate of 1.615¢ for the Non-Residential  
16 Group, both to become effective November 1, 2017. The Company  
17 also requests that the Commission approve the proposed tariff  
18 modifications, specifically tariff Sheets 175, 175A, 175B,  
19 and 175C. The Residential Group surcharge represents a \$1.4  
20 million, or 3.0%, increase to Schedule 101 customers, and the  
21 Non-Residential group surcharge represents a \$0.4 million, or

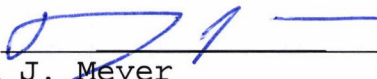
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<sup>9</sup> The Company will file, on or before July 31, 2017, its annual Purchased Gas Cost Adjustment (PGA), and Energy Efficiency filings. Those filings, like the FCA filing, have a November 1, 2017 proposed effective date.

1 3.0%, increase. The Company requests that the matter be  
2 processed under the Commission's Modified Procedure rules  
3 through the use of written comments.

4 Dated at Spokane, Washington this 30th day of June 2017.

5 AVISTA CORPORATION

6  
7 BY   
8 David J. Meyer  
9 Vice President and Chief Counsel for  
10 Regulatory and Governmental Affairs



BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION

AVISTA UTILITIES

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**Exhibit A - Tariff Sheets – Proposed, Strikethrough and Underline**

June 30, 2017

AVISTA CORPORATION  
dba Avista Utilities

**SCHEDULE 175  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS**

**PURPOSE:**

This Schedule establishes balancing accounts and implements an annual Fixed Cost Adjustment ("FCA") rate mechanism that separates the recovery of the Company's Commission authorized revenues from therm sales to customers served under the applicable natural gas service schedules.

**TERM:**

The term of the FCA mechanism is three years, effective January 1, 2016 through December 31, 2018.

**APPLICABLE:**

To Customers in the State of Idaho where the Company has natural gas service available. This schedule shall be applicable to all retail customers taking service under Schedules 101, 111, and 112. This Schedule does not apply to Schedules 131/132 (Interruptible Service), Schedule 146 (Transportation Service For Customer-Owned Gas) or Schedule 148 (Special Contracts). Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedule 101

Group 2 – Schedules 111 and 112

*Note – the recovery of incremental revenue related to fixed production and underground storage costs will be excluded for new natural gas customers added after January 1, 2015.*

**MONTHLY RATE:**

Group 1 – \$0.02466 per therm

Group 2 – \$0.01615 per therm

Issued June 30, 2017

Effective November 1, 2017

Issued by Avista Corporation

By

Kelly Norwood, Vice President, State & Federal Regulation



AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175A  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

**DESCRIPTION OF THE NATURAL GAS FCA MECHANISM:**

Calculation of Monthly Allowed Delivery Revenue Per Customer:

Step 1 – Determine the Total Delivery Revenue - The Total Delivery Revenue is equal to the final approved base rate revenue (excluding natural gas costs) approved in the Company's last general rate case, individually for each Rate Schedule. For new customers, determine the Fixed Production and Underground Storage Revenue by multiplying the Normalized Therms by rate schedule from the last approved general rate case by the sum of the average Production and Underground Storage Cost per Therm by rate schedule from the approved Cost of Service.

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

Step 3 – Determine Allowed FCA Revenue – Allowed FCA Revenue is equal to the Delivery Revenue (Step 1) minus the Basic Charge Revenue (Step 2). For new customers, Allowed FCA Revenue is equal to the Delivery Revenue minus the Fixed Production and Underground Storage Revenue (Step 1) minus the Basic Charge Revenue (Step 2).

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

Step 5 – Determine the Monthly Allowed FCA Revenue per Customer - to determine the monthly Allowed FCA Revenue per customer, the annual Allowed FCA 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 FCA Revenue per Customer to determine the 12 monthly values

Issued June 30, 2017

Effective November 1, 2017

Issued by Avista Corporation

By

Kelly Norwood, Vice President, State & Federal Regulation

*Kelly Norwood*



AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175B  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

Calculation of Monthly FCA Deferral:

Step 1 – Determine the actual number of customers each month (see Note 1 below).

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

Step 3 – Determine the actual revenue collected in the applicable month. For new customers only, also multiply actual therm sales by the approved Fixed Production and Underground Storage Cost per Therm to determine actual revenue collected related to fixed production and underground storage costs.

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

Step 5 – Subtract the basic charge revenue (Step 4) from the total actual monthly revenue (Step 3). For new customers, subtract the basic charge revenue (Step 4) and the fixed production and underground storage revenue (Step 3) from the total actual monthly revenue (Step 3). The result is the Actual FCA Revenue.

Step 6 – The difference between the Actual FCA Revenue (Step 5) and the Allowed FCA Revenue (Step 2) is calculated, and the resulting balance is deferred by the Company. Interest on the deferred balance will accrue at the Customer Deposit Rate.

Issued June 30, 2017

Effective November 1, 2017

Issued by Avista Corporation

By

Kelly Norwood, Vice President, State & Federal Regulation



AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175C  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

**ANNUAL NATURAL GAS FCA RATE ADJUSTMENT:**

On or before July 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. 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 FCA Balancing Account and the actual revenue received under this Schedule will be applied to the Account to reduce (amortize) the balance. Interest will be accrued on the unamortized balance in the FCA Balancing Account at the Customer Deposit Rate.

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

Issued June 30, 2017

Effective November 1, 2017

Issued by Avista Corporation

By

Kelly Norwood, Vice President, State & Federal Regulation

*Kelly Norwood*

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS

**PURPOSE:**

This Schedule establishes balancing accounts and implements an annual Fixed Cost Adjustment (“FCA”) rate mechanism that separates the recovery of the Company’s Commission authorized revenues from their sales to customers served under the applicable natural gas service schedules.

**TERM:**

The term of the FCA mechanism is three years, effective January 1, 2016 through December 31, 2018.

**APPLICABLE:**

To Customers in the State of Idaho where the Company has natural gas service available. This schedule shall be applicable to all retail customers taking service under Schedules 101, 111, and 112. This Schedule does not apply to Schedules 131/132 (Interruptible Service), Schedule 146 (Transportation Service For Customer-Owned Gas) or Schedule 148 (Special Contracts). Applicable Customers will be segregated into two (2) distinct Rate Groups:

- Group 1 – Schedule 101
- Group 2 – Schedules 111 and 112

*Note – the recovery of incremental revenue related to fixed production and underground storage costs will be excluded for new natural gas customers added after January 1, 2015.*

**MONTHLY RATE:**

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

Issued December 21, 2015	Effective January 1, 2016
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Issued by Avista Corporation  
By

Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175A  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

**DESCRIPTION OF THE NATURAL GAS FCA MECHANISM:**

Calculation of Monthly Allowed Delivery Revenue Per Customer:

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

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

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

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

Step 5 – Determine the Monthly Allowed FCA Revenue per Customer - to determine the monthly Allowed FCA Revenue per customer, the annual Allowed FCA 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 FCA Revenue per Customer to determine the 12 monthly values.

Issued December 21, 2015

Effective January 1, 2016

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By

Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175B  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

Calculation of Monthly FCA Deferral:

Step 1 – Determine the actual number of customers each month (see Note 1 below).

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

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

Step 6 – The difference between the Actual FCA Revenue (Step 5) and the Allowed FCA Revenue (Step 2) is calculated, and the resulting balance is deferred by the Company. Interest on the deferred balance will accrue at the ~~quarterly rate published by the FERC.~~

Issued December 21, 2015

Effective January 1, 2016

Issued by Avista Corporation  
By

Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175C  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

**ANNUAL NATURAL GAS FCA RATE ADJUSTMENT:**

On or before July 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. 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 FCA Balancing Account and the actual revenue received under this Schedule will be applied to the Account to reduce (amortize) the balance. Interest will be accrued on the unamortized balance in the FCA Balancing Account at the Customer Deposit Rate.

Issued December 21, 2015

Effective January 1, 2016

Issued by Avista Corporation  
By

Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS

**PURPOSE:**

This Schedule establishes balancing accounts and implements an annual Fixed Cost Adjustment (“FCA”) rate mechanism that separates the recovery of the Company’s Commission authorized revenues from their sales to customers served under the applicable natural gas service schedules.

**TERM:**

The term of the FCA mechanism is three years, effective January 1, 2016 through December 31, 2018.

**APPLICABLE:**

To Customers in the State of Idaho where the Company has natural gas service available. This schedule shall be applicable to all retail customers taking service under Schedules 101, 111, and 112. This Schedule does not apply to Schedules 131/132 (Interruptible Service), Schedule 146 (Transportation Service For Customer-Owned Gas) or Schedule 148 (Special Contracts). Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedule 101

Group 2 – Schedules 111 and 112

*Note – the recovery of incremental revenue related to fixed production and underground storage costs will be excluded for new natural gas customers added after January 1, 2015.*

**MONTHLY RATE:**

Group 1 – \$0.02466 per therm

Group 2 – \$0.01615 per therm

Issued June 30, 2017

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By

Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175A  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

**DESCRIPTION OF THE NATURAL GAS FCA MECHANISM:**

Calculation of Monthly Allowed Delivery Revenue Per Customer:

Step 1 – Determine the Total Delivery Revenue - The Total Delivery Revenue is equal to the final approved base rate revenue (excluding natural gas costs) approved in the Company's last general rate case, individually for each Rate Schedule. For new customers, determine the Fixed Production and Underground Storage Revenue by multiplying the Normalized Therms by rate schedule from the last approved general rate case by the sum of the average Production and Underground Storage Cost per Therm by rate schedule from the approved Cost of Service.

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

Step 3 – Determine Allowed FCA Revenue – Allowed FCA Revenue is equal to the Delivery Revenue (Step 1) minus the Basic Charge Revenue (Step 2). For new customers, Allowed FCA Revenue is equal to the Delivery Revenue minus the Fixed Production and Underground Storage Revenue (Step 1) minus the Basic Charge Revenue (Step 2).

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

Step 5 – Determine the Monthly Allowed FCA Revenue per Customer - to determine the monthly Allowed FCA Revenue per customer, the annual Allowed FCA 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 FCA Revenue per Customer to determine the 12 monthly values

Issued June 30, 2017

Effective November 1, 2017

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By

Kelly Norwood, Vice President, State & Federal Regulation



AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175B  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

Calculation of Monthly FCA Deferral:

Step 1 – Determine the actual number of customers each month (see Note 1 below).

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

Step 3 – Determine the actual revenue collected in the applicable month. For new customers only, also multiply actual therm sales by the approved Fixed Production and Underground Storage Cost per Therm to determine actual revenue collected related to fixed production and underground storage costs.

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

Step 5 – Subtract the basic charge revenue (Step 4) from the total actual monthly revenue (Step 3). For new customers, subtract the basic charge revenue (Step 4) and the fixed production and underground storage revenue (Step 3) from the total actual monthly revenue (Step 3). The result is the Actual FCA Revenue.

Step 6 – The difference between the Actual FCA Revenue (Step 5) and the Allowed FCA Revenue (Step 2) is calculated, and the resulting balance is deferred by the Company. Interest on the deferred balance will accrue at the Customer Deposit Rate.

Issued June 30, 2017

Effective November 1, 2017

Issued by Avista Corporation  
By

Kelly Norwood, Vice President, State & Federal Regulation

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 175C  
FIXED COST ADJUSTMENT MECHANISM – NATURAL GAS (continued)

**ANNUAL NATURAL GAS FCA RATE ADJUSTMENT:**

On or before July 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. 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 FCA Balancing Account and the actual revenue received under this Schedule will be applied to the Account to reduce (amortize) the balance. Interest will be accrued on the unamortized balance in the FCA Balancing Account at the Customer Deposit Rate.

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

Issued June 30, 2017

Effective November 1, 2017

Issued by Avista Corporation

By

Kelly Norwood, Vice President, State & Federal Regulation

ATTACHMENT A

Schedule 175

Annual Natural Gas Fixed Cost Adjustment  
(FCA) Rate Adjustment

Rate Calculation for  
November 1, 2017 – October 30, 2018

Avista Utilities  
 Calculation of Fixed Cost Adjustment (FCA) Surcharge or Rebate Amortization Rates  
 Effective November 1, 2017 - October 31, 2018

Idaho Residential Natural Gas				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.04536	1.00%	
2	Oct-16	\$2,648,625		
3	Nov-16	\$2,307,070	\$2,064	7,575,380
4	Dec-16	\$1,828,152	\$1,722	10,596,116
5	Jan-17	\$1,375,444	\$1,334	10,009,763
6	Feb-17	\$1,023,533	\$999	7,780,202
7	Mar-17	\$709,156	\$722	6,946,610
8	Apr-17	\$513,977	\$509	4,314,120
9	May-17	\$403,855	\$382	2,436,163
10	Jun-17	\$338,593	\$309	1,445,578
11	Jul-17	\$284,120	\$259	1,206,631
12	Aug-17	\$234,801	\$216	1,092,032
13	Sep-17	\$172,802	\$170	1,370,575
14	Oct-17	\$8,511	\$76	3,623,603
15	Annual Total		\$8,763	58,396,771
16	Incremental Rate to Recover Estimated Interest		\$0.00015	
17	Estimated Rate to Recover Deferral Balance		\$0.04536	
18	Rate before Gross-up for Revenue-related items		\$0.04551	
19	Times: Gross-up for Revenue-related items (3)		1.005812	
20	Preliminary Proposed FCA Rate		\$0.04577	
21	3% Test Rate Adjustment (4)		(\$0.02111)	
22	Final Proposed FCA Rate		\$0.02466	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.02452	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$1,233,698	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.04536 to recover the October 2017 balance of \$2,648,625 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 present IPUC Consumer Deposit rate. The IPUC Consumer Deposit rate is updated annually.  
<http://www.puc.idaho.gov/gas/33664.pdf>
- (3) AVU-G-15-01 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.

Idaho Residential Natural Gas  
Calculate Estimated Monthly Balances through October 2018

Line No.		Ending Balance	Deposit Interest Rate 1.00%	Amortization
1	Dec-16	\$2,626,654		
4	Jan-17	\$2,628,843	\$2,189	
5	Feb-17	\$2,631,034	\$2,191	
6	Mar-17	\$2,633,226	\$2,193	
7	Apr-17	\$2,635,420	\$2,194	
8	May-17	\$2,637,617	\$2,196	
9	Jun-17	\$2,639,815	\$2,198	
10	Jul-17	\$2,642,015	\$2,200	
11	Aug-17	\$2,644,216	\$2,202	
12	Sep-17	\$2,646,420	\$2,204	
13	<b>Oct-17</b>	<b>\$2,648,625</b>	\$2,205	
14	Nov-17	\$2,465,007	\$2,130	\$185,748
15	Dec-17	\$2,207,136	\$1,946	\$259,817
16	Jan-18	\$1,963,433	\$1,737	\$245,439
17	Feb-18	\$1,774,219	\$1,557	\$190,771
18	Mar-18	\$1,605,296	\$1,408	\$170,331
19	Apr-18	\$1,500,808	\$1,294	\$105,782
20	May-18	\$1,442,299	\$1,226	\$59,735
21	Jun-18	\$1,408,040	\$1,187	\$35,446
22	Jul-18	\$1,379,615	\$1,161	\$29,587
23	Aug-18	\$1,353,977	\$1,139	\$26,777
24	Sep-18	\$1,321,484	\$1,114	\$33,606
25	<b>Oct-18</b>	<b>\$1,233,698</b>	\$1,064	\$88,851
26	Total		\$38,933	\$1,431,889
<b>Summary</b>				
27	2016 Deferred Revenue	\$2,626,654		
29	Add Interest through 10/31/2018	\$38,933		
30	Add Revenue Related Expense Adj.	\$8,176		
31	Total Requested Recovery	\$2,673,762		
32	Customer Surcharge Revenue	\$1,440,064		
33	Carryover Deferred Revenue	\$1,233,698		

Avista Utilities  
 Calculation of Fixed Cost Adjustment (FCA) Surcharge or Rebate Amortization Rates  
 Effective November 1, 2017 - October 31, 2018

Idaho Non-Residential Natural Gas				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.02125	1.00%	
2	Oct-16	\$504,437		
3	Nov-16	\$435,583	\$392	3,258,628
4	Dec-16	\$362,226	\$332	3,467,722
5	Jan-17	\$292,113	\$273	3,312,282
6	Feb-17	\$238,658	\$221	2,525,917
7	Mar-17	\$188,597	\$178	2,364,175
8	Apr-17	\$157,170	\$144	1,485,732
9	May-17	\$136,665	\$122	970,693
10	Jun-17	\$117,948	\$106	885,781
11	Jul-17	\$96,173	\$89	1,028,906
12	Aug-17	\$71,329	\$70	1,172,408
13	Sep-17	\$47,978	\$50	1,101,196
14	Oct-17	\$2,002	\$21	2,164,566
15	Annual Total		\$1,997	23,738,006
16	Incremental Rate to Recover Estimated Interest		\$0.00008	
17	Estimated Rate to Recover Deferral Balance		\$0.02125	
18	Rate before Gross-up for Revenue-related items		\$0.02133	
19	Times: Gross-up for Revenue-related items (3)		1.005812	
20	Preliminary Proposed FCA Rate		\$0.02145	
21	3% Test Rate Adjustment (4)		(\$0.00530)	
22	Final Proposed FCA Rate		\$0.01615	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.01606	Amortization Rate
24	Estimated Carryover Balance (5)		\$125,952	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.02125 to recover the October 2016 balance of \$504,437 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 present IPUC Consumer Deposit rate. The IPUC Consumer Deposit rate is updated annually.  
<http://www.puc.idaho.gov/gas/33664.pdf>
- (3) AVU-G-15-01 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.

Idaho Non-Residential Natural Gas  
Calculate Estimated Monthly Balance through October 2018

Line No.		Ending Balance	Deposit Interest Rate 1.00%	Amortization
1	Dec-16	\$500,253		
4	Jan-17	\$500,670	\$417	
5	Feb-17	\$501,087	\$417	
6	Mar-17	\$501,505	\$418	
7	Apr-17	\$501,923	\$418	
8	May-17	\$502,341	\$418	
9	Jun-17	\$502,759	\$419	
10	Jul-17	\$503,178	\$419	
11	Aug-17	\$503,598	\$419	
12	Sep-17	\$504,017	\$420	
13	<b>Oct-17</b>	<b>\$504,437</b>	\$420	
14	Nov-17	\$452,502	\$399	\$52,334
15	Dec-17	\$397,165	\$354	\$55,692
16	Jan-18	\$344,278	\$309	\$53,195
17	Feb-18	\$303,982	\$270	\$40,566
18	Mar-18	\$266,251	\$237	\$37,969
19	Apr-18	\$242,602	\$212	\$23,861
20	May-18	\$227,208	\$196	\$15,589
21	Jun-18	\$213,166	\$183	\$14,226
22	Jul-18	\$196,813	\$171	\$16,524
23	Aug-18	\$178,140	\$156	\$18,829
24	Sep-18	\$160,596	\$141	\$17,685
25	<b>Oct-18</b>	<b>\$125,952</b>	\$119	\$34,763
26	Total		\$6,932	\$381,232

**Summary**

27	2016 Deferred Revenue	\$500,253
29	Add Interest through 10/31/2018	\$6,932
30	Add Revenue Related Expense Adj.	\$2,136
31	Total Requested Recovery	\$509,321
32	Customer Surcharge Revenue	\$383,369
33	Carryover Deferred Revenue	\$125,952

Avista Utilities  
Fixed Cost Adjustment (FCA) 3% Test  
2016 Idaho Natural Gas Deferrals

Line No.		Residential	Non-Residential	Total
1	Revenue From 2016 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$47,993,000	\$12,776,000	\$60,769,000
2	November 2017 - October 2018 Usage	58,396,771	23,738,006	
3	Proposed FCA Recovery Rates	\$0.04577	\$0.02145	
4	Present FCA Recovery Rates	\$0.00000	\$0.00000	
5	Incremental FCA Recovery Rates	\$0.04577	\$0.02145	
6	Incremental FCA Recovery	\$2,672,820	\$509,180	\$3,182,000
7	Incremental Surcharge %	<b>5.57%</b>	<b>3.99%</b>	
8	3% Test Adjustment (2)	(\$1,233,030)	(\$125,900)	(\$1,358,930)
9	3% Test Rate Adjustment	-\$0.02111	-\$0.00530	
10	Adjusted Proposed FCA Recovery Rates	\$0.02466	\$0.01615	
11	Adjusted Incremental FCA Recovery	\$1,440,064	\$383,369	\$1,823,433
12	Adjusted Incremental Surcharge %	<b>3.00%</b>	<b>3.00%</b>	

Notes

(1) 2016 Normalized Revenue taken from AVU-G-17-01 Exhibit 16 Schedule 6, Page 1 "Total Billed Revenue at Present Rates" reflecting rates effective 01/01/2017 on the 2016 normalized test year.

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



**AVISTA UTILITIES**  
**Revenue Conversion Factor**  
**Idaho - Natural Gas System**  
**TWELVE MONTHS ENDED DECEMBER 31, 2014**

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>	
1	<b>Revenues</b>	1.000000	1.000000
	<b>Expense:</b>		
2	Uncollectibles	0.003407	0.003407
3	Commission Fees	0.002371	0.002371
4	Idaho State Income Tax	0.048695	
5	Total Expense	<u>0.054473</u>	<u>0.005778</u>
6	Net Operating Income Before FIT	0.945527	0.994222
7	Federal Income Tax @ 35%	0.330934	
8	REVENUE CONVERSION FACTOR	<u>0.614593</u>	<u>0.994222</u>
9	AVU-G-15-01 Settlement Conversion Factor Gross Up Factor		1.005812

ATTACHMENT B

Schedule 175

Annual Natural Gas Fixed Cost Adjustment  
(FCA) Rate Adjustment

2016 Deferred Revenue Calculation

Avista Utilities  
 Natural Gas Fixed Cost Adjustment Mechanism (Idaho)  
 Development of Natural Gas Deferrals (Calendar Year 2016)  
 AVU-G-15-01 FCA Base - Rates Effective 1/1/2016

Line No.	Source	Revised Jan-16 (c)	Revised Feb-16 (d)	Mar-16 (e)	Apr-16 (f)	May-16 (g)	Jun-16 (h)	Jul-16 (i)	Aug-16 (j)	Sep-16 (k)	Oct-16 (l)	Nov-16 (m)	Dec-16 (n)	2016 YTD Total (s)
<b>Residential Group</b>														
1	Total Actual Billed Customers	78,021	78,174	78,273	78,247	78,230	78,297	78,357	78,654	78,840	79,010	79,433	79,729	943,245
2	Revenue Reports	8,841,051	6,461,869	5,909,720	2,663,108	1,813,664	1,388,507	1,156,092	1,109,728	1,373,262	3,788,602	5,746,085	12,024,731	52,276,419
3	Total Actual Usage (Therms)	\$ 4,615,976	\$ 3,501,267	\$ 3,242,492	\$ 1,677,033	\$ 1,269,350	\$ 1,071,981	\$ 969,492	\$ 974,511	\$ 1,078,460	\$ 2,238,672	\$ 3,177,629	\$ 6,143,532	\$ 29,960,396
4	Revenue Reports	\$ 373,823	\$ 412,062	\$ 412,462	\$ 413,651	\$ 413,691	\$ 414,412	\$ 414,823	\$ 416,205	\$ 416,782	\$ 416,932	\$ 418,728	\$ 420,682	\$ 4,944,254
<b>Existing Customers</b>														
6	Actual Customers on System During Test Year	76,205	76,196	76,143	76,047	75,764	75,622	75,545	75,661	75,711	75,687	75,887	75,966	910,434
7	Monthly Fixed Cost Adj. Revenue per Customer	\$56.04	\$48.88	\$42.77	\$24.66	\$16.04	\$10.18	\$6.35	\$6.24	\$7.56	\$23.79	\$47.79	\$61.06	\$29.33
8	Fixed Cost Adjustment Revenue	\$ 4,270,786	\$ 3,724,522	\$ 3,256,487	\$ 1,875,051	\$ 1,215,273	\$ 769,902	\$ 479,809	\$ 472,342	\$ 572,542	\$ 1,800,825	\$ 3,626,405	\$ 4,638,771	\$ 26,702,715
9	Actual Base Rate Revenue	\$ 4,515,207	\$ 3,412,777	\$ 3,163,589	\$ 1,614,705	\$ 1,231,283	\$ 1,036,947	\$ 937,099	\$ 944,571	\$ 1,043,054	\$ 2,181,990	\$ 3,079,688	\$ 5,948,973	\$ 29,109,885
10	Actual Fixed Charge Revenue	\$ 365,036	\$ 401,916	\$ 401,728	\$ 402,578	\$ 400,805	\$ 400,613	\$ 400,613	\$ 401,223	\$ 400,780	\$ 400,234	\$ 400,647	\$ 401,542	\$ 4,778,404
11	Actual Usage (Therms)	8,643,785	6,297,692	5,766,947	2,555,762	1,759,877	1,343,537	1,118,005	1,078,398	1,332,621	3,704,860	5,578,824	11,657,332	50,837,640
12	Customer Fixed Cost Adjustment Revenue	\$ 4,150,171	\$ 3,010,862	\$ 2,761,861	\$ 1,212,128	\$ 829,981	\$ 636,142	\$ 536,486	\$ 543,348	\$ 642,274	\$ 1,791,757	\$ 2,679,041	\$ 5,547,431	\$ 24,331,482
13	Residential Revenue Per Customer Received	\$54.46	\$39.51	\$36.27	\$15.94	\$10.95	\$8.41	\$7.10	\$7.18	\$8.48	\$23.54	\$35.30	\$73.03	\$26.73
14	Existing Customer Deferral - Surcharge (Rebate)	\$ 120,615	\$ 713,660	\$ 494,626	\$ 662,923	\$ 385,292	\$ 133,760	\$ (56,677)	\$ (71,006)	\$ (69,732)	\$ 19,068	\$ 947,364	\$ (908,660)	\$ 2,371,234
<b>New Customers</b>														
21	Actual Customers New Since Test Year	1,816	1,978	2,130	2,200	2,466	2,675	2,812	2,973	3,129	3,323	3,546	3,763	32,811
22	Monthly Fixed Cost Adj. Revenue per Customer	\$52.79	\$46.05	\$40.29	\$23.23	\$15.11	\$9.59	\$5.98	\$5.88	\$7.12	\$22.41	\$45.02	\$57.52	\$27.25
23	Fixed Cost Adjustment Revenue	\$ 95,875	\$ 91,081	\$ 85,815	\$ 51,100	\$ 37,262	\$ 25,655	\$ 16,824	\$ 17,484	\$ 22,290	\$ 74,481	\$ 159,629	\$ 216,462	\$ 893,957
24	Actual Base Rate Revenue	\$ 100,770	\$ 88,490	\$ 78,902	\$ 62,328	\$ 38,067	\$ 35,033	\$ 32,393	\$ 29,940	\$ 35,406	\$ 56,682	\$ 97,941	\$ 194,559	\$ 850,511
25	Actual Fixed Charge Revenue	\$ 8,787	\$ 10,146	\$ 10,734	\$ 11,074	\$ 12,389	\$ 13,607	\$ 14,210	\$ 14,982	\$ 16,001	\$ 16,699	\$ 18,082	\$ 19,140	\$ 165,850
26	Actual Usage (Therms)	197,266	164,177	142,773	107,346	53,787	44,970	38,087	31,330	40,641	83,742	167,261	367,399	1,438,779
27	Fixed Production and UG Storage Rate per Therm	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769	\$ 0.02769
28	Fixed Production and UG Storage Revenue	\$ 5,462	\$ 4,546	\$ 3,953	\$ 2,972	\$ 1,489	\$ 1,245	\$ 1,055	\$ 867	\$ 1,125	\$ 2,319	\$ 4,631	\$ 10,173	\$ 44,822
29	Customer Fixed Cost Adjustment Revenue	\$ 86,521	\$ 73,798	\$ 64,215	\$ 48,282	\$ 24,189	\$ 20,181	\$ 17,129	\$ 14,091	\$ 18,280	\$ 37,664	\$ 75,228	\$ 165,245	\$ 644,822
30	Residential Revenue Per Customer Received	\$47.64	\$37.31	\$30.15	\$21.95	\$9.81	\$7.54	\$6.09	\$4.74	\$5.84	\$11.33	\$21.21	\$43.91	\$19.65
31	New Customer Deferral - Surcharge (Rebate)	\$ 9,354	\$ 17,283	\$ 21,600	\$ 2,818	\$ 13,073	\$ 5,474	\$ (305)	\$ 3,393	\$ 4,011	\$ 36,817	\$ 84,400	\$ 51,217	\$ 249,135
32	Total Residential Deferral - Surcharge (Rebate)	\$ 129,969	\$ 730,943	\$ 516,226	\$ 665,741	\$ 398,365	\$ 139,234	\$ (56,981)	\$ (67,612)	\$ (65,721)	\$ 55,885	\$ 1,031,764	\$ (857,444)	\$ 2,620,369
33	Deferral - Revenue Related Expenses	\$ (697)	\$ (4,124)	\$ (2,858)	\$ (3,830)	\$ (2,226)	\$ (773)	\$ 327	\$ 410	\$ 403	\$ (110)	\$ (5,474)	\$ 5,250	\$ (13,701)
34	Customer Deposit Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
35	Avg Balance Calc	\$ 54	\$ 411	\$ 928	\$ 1,418	\$ 1,860	\$ 2,085	\$ 2,120	\$ 2,070	\$ 2,017	\$ 2,015	\$ 2,467	\$ 2,542	\$ 19,987
36	Monthly Residential Deferral Totals	\$ 129,326	\$ 727,230	\$ 514,295	\$ 663,328	\$ 397,999	\$ 140,546	\$ (54,534)	\$ (65,132)	\$ (63,301)	\$ 57,789	\$ 1,028,758	\$ (849,652)	\$ 2,626,654
37	Cumulative Residential Deferral (Rebate)/Surcharge	\$ 129,326	\$ 856,556	\$ 1,370,852	\$ 2,034,180	\$ 2,432,180	\$ 2,572,726	\$ 2,518,192	\$ 2,453,060	\$ 2,389,759	\$ 2,447,548	\$ 3,476,306	\$ 2,626,654	

**Avista Utilities**  
**Natural Gas Fixed Cost Adjustment Mechanism (Idaho)**  
**Development of Natural Gas Deferrals (Calendar Year 2016)**  
**AVU-G-15-01 FCA Base - Rates Effective 1/1/2016**

Line No.	Source	Revised Jan-16	Revised Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2016 YTD Total
	(a)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(s)
<b>Non-Residential Group</b>														
1	Total Actual Billed Customers	1,411	1,416	1,430	1,425	1,433	1,426	1,428	1,418	1,419	1,420	1,423	1,408	17,057
2	Revenue Reports	2,846,717	2,341,568	2,149,728	1,268,963	1,210,358	1,031,812	1,073,939	1,314,216	1,021,109	1,724,188	2,045,717	3,422,458	21,450,773
3	Total Actual Usage (Therms)	823,502	706,758	646,144	456,530	403,956	362,799	367,027	410,151	357,221	495,324	588,976	913,607	6,531,996
4	Revenue Reports	138,163	142,689	143,810	143,810	144,750	144,138	143,722	143,759	143,225	143,493	143,369	143,035	1,718,258
5	Total Actual Fixed Charge Revenue	1,393	1,399	1,412	1,410	1,417	1,409	1,409	1,399	1,400	1,397	1,401	1,381	16,827
6	Revenue Reports	502,94	448,14	403,10	278,75	200,50	210,35	148,84	175,32	153,93	332,26	411,65	478,17	3,311,52
7	Actual Customers on System During Test Year	700,601	626,949	569,173	393,034	284,108	296,386	209,712	245,276	215,508	464,167	576,725	660,356	5,241,995
8	Monthly Fixed Cost Adj. Revenue per Customer	(7) x (8)												
9	Fixed Cost Adjustment Revenue	(3) - (26)	810,126	632,509	451,440	401,195	357,658	359,378	402,632	350,817	488,274	583,389	900,823	6,434,465
10	Actual Base Rate Revenue	(4) - (27)	136,349	140,976	142,331	142,299	143,118	141,998	141,825	141,281	142,963	141,230	138,300	1,694,585
11	Actual Fixed Charge Revenue	(2) - (28)	2,811,724	2,314,794	2,109,170	1,253,553	1,016,700	1,045,403	1,288,480	1,000,596	1,707,862	2,030,538	3,384,178	21,166,951
12	Actual Usage (Therms)													
13	Customer Fixed Cost Adjustment Revenue	(11) - (12) - (15)	673,776	555,249	490,178	309,141	258,077	215,660	217,463	209,536	345,311	442,159	762,523	4,739,880
14	Non-Residential Revenue Per Customer Received		\$483.69	\$396.89	\$347.15	\$219.25	\$182.13	\$153.06	\$154.34	\$149.67	\$247.18	\$315.60	\$552.15	\$281.68
15	Existing Customer Deferral - Surcharge (Rebate)	(9) - (16)	26,825	71,700	78,995	83,892	26,031	80,726	(7,751)	5,972	118,856	134,565	(102,167)	502,115
16														
17														
18														
19														
20														
21														
22	Actual Customers New Since Test Year	18	17	15	16	16	17	19	19	19	23	22	27	230
23	Monthly Fixed Cost Adj. Revenue per Customer	\$436.28	\$388.74	\$349.67	\$241.80	\$173.93	\$182.47	\$129.11	\$152.09	\$133.53	\$288.22	\$357.09	\$414.79	\$277.53
24	Fixed Cost Adjustment Revenue	(22) x (23)	7,853	6,609	6,294	3,627	3,102	2,453	2,890	2,537	6,629	7,856	11,199	63,832
25	Actual Base Rate Revenue	13,377	10,533	13,635	5,090	2,761	5,141	7,649	7,519	6,404	7,050	5,587	12,785	97,531
26	Actual Fixed Charge Revenue	1,814	1,713	1,814	1,511	1,612	2,141	1,807	1,914	1,944	530	2,139	4,735	23,673
27	Customer Fixed Cost Adjustment Revenue	34,993	26,774	40,558	15,410	6,405	15,112	28,536	25,736	20,513	16,326	15,179	38,280	283,822
28	Actual Usage (Therms)													
29	Fixed Production and UG Storage Rate per Therm	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869	0.02869
30	Fixed Production and UG Storage Revenue	(30) x (31)	1,004	768	1,163	442	433	819	738	588	468	435	1,098	65,716
31	Customer Fixed Cost Adjustment Revenue	(26) - (27) - (30) - (32)	10,560	8,052	10,658	3,136	2,567	5,023	4,867	3,871	6,052	3,012	6,952	\$285.72
32	Non-Residential Revenue Per Customer Received		\$586.64	\$473.67	\$592.12	\$209.10	\$150.99	\$264.38	\$256.14	\$203.73	\$263.14	\$136.93	\$257.48	(1,884)
33	New Customer Deferral - Surcharge (Rebate)	(9) - (33)	(2,706)	(1,444)	(4,364)	491	1,818	535	(2,570)	(1,334)	577	4,844	4,247	\$
34	Total Non-Residential Deferral - Surcharge (Rebate)	(18) + (35)	24,118	70,256	74,631	84,383	27,848	81,261	(10,321)	(17,507)	4,638	119,433	139,409	(97,919)
35	Deferral - Revenue Related Expenses	Customer Deposit Rate	(155)	(414)	(456)	(485)	(150)	(466)	45	90	(687)	(778)	590	(2,901)
36	Interest on Deferral	Avg Balance Calc	10	49	109	175	222	267	285	280	332	439	457	2,923
37	Monthly Non-Residential Deferral Totals		23,973	69,891	74,283	84,073	27,920	81,062	(17,132)	4,884	119,078	139,071	(96,872)	500,253
38	Cumulative Non-Residential Deferral (Rebate)/Surcharge		23,973	93,865	168,148	252,221	280,141	361,203	334,091	338,976	458,054	597,125	500,253	
39	Total Cumulative Deferral	Res line(43) + Non-Res line (45)	153,300	950,421	1,539,000	2,286,401	2,712,320	2,993,928	2,869,415	2,728,735	2,905,602	4,073,430	3,126,907	

**Avista Utilities**  
**Natural Gas Fixed Cost Adjustment Mechanism (Idaho)**  
**Development of Fixed Cost Adjustment Revenue by Rate Schedule - Natural Gas**  
**AVU-G-15-01 Rates Effective 1/1/2016**

	TOTAL	GENERAL SERVICE SCHEDULE 101	LARGE GENERAL SERVICE SCH. 111/112	OTHER SERVICE SCHEDULES
1 Total Normalized Test Year Revenue	\$ 36,274,000	\$ 29,140,000	\$ 6,625,000	\$ 509,000
2 Proposed Revenue Increase	\$ 2,500,000	\$ 2,231,000	\$ 246,000	\$ 23,000
3 Total Base Rate Revenue (January 1, 2016)	\$ 38,774,000	\$ 31,371,000	\$ 6,871,000	\$ 532,000
4 Normalized Therms (Test Year)	119,606,640	55,714,011	22,947,786	40,944,843
5 WACOG Rate Embedded in Base Rates	\$ -	\$ -	\$ -	\$ -
6 Variable Gas Cost Revenue (Ln 4 * Ln 5)	\$ -	\$ -	\$ -	\$ -
6A Fixed Production and Underground Storage (New Customers Only)	\$ 0.02769	\$ 0.02769	\$ 0.03000	
6B Fixed Production and Underground Storage (New Customers Only)	\$ 2,288,089	\$ 1,542,686	\$ 688,403	\$ 57,000
7 Subtotal (Ln 3 - Ln 6)	\$ 38,242,000	\$ 31,371,000	\$ 6,871,000	<b>Excluded From</b>
7A Subtotal (Ln 3 - Ln 6 - Ln 6B)	\$ 36,010,911	\$ 29,828,314	\$ 6,182,597	<b>Fixed Cost</b>
8 Customer Bills (Test Year)	925,130	908,483	16,647	<b>Adjustment</b>
9 Proposed Fixed Charges	\$ -	\$ 5.25	\$ 100.75	
10 Fixed Charge Revenue (Ln 8 * Ln 9)	\$ 6,446,721	\$ 4,769,536	\$ 1,677,185	
11 Fixed Cost Adjustment Revenue (Ln 7 - Ln 10)	\$ 31,795,279	\$ 26,601,464	\$ 5,193,815	
11A Fixed Cost Adjustment Revenue (Ln 7A - Ln 10)	\$ 29,564,190	\$ 25,058,778	\$ 4,505,412	
12 Average Number of Customers (Line 8 / 12)		Residential 75,707	Non-Residential Group 1,387	
13 Annual kWh		55,714,011	22,947,786	
14 Basic Charge Revenues		4,769,536	1,677,185	
15 Customer Bills		908,483	16,647	
16 Average Basic Charge		\$5.25	\$100.75	

Avista Utilities

**Natural Gas Fixed Cost Adjustment Mechanism (Idaho)**  
**Development of Annual Fixed Cost Adjustment Revenue Per Customer - Natural Gas**  
**AVU-G-15-01 Rates Effective 1/1/2016**

Line No.	(a)	(b)	(c)	(d)
		Source	Residential	Non-Residential Schedules*
	<b><u>Existing Customer FCA</u></b>			
1	Fixed Cost Adjustment Revenue	Page 1	\$ 26,601,464	\$ 5,193,815
2	Test Year Number of Customers	Revenue Data	75,707	1,387
3	Fixed Cost Adjustment Revenue Per Customer	(1) / (2)	\$ 351.37	\$ 3,743.96
	<b><u>New Customer FCA</u></b>			
1	Fixed Cost Adjustment Revenue	Page 1	\$ 25,058,778	\$ 4,505,412
2	Test Year Number of Customers	Revenue Data	75,707	1,387
3	Fixed Cost Adjustment Revenue Per Customer	(1) / (2)	\$ 331.00	\$ 3,247.73

\* Schedules 111 and 112.



AVISTA UTILITIES  
Company Settlement Summary by Function with Margin Analysis  
Case For the Year Ended December 31, 2014

Natural Gas Utility  
Idaho Jurisdiction

Line	(b) Description	(c)	(d)	(e)	(f) System Total	(g) Residential Service Sch 101	(h) Large Firm Service Sch 111	(j) Interrupt Service Sch 131	(k) Transport Service Sch 146
<b>Functional Cost Components at Current Rates</b>									
1	Production				337,031	235,918	97,171	1,399	2,542
2	Underground Storage				1,746,119	1,135,497	561,698	5,600	43,324
3	Distribution				24,249,668	19,367,003	4,614,046	46,393	222,226
4	Common				9,840,181	8,401,406	1,352,211	14,204	72,360
5	<b>Total Current Rate Revenue</b>				<b>36,173,000</b>	<b>29,139,824</b>	<b>6,625,127</b>	<b>67,596</b>	<b>340,452</b>
6	Exclude Cost of Gas w / Revenue Exp.				0	0	0	0	0
7	<b>Total Margin Revenue at Current Rates</b>				<b>36,173,000</b>	<b>29,139,824</b>	<b>6,625,127</b>	<b>67,596</b>	<b>340,452</b>
Margin per Therm at Current Rates									
8	Production				\$0.00413	\$0.00423	\$0.00423	\$0.00423	\$0.00094
9	Underground Storage				\$0.02137	\$0.02038	\$0.02448	\$0.01695	\$0.01600
10	Distribution				\$0.29681	\$0.34761	\$0.20107	\$0.14042	\$0.08207
11	Common				\$0.12044	\$0.15080	\$0.05893	\$0.04299	\$0.02672
12	<b>Total Current Margin Melded Rate per Therm</b>				<b>\$0.44275</b>	<b>\$0.52303</b>	<b>\$0.28870</b>	<b>\$0.20459</b>	<b>\$0.12574</b>
<b>Functional Cost Components at Uniform Current Return</b>									
13	Production				337,031	235,918	97,171	1,399	2,542
14	Underground Storage				1,689,279	1,231,419	416,370	5,255	36,235
15	Distribution				24,223,976	20,296,739	3,685,561	44,149	197,526
16	Common				9,922,715	8,625,255	1,215,502	13,913	68,045
17	<b>Total Uniform Current Cost</b>				<b>36,173,000</b>	<b>30,389,331</b>	<b>5,414,605</b>	<b>64,716</b>	<b>304,348</b>
18	Exclude Cost of Gas w / Revenue Exp.				0	0	0	0	0
19	<b>Total Uniform Current Margin</b>				<b>36,173,000</b>	<b>30,389,331</b>	<b>5,414,605</b>	<b>64,716</b>	<b>304,348</b>
Margin per Therm at Uniform Current Return									
20	Production				\$0.00413	\$0.00423	\$0.00423	\$0.00423	\$0.00094
21	Underground Storage				\$0.02068	\$0.02210	\$0.01814	\$0.01590	\$0.01338
22	Distribution				\$0.29650	\$0.36430	\$0.16061	\$0.13363	\$0.07295
23	Common				\$0.12145	\$0.15481	\$0.05297	\$0.04211	\$0.02513
24	<b>Total Current Uniform Margin Melded Rate per Therm</b>				<b>\$0.44275</b>	<b>\$0.54545</b>	<b>\$0.23595</b>	<b>\$0.19587</b>	<b>\$0.11240</b>
25	<b>Margin to Cost Ratio at Current Rates</b>				<b>1.00</b>	<b>0.96</b>	<b>1.22</b>	<b>1.04</b>	<b>1.12</b>
<b>Functional Cost Components at Proposed Rates</b>									
26	Production				337,031	235,918	97,171	1,399	2,542
27	Underground Storage				1,951,059	1,306,768	591,232	6,200	46,859
28	Distribution				26,114,616	21,027,055	4,802,732	50,288	234,541
29	Common				10,270,295	8,801,083	1,379,992	14,709	74,511
30	<b>Total Proposed Rate Revenue</b>				<b>38,673,000</b>	<b>31,370,824</b>	<b>6,871,127</b>	<b>72,596</b>	<b>358,452</b>
31	Exclude Cost of Gas w / Revenue Exp.				0	0	0	0	0
32	<b>Total Margin Revenue at Proposed Rates</b>				<b>38,673,000</b>	<b>31,370,824</b>	<b>6,871,127</b>	<b>72,596</b>	<b>358,452</b>
Margin per Therm at Proposed Rates									
33	<b>Production</b>				<b>\$0.00413</b>	<b>\$0.00423</b>	<b>\$0.00423</b>	<b>\$0.00423</b>	<b>\$0.00094</b>
34	<b>Underground Storage</b>				<b>\$0.02388</b>	<b>\$0.02345</b>	<b>\$0.02576</b>	<b>\$0.01876</b>	<b>\$0.01731</b>
35	Distribution				\$0.31964	\$0.37741	\$0.20929	\$0.15221	\$0.08662
36	Common				\$0.12571	\$0.15797	\$0.06014	\$0.04452	\$0.02752
37	<b>Total Proposed Margin Melded Rate per Therm</b>				<b>\$0.47335</b>	<b>\$0.56307</b>	<b>\$0.29942</b>	<b>\$0.21973</b>	<b>\$0.13238</b>
<b>Functional Cost Components at Uniform Proposed Return</b>									
38	Production				337,031	235,918	97,171	1,399	2,542
39	Underground Storage				1,903,251	1,387,397	469,110	5,920	40,825
40	Distribution				26,093,052	21,808,556	4,022,507	48,472	213,517
41	Common				10,339,666	8,989,242	1,265,112	14,474	70,838
42	<b>Total Uniform Proposed Cost</b>				<b>38,673,000</b>	<b>32,421,113</b>	<b>5,853,900</b>	<b>70,265</b>	<b>327,722</b>
43	Exclude Cost of Gas w / Revenue Exp.				0	0	0	0	0
44	<b>Total Uniform Proposed Margin</b>				<b>38,673,000</b>	<b>32,421,113</b>	<b>5,853,900</b>	<b>70,265</b>	<b>327,722</b>
Margin per Therm at Uniform Proposed Return									
45	Production				\$0.00413	\$0.00423	\$0.00423	\$0.00423	\$0.00094
46	Underground Storage				\$0.02330	\$0.02490	\$0.02044	\$0.01792	\$0.01508
47	Distribution				\$0.31938	\$0.39144	\$0.17529	\$0.14671	\$0.07886
48	Common				\$0.12656	\$0.16135	\$0.05513	\$0.04381	\$0.02616
49	<b>Total Proposed Uniform Margin Melded Rate per Therm</b>				<b>\$0.47335</b>	<b>\$0.58192</b>	<b>\$0.25510</b>	<b>\$0.21267</b>	<b>\$0.12104</b>
50	<b>Margin to Cost Ratio at Proposed Rates</b>				<b>1.00</b>	<b>0.97</b>	<b>1.17</b>	<b>1.03</b>	<b>1.09</b>
51	<b>Current Margin to Proposed Cost Ratio</b>				<b>0.94</b>	<b>0.90</b>	<b>1.13</b>	<b>0.96</b>	<b>1.04</b>