

Avista Corp.

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IDAHO PUBLIC
UTILITIES COMMISSION



June 28, 2019

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

Re: **Case No. AVU-G-19-04**
Natural Gas Fixed Cost Adjustment Annual Rate Filing of Avista Corporation

Dear Ms. Hanian:

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), Exhibit B (rate calculation), Exhibit C (2018 deferral), and Exhibit D (customer communications) in support of the Application. A computer readable copy of the Application, exhibits, and workpapers, required under Rule 231.05, are included on an enclosed USB drive.

Electronic versions of the Company's filing were emailed to the Commission, and the Service List, on June 28, 2019. Those documents have also been provided on the enclosed USB drive.

Please direct any questions on this matter to me at (509) 495-8620 or Tara Knox at (509) 495-4325.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Ehrbar", written over a circular stamp.

Patrick D. Ehrbar
Director of Regulatory Affairs

Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this 28th day of June, 2019, 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:

Diane Hanian, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702
diane.hanian@puc.idaho.gov

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Deputy Attorney General
Idaho Public Utilities Commission
472 W. Washington
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Patrick D. Ehrbar
Director of Regulatory Affairs

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3 REGULATORY AND GOVERNMENTAL AFFAIRS
4 AVISTA CORPORATION
5 1411 E. MISSION AVENUE
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-19- <u>04</u>
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 No. 33437, and RP
20 052, Avista Corporation, doing business as Avista Utilities (hereinafter “Avista” or
21 “Company”), at 1411 East Mission Avenue, Spokane, Washington, respectfully makes
22 application to the Idaho Public Utilities Commission (“Commission”) for an Order
23 approving the level of natural gas Fixed Cost Adjustment Mechanism (FCA) revenue
24 deferred during calendar year 2018 and authorizing FCA rates for natural gas service from
25 November 1, 2019 through October 31, 2020, and to approve the Company’s
26 corresponding modifications to Schedule 175, “Fixed Cost Adjustment Mechanism –
27 Natural Gas”. The FCA rate for the Residential Group (Schedule 101) is proposed to
28 change from a present rebate rate of -0.766¢ to a proposed surcharge rate of 0.951¢ per
29 therm. The FCA rate for the Non-Residential Group (Schedules 111 and 112) is proposed

1 to change from a present rebate rate of -1.067¢ to a proposed rebate rate of -0.554¢ per
2 therm. The Residential Group rate change represents a \$1.1 million, or 2.3% increase, to
3 Schedule 101 customers, and the Non-Residential Group rate change represents a \$0.1
4 million, or 1.1%, increase. The combined effect of expiring FCA rates and the proposed
5 2018 rates are shown on the table below.

6

	Expiring Present FCA Revenue	Proposed FCA Revenue	Proposed FCA Increase
7 Residential	\$ (484,333)	\$ 601,306	\$ 1,085,639
8 Non-Residential	\$ (275,320)	\$ (142,949)	\$ 132,370

9 The Company has requested a November 1, 2019 effective date.

10 The Company requests that this filing be processed under the Commission's
11 Modified Procedure Rules (RP 201-204). Communications in reference to this Application
12 should be 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
20 Spokane, WA 99220-3727
21 Phone: (509) 495-4316
22 David.Meyer@avistacorp.com
23

24 Patrick D. Ehrbar
25 Director of Regulatory Affairs
26 Avista Utilities
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28 MSC-27
29 1411 E. Mission Ave
30 Spokane, WA 99220-3727
31 Phone: (509) 495-8620
32 patrick.ehrbar@avistacorp.com
33

1 **II. BACKGROUND**

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

11 In Case Nos. AVU-E-15-05 and AVU-G-15-01, the Commission in Order No.
12 33437 approved for Avista a Fixed Cost Adjustment Mechanism. On page 10 of Order
13 No. 33437, the Commission stated:

14 The parties have also agreed upon a three-year¹ FCA pilot for electric and natural
15 gas operations. The FCA will compare actual FCA revenues to allowed FCA
16 revenues determined on a per-customer basis. Any differences will be deferred for
17 a rebate or surcharge. There are a number of customer safeguards, including that an
18 FCA surcharge cannot exceed a 3% annual rate adjustment. Any unrecovered
19 balances will be carried forward to recover in future years. Further, there is no limit
20 to the level of the FCA rebate. As part of the Stipulation, Staff and other interested
21 parties, will review the efficacy of the FCA after its second full year to ensure it is
22 functioning as intended. Fixed cost adjustment mechanisms are intended to
23 encourage conservation, and allow customers more control over their bills. Further,
24 the proposed FCA will remove any financial disincentive of the Company to
25 encourage energy conservation.
26

27 The Section 13 of the Stipulation and Settlement, as amended by Addendum to the

¹ On June 15, 2018, the Idaho Public Utilities Commission approved an Addendum to the Stipulation which extended the term of the pilot for an additional year by Order No. 34085.

1 Stipulation approved by the Commission in Order No. 34085 on June 15, 2018, provided
2 further details, reproduced below, regarding the mechanics of the fixed cost adjustment
3 mechanism. The proposed Tariff Sheet 175 reflects the change in the term of the
4 mechanism from three years to four in accordance with the Addendum.

5 A. FCA Mechanisms Term. The Parties agree to an initial FCA term of 4 years,
6 with a review of how the mechanisms have functioned conducted by Avista, Staff,
7 and other interested parties following the end of the third full-year. Avista may
8 seek to extend the term of the mechanism prior to its expiration.²
9

10 B. Rate Groups. There will be two rate groups established for both the electric
11 FCA and natural gas FCA:
12

13 Electric Customer Rate Groups:

- 14 1. Residential – Schedule 1
15 2. Commercial – Schedules 11, 12, 21, 22, 31, 32
16

17 Natural Gas Rate Groups:

- 18 1. Residential – Schedule 101
19 2. Commercial – Schedules 111 and 112
20

21 C. Existing Customers and New Customers. The Parties have agreed that revenue
22 related to certain items discussed below would not be included in the FCA for new
23 customers. The result is that the Fixed Cost Adjustment Revenue-Per-Customer
24 for new customers will be less than the Fixed Cost Adjustment Revenue-Per-
25 Customer for existing customers. For new electric customers added after the test
26 period, recovery of incremental revenue related to fixed production and
27 transmission costs would be excluded from the electric FCA. For new natural gas
28 customers added after the test period, recovery of incremental revenue related to
29 fixed production and underground storage facility costs would be excluded. These
30 modifications are included in Appendices B and C to the Stipulation.
31

32 D. Quarterly Reporting. Avista will file, within 45 days of the end of each quarter,
33 a report detailing the FCA activity by month. The reporting will also include
34 information related to the deferrals by rate group, what the deferrals would have
35 been if tracked by rate schedule, use and revenue-per-customer for existing and
36 new customers, and other summary financial information. Avista will provide such

² Review of the mechanisms took place at a workshop March 27, 2019, and the Company has filed a separate application with the Commission to extend the term of the FCA Mechanisms through March 31, 2025.

1 other information as may be reasonably requested, from time to time, in the future
2 quarterly reports.
3

4 E. Annual Filings. On or before July 1, the Company will file a proposed rate
5 adjustment surcharge or rebate based on the amount of deferred revenue recorded
6 for the prior January through December time period. The rate adjustment would be
7 calculated separately for each Rate Group, with the applicable surcharge or rebate
8 recovered from each group on a uniform cents per kWh or per therm basis. The
9 proposed tariff (Schedule 75 for electric, Schedule 175 for natural gas) included
10 with that filing would include a rate adjustment that recovers/rebates the
11 appropriate deferred revenue amount over a twelve-month period effective on
12 October 1 for electric (to match with Power Cost Adjustment and Residential
13 Exchange annual rate adjustments time period) and November 1st for natural gas
14 (to match with the annual Purchased Gas Cost Adjustment rate adjustment time
15 period). The deferred revenue amount approved for recovery or rebate would be
16 transferred to a balancing account and the revenue surcharged or rebated during the
17 period would reduce the deferred revenue in the balancing account. After
18 determining the amount of deferred revenue that can be recovered through a
19 surcharge (or refunded through a rebate) by Rate Group, the proposed rates under
20 Schedules 75 and 175 would be determined by dividing the deferred revenue to be
21 recovered by Rate Group by the estimated kWh sales (Electric FCA) or therm sales
22 (Natural Gas FCA) for each Rate Group during the twelve-month recovery period.
23 Any deferred revenue remaining in the balancing account at the end of the
24 amortization period would be added to the new revenue deferrals to determine the
25 amount of the proposed surcharge/rebate for the following year.
26

27 F. Interest. Interest will be accrued on the unamortized balance in the FCA
28 balancing accounts at the Customer Deposit Rate.
29

30 G. Accounting. Avista will record the deferral in account 186 – Miscellaneous
31 Deferred Debits. The amount approved for recovery or rebate would then be
32 transferred into a Regulatory Asset or Regulatory Liability account for
33 amortization. On the income statement, the Company would record both the
34 deferred revenue and the amortization of the deferred revenue through Account 456
35 (Other Electric Revenue), or Account 495 (Other Gas Revenue), in separate sub-
36 accounts. The Company would file quarterly reports with the Commission showing
37 pertinent information regarding the status of the current deferral. This report would
38 include a spreadsheet showing the monthly revenue deferral calculation for each
39 month of the deferral period (January - December), as well as the current and
40 historical monthly balance in the deferral account.
41

42 H. 3% Rate Increase Cap. An FCA surcharge, by rate group, cannot exceed a 3%
43 annual rate adjustment, and any unrecovered balances will be carried forward to
44 future years for recovery. There is no limit to the level of the FCA rebate.
45

1
2 As detailed above, the Commission approved the following procedural schedule for
3 administering the annual natural gas FCA filings:

4 July 1 - Company filing for prior January – December deferral period
5

6 November 1 - Commission Order and effective date of natural gas FCA rate
7 adjustment
8

9 **III. DRIVERS OF NATURAL GAS FCA SURCHARGES**

10 The FCA surcharge deferrals for Residential customers in 2018 were the result of
11 lower monthly use-per-customer than the use-per-customer that was embedded in the 2016
12 test year (i.e., the FCA base). The FCA rebate deferrals for Non-Residential customers in
13 2018 were the result of higher monthly use-per-customer than the use-per-customer that
14 was embedded in the 2016 test year (i.e., the FCA base). Residential average monthly
15 use-per-customer was lower by 2 therms, and non-residential average monthly use-per
16 customer was higher by 1 therm in 2018. The Company has identified the primary drivers
17 for the change in use-per-customer.

18 First, weather was warmer than normal during January, December and May
19 and fluctuated with offsetting impacts throughout the rest of the year, giving rise to a
20 weather normalization adjustment that required the addition of 3.2 million therms to
21 residential usage (3.2 therms per customer) and 0.6 million therms (36 therms per
22 customer) to non-residential usage. The estimated FCA revenue shortfall associated with
23 weather was approximately \$1.5 million residential and \$0.1 million non-residential.

24 Since the 2016 test year used to set 2018 rates, Idaho customers have achieved
25 energy efficiency savings from participation in the Company's Demand Side Management

1 programs. Estimated cumulative savings since the test year (derived from the Idaho 2016,³
2 2017, and 2018 DSM Annual Reports) reduced residential usage in 2018 approximately
3 400 thousand therms and non-residential usage approximately 100 thousand therms. The
4 estimated FCA revenue shortfall associated with energy efficiency programmatic savings
5 is \$200 thousand residential and \$25 thousand non-residential.

6 The “other” drivers are related to items not easily quantifiable, such as the effects
7 of non-programmatic energy efficiency, changes in business cycles, etc. The following
8 table summarizes the impact of these drivers on the FCA Revenues received from
9 customers in 2018. In 2018 other factors tended to mitigate the quantifiable impacts from
10 weather and programmatic energy efficiencies, resulting in a small rebate for non-
11 residential customers.

<u>Driver</u>	Residential Group		Non-Residential Group	
	<u>Use-per-Customer</u>	<u>FCA Revenue</u>	<u>Use-per-Customer</u>	<u>FCA Revenue</u>
Weather	(3.2)	(\$1.50)	(36)	(\$0.14)
Energy Efficiency	(0.4)	(\$0.20)	(6)	(\$0.02)
Other	1.4	\$1.14	42	\$0.30
Total	(2.2)	(\$0.56)	0	\$0.14

IV. RESIDENTIAL GROUP RATE DETERMINATION

17 The Company recorded \$557,464 in the surcharge direction in deferred revenue for
18 the natural gas residential customer group in 2018. The proposed rate of -0.951 cents per
19 therm is designed to recover \$601,306, from the Company’s residential natural gas

³ For the energy efficiency savings in 2016, the Company assumed that one-half of those savings were reflected in the test year billing determinants. The reduction in usage attributed to energy efficiency savings in this filing include the other half of 2016 energy efficiency savings.

customers served under rate Schedule 101. The following table summarizes the components of the Company's request for recovery:

2018 Deferred Revenue	\$557,464
Add: 2016 Carry over balance	\$26,725
Add: Interest through 10/31/2020	\$13,304
Add: Revenue Related Expense Adj.	\$3,813
Total Surcharge	\$601,306
Customer rebate	\$601,306
Carryover Deferred Revenue	\$0

Exhibit B, page 1 shows the derivation of the proposed rate to surcharge revenue of \$601,306, based on projected sales volumes for Schedule 101 customers during the surcharge/amortization period (November 2019 through October 2020). As identified on tariff Sheet 175B under Step 6 of "Calculation of Monthly FCA Deferral", interest on the deferred balance accrues at the Customer Deposit Interest Rate.⁴ If the proposed surcharge is approved by the Commission, the 2018 deferral balance, plus interest through October, and any outstanding carry over balance will be transferred into a regulatory asset balancing account. The balance in the asset account will be reduced each month by the surcharge received from customers under the tariff.

V. NON-RESIDENTIAL GROUP RATE DETERMINATION

The Company recorded \$137,897 in the rebate direction in deferred revenue for the natural gas Non-Residential Group in 2018. The proposed rebate rate of -.554 cents per therm is designed to rebate \$142,949 to the Company's commercial and industrial

⁴ The Customer Deposit Interest Rate was 1.00% throughout 2018 then increased to 2.00% for 2019. The current rate of 2.00% has been used going forward as an estimate for purposes of this rate determination.

customers served under rate Schedules 111 and 112. The following table summarizes the components of the Company's request for rebate:

2018 Deferred Revenue	(\$137,897)
Add: 2017 Carry over balance	(\$853)
Add: Interest through 10/31/2020	(\$3,409)
Add: Revenue Related Expense Adj.	(\$790)
Total Rebate	(\$142,949)
Customer rebate	(\$142,949)
Carryover Deferred Revenue	\$0

Exhibit B, page 3 shows the derivation of the proposed rate to rebate revenue of \$142,949 based on projected sales volumes for Schedules 111 and 112 during the rebate/amortization period (November 2019 through October 2020). As identified on the tariff Sheet 175B under Step 6 of "Calculation of Monthly FCA Deferral", interest on the deferred balance accrues at the Customer Deposit Interest Rate.⁵ If the proposed rebate is approved by the Commission, the 2018 deferral balance, plus interest through October will be transferred into a regulatory liability balancing account with any outstanding balance from the rebate approved in case No. AVU-G-18-03. The balance in the liability account will be reduced each month by the rebate received by customers under the tariff.

Support showing the monthly calculation of the 2018 deferral balances for both the Residential and Non-Residential Groups is provided as Exhibit C. These calculations were also provided to the Commission in quarterly reports.

⁵ Ibid.

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

2 FCA rate adjustment surcharges are subject to a 3% annual rate increase limitation.
3 There is no limit to rebate rate adjustments. As described in Tariff Schedule 175, the 3%
4 annual rate increase limitation will be determined by dividing the incremental annual
5 revenue to be collected (proposed surcharge revenue less present surcharge revenue) under
6 this Schedule by the total “normalized” revenue for the two Rate Groups for the most recent
7 January through December time period. Normalized revenue is determined by multiplying
8 the weather-corrected usage for the period by the present rates in effect. If the incremental
9 amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be
10 proposed and any remaining deferred balance will be carried over to the following year.

11 Exhibit B, page 6 shows the 3% test for the two rate groups. Neither the 2018
12 Residential nor Non-Residential deferrals are subject to the 3% limitation, therefore there
13 is no proposed carry over expected.

14

15 **VII. EXISTING CUSTOMERS AND NEW CUSTOMERS**

16 The Settlement Stipulation approved by the Commission requires that natural gas
17 customers that have been added since the test year are subject to a FCA Revenue-Per-
18 Customer that excludes incremental revenue related to fixed production and underground
19 storage facility costs. Separate calculations for new versus existing customers are clearly
20 identified in the FCA base that was approved in Order No. 33953 (included in this filing
21 as Attachment C, pages 3 through 6).

22 Due to this segregation, Avista tracks the usage of new customers since January 1,

1 2017 as compared with existing customers.⁶ In general, the average usage of new natural
2 gas customers is comparable to the average usage of existing customers. Avista will
3 continue to track the usage of new customers over the Fixed Cost Adjustment term.

4 5 **VIII. PROPOSED RATES TO BE EFFECTIVE NOVEMBER 1, 2019**

6 The Company is proposing a per therm FCA surcharge rate of 0.951¢ for the
7 Residential Group, and a per therm FCA rebate rate of -.554¢ for the Non-Residential
8 Group, both to become effective November 1, 2019. Exhibit B to this Application provides
9 the Residential and Non-Residential Rate Calculation, and Exhibit C provides the support
10 for the deferrals for the January 1, 2018 through December 31, 2018 deferral period.
11 Attached as Exhibit A is a copy of the proposed tariff, Schedule 175, which contains the
12 proposed FCA rates. Exhibit A also includes the proposed changes to Schedule 175 in
13 strike/underline format.

14 Residential customers using an average of 61 therms per month would see their
15 monthly bills increase from \$45.67 to \$46.72, an increase of \$1.05 per month, or 2.30%.

16 17 **IX. COMMUNICATIONS AND SERVICE OF APPLICATION**

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

⁶ "Existing customers" were part of the test year used to set the January 1, 2018 rates (2016 calendar year).
"New customers" consist of all new hookups after the test year. The proposed Tariff Sheet 175 replaces the

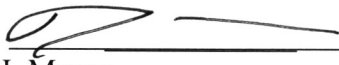
1 provided as Attachment D. The news release will be issued on July 1, 2019, and the
2 customer notice will be inserted in customer bills starting on or about July 8, 2019, and run
3 for a full billing cycle.

4
5 **X. REQUEST FOR RELIEF**

6 The Company requests that the Commission issue an order approving recovery of
7 FCA deferrals for the period January 1, 2018 through December 31, 2018, and approve a
8 per therm FCA surcharge rate of 0.951¢ for the Residential Group, and a per therm FCA
9 rebate rate of -.554¢ for the Non-Residential Group, both to become effective November
10 1, 2019. The Residential Group surcharge represents a \$1.1 million, or 2.3% incremental
11 increase to schedule 101 customers, and the Non-Residential Group rebate represents a
12 \$0.1 million, or 1.1% incremental increase to Schedule 111 and 112 customers. The
13 Company requests that the matter be processed under the Commission's Modified
14 Procedure rules through the use of written comments.

15 Dated at Spokane, Washington this 28th day of June 2019.

16 AVISTA CORPORATION

17
18 BY 
19 David J. Meyer
20 Attorney for Avista Corporation

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BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

AVISTA UTILITIES

CASE NO. AVU-G-19-04

EXHIBIT A

**Tariff Sheets – Proposed, Strikethrough and Underline
Natural Gas Service**

June 28, 2019

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 four years, effective January 1, 2016 through December 31, 2019.

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 the FCA Base test year.

MONTHLY RATE:

Group 1 – \$0.00951 per therm

Group 2 – (\$0.00554) per therm

Issued June 28, 2019

Effective November 1, 2019

Issued by Avista Corporation

By

Patrick Ehrbar, Director of Regulatory Affairs



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 four years, effective January 1, 2016 through December 31, 2019.

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 the FCA Base test year.

MONTHLY RATE:

Group 1 – ~~(\$0.00766)~~ per therm

Group 2 – ~~(\$0.01067)~~ per therm

Issued June 29, 2018

Effective November 1, 2018

Issued by Avista Corporation
By

Patrick Ehrbar, Director of Regulatory Affairs

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.

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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:

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Note – the recovery of incremental revenue related to fixed production and underground storage costs will be excluded for new natural gas customers added after the FCA Base test year.

MONTHLY RATE:

Group 1 – \$0.00951 per therm

Group 2 – ~~(\$0.00554)~~ per therm

Issued June 28, 2019

Effective November 1, 2019

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

AVISTA UTILITIES

CASE NO. AVU-G-19-04

EXHIBIT B

**FCA Rate Calculation
November 1, 2019 – October 31, 2020
Natural Gas Service**

June 28, 2019

Avista Utilities
Calculation of Fixed Cost Adjustment (FCA) Surcharge or Rebate Amortization Rates
Effective November 1, 2019 - October 31, 2020

Idaho Residential Natural Gas				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		0.00939	2.00%	
2	Oct-19	\$593,550		
3	Nov-19	\$524,539	\$931	7,450,662
4	Dec-19	\$418,375	\$785	11,392,955
5	Jan-20	\$317,067	\$612	10,857,195
6	Feb-20	\$231,319	\$457	9,183,133
7	Mar-20	\$160,914	\$327	7,534,718
8	Apr-20	\$116,605	\$231	4,744,711
9	May-20	\$93,029	\$175	2,530,111
10	Jun-20	\$78,502	\$143	1,562,682
11	Jul-20	\$66,606	\$121	1,280,086
12	Aug-20	\$55,493	\$102	1,194,700
13	Sep-20	\$41,069	\$80	1,545,138
14	Oct-20	\$4,000	\$38	3,952,736
15	Annual Total		\$4,000	63,228,827
16	Incremental Rate to Recover Estimated Interest		\$0.00006	
17	Estimated Rate to Recover Deferral Balance		\$0.00939	
18	Rate before Gross-up for Revenue-related items		\$0.00945	
19	Times: Gross-up for Revenue-related items (3)		1.005873	
20	Preliminary Proposed FCA Rate		\$0.00951	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed FCA Rate		\$0.00951	Surcharge Rate
23	Adjusted for Revenue Related Expenses		\$0.00945	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of \$0.00939 to recover the October 2019 balance of \$593,550 over 12 months. See page 2 of Exhibit B for October 2019 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/34204.pdf>
- (3) AVU-G-17-01 conversion factor, see page 7 of Exhibit B.
- (4) See page 6 of Exhibit B for 3% test adjustment calculations.
- (5) See page 2 of Exhibit B for estimated carryover balance calculations.

Idaho Residential Natural Gas

Calculate Estimated Monthly Balances through October 2020

Line No.		Ending Balance	Consumer Deposit Interest Rate 2.00%	Amortization
1	Dec-18	\$557,464		
4	Jan-19	\$558,393	\$929	
5	Feb-19	\$559,324	\$931	
6	Mar-19	\$560,256	\$932	
7	Apr-19	\$561,190	\$934	
8	May-19	\$562,125	\$935	
9	Jun-19	\$563,062	\$937	
10	Jul-19	\$564,000	\$938	
11	Aug-19	\$564,940	\$940	
12	Sep-19	\$565,882	\$942	
13	Oct-19	\$566,825	\$943	
14	prior year carryover	\$26,725		
15	Nov-19	\$524,038	\$931	\$70,442
16	Dec-19	\$417,108	\$784	\$107,714
17	Jan-20	\$315,068	\$610	\$102,649
18	Feb-20	\$228,699	\$453	\$86,822
19	Mar-20	\$157,784	\$322	\$71,237
20	Apr-20	\$113,151	\$226	\$44,859
21	May-20	\$89,399	\$169	\$23,921
22	Jun-20	\$74,761	\$137	\$14,774
23	Jul-20	\$62,773	\$115	\$12,103
24	Aug-20	\$51,573	\$95	\$11,295
25	Sep-20	\$37,039	\$74	\$14,608
26	Oct-20	(\$302)	\$31	\$37,371
27	Total		\$13,304	\$597,795

Summary

28	2018 Deferred Revenue	\$557,464
29	Add Prior Year Carryover Balance	\$26,725
30	Add Interest through 10/31/2020	\$13,304
31	Add Revenue Related Expense Adj.	\$3,813
32	Total Requested Recovery	\$601,306
33	Customer Surcharge Revenue	\$601,306
34	Carryover Deferred Revenue	\$0

Avista Utilities
Calculation of Fixed Cost Adjustment (FCA) Surcharge or Rebate Amortization Rates
Effective November 1, 2019 - October 31, 2020

Idaho Non-Residential Natural Gas				
Line No.	Date	Unamortized Balance (1)	Interest (2)	Forecast Usage
1		-0.00547	2.00%	
2	Oct-19	(\$141,066)		
3	Nov-19	(\$123,708)	(\$220)	3,215,325
4	Dec-19	(\$102,361)	(\$188)	3,939,268
5	Jan-20	(\$82,429)	(\$154)	3,673,840
6	Feb-20	(\$65,742)	(\$123)	3,074,966
7	Mar-20	(\$51,651)	(\$98)	2,595,344
8	Apr-20	(\$42,243)	(\$78)	1,735,216
9	May-20	(\$36,365)	(\$65)	1,087,018
10	Jun-20	(\$31,177)	(\$56)	959,404
11	Jul-20	(\$25,498)	(\$47)	1,047,392
12	Aug-20	(\$19,318)	(\$37)	1,137,140
13	Sep-20	(\$12,990)	(\$27)	1,162,370
14	Oct-20	(\$1,107)	(\$12)	2,175,867
15	Annual Total		(\$1,107)	25,803,150
16	Incremental Rate to Recover Estimated Interest		(\$0.00004)	
17	Estimated Rate to Recover Deferral Balance		(\$0.00547)	
18	Rate before Gross-up for Revenue-related items		(\$0.00551)	
19	Times: Gross-up for Revenue-related items (3)		1.005873	
20	Preliminary Proposed FCA Rate		(\$0.00554)	
21	3% Test Rate Adjustment (4)		\$0.00000	
22	Final Proposed FCA Rate		(\$0.00554)	Rebate Rate
23	Adjusted for Revenue Related Expenses		(\$0.00551)	Amortization Rate
24	Estimated Carryover Balance due to 3% test (5)		\$0	

Notes

- (1) Deferral balance at the end of the month, Rate of -\$0.00547 to rebate the October 2019 balance of -\$141,066 over 12 months. See page 4 of Exhibit B for October 2019 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/34204.pdf>
- (3) AVU-G-17-01 conversion factor, see page 7 of Exhibit B.
- (4) See page 6 of Exhibit B for 3% test adjustment calculations.
- (5) See page 2 of Exhibit B for estimated carryover balance calculations.

Idaho Non-Residential Natural Gas

Calculate Estimated Monthly Balance through October 2020

Line No.		Ending Balance	Consumer Deposit Interest Rate 2.00%	Amortization
1	Dec-18	(\$137,897)		
4	Jan-19	(\$138,127)	(\$230)	
5	Feb-19	(\$138,357)	(\$230)	
6	Mar-19	(\$138,588)	(\$231)	
7	Apr-19	(\$138,819)	(\$231)	
8	May-19	(\$139,050)	(\$231)	
9	Jun-19	(\$139,282)	(\$232)	
10	Jul-19	(\$139,514)	(\$232)	
11	Aug-19	(\$139,746)	(\$233)	
12	Sep-19	(\$139,979)	(\$233)	
13	Oct-19	(\$140,213)	(\$233)	
14	prior year carryover	-\$853		
15	Nov-19	(\$123,578)	(\$220)	(\$17,709)
16	Dec-19	(\$102,069)	(\$188)	(\$21,696)
17	Jan-20	(\$81,988)	(\$153)	(\$20,234)
18	Feb-20	(\$65,175)	(\$123)	(\$16,936)
19	Mar-20	(\$50,977)	(\$97)	(\$14,294)
20	Apr-20	(\$41,498)	(\$77)	(\$9,557)
21	May-20	(\$35,575)	(\$64)	(\$5,987)
22	Jun-20	(\$30,346)	(\$55)	(\$5,284)
23	Jul-20	(\$24,623)	(\$46)	(\$5,769)
24	Aug-20	(\$18,396)	(\$36)	(\$6,263)
25	Sep-20	(\$12,019)	(\$25)	(\$6,402)
26	Oct-20	(\$45)	(\$10)	(\$11,984)
27	Total		(\$3,409)	(\$142,115)

Summary

28	2018 Deferred Revenue	(\$137,897)
29	Add Prior Year Carryover Balance	-\$853
30	Add Interest through 10/31/2020	(\$3,409)
31	Add Revenue Related Expense Adj.	(\$790)
32	Total Requested Recovery	(\$142,949)
33	Customer Rebate Revenue	(\$142,949)
34	Carryover Deferred Revenue	\$0

Avista Utilities
FCA Mechanism Prior Surcharge or Rebate Amortization
Effective November 1, 2018 - October 31, 2019

Residential Natural Gas Rebate

Line No.	Date	Regulatory Liability Beginning Balance	Interest	Amortization	Regulatory Liability Ending Balance	Interest Rate	June - October Forecast Usage
1	Nov-18	\$ (457,097.50)	(\$355.90)	\$ 60,027.36	\$ (397,426.04)	1.00%	
2	Dec-18	\$ (397,426.04)	(\$299.24)	\$ 76,668.18	\$ (321,057.10)	1.00%	
3	Jan-19	\$ (321,057.10)	(\$473.06)	\$ 74,445.31	\$ (247,084.85)	2.00%	
4	Feb-19	\$ (247,084.85)	(\$337.17)	\$ 89,571.43	\$ (157,850.59)	2.00%	
5	Mar-19	\$ (157,850.59)	(\$211.69)	\$ 61,676.73	\$ (96,385.55)	2.00%	
6	Apr-19	\$ (96,385.55)	(\$132.52)	\$ 33,750.17	\$ (62,767.90)	2.00%	
7	May-19	\$ (62,767.90)	(\$90.89)	\$ 16,464.90	\$ (46,393.89)	2.00%	
8	Jun-19	\$ (46,393.89)	(\$67.09)	\$ 12,273.79	\$ (34,187.19)	2.00%	1,602,323
9	Jul-19	\$ (34,187.19)	(\$48.59)	\$ 10,071.50	\$ (24,164.28)	2.00%	1,314,818
10	Aug-19	\$ (24,164.28)	(\$32.57)	\$ 9,249.56	\$ (14,947.29)	2.00%	1,207,515
11	Sep-19	\$ (14,947.29)	(\$15.24)	\$ 11,602.69	\$ (3,359.84)	2.00%	1,514,712
12	Oct-19	\$ (3,359.84)	\$19.45	\$ 30,065.26	\$ 26,724.87	2.00%	3,924,968

Non-Residential Natural Gas Rebate

Line No.	Date	Regulatory Liability Beginning Balance	Interest	Amortization	Regulatory Liability Ending Balance	Interest Rate	June - October Forecast Usage
13	Nov-18	\$ (270,582.13)	(\$211.96)	\$ 32,452.08	\$ (238,342.01)	1.00%	
14	Dec-18	\$ (238,342.01)	(\$185.16)	\$ 32,295.65	\$ (206,231.52)	1.00%	
15	Jan-19	\$ (206,231.52)	(\$314.87)	\$ 34,614.54	\$ (171,931.85)	2.00%	
16	Feb-19	\$ (171,931.85)	(\$253.16)	\$ 40,067.53	\$ (132,117.48)	2.00%	
17	Mar-19	\$ (132,117.48)	(\$195.24)	\$ 29,946.14	\$ (102,366.58)	2.00%	
18	Apr-19	\$ (102,366.58)	(\$153.61)	\$ 20,395.85	\$ (82,124.34)	2.00%	
19	May-19	\$ (82,124.34)	(\$126.11)	\$ 12,916.96	\$ (69,333.49)	2.00%	
20	Jun-19	\$ (69,333.49)	(\$106.96)	\$ 10,317.52	\$ (59,122.93)	2.00%	966,965
21	Jul-19	\$ (59,122.93)	(\$89.76)	\$ 10,529.24	\$ (48,683.45)	2.00%	986,808
22	Aug-19	\$ (48,683.45)	(\$71.38)	\$ 11,709.46	\$ (37,045.37)	2.00%	1,097,419
23	Sep-19	\$ (37,045.37)	(\$51.31)	\$ 12,519.54	\$ (24,577.14)	2.00%	1,173,340
24	Oct-19	\$ (24,577.14)	(\$21.17)	\$ 23,744.82	\$ (853.49)	2.00%	2,225,382

Avista Utilities
Fixed Cost Adjustment (FCA) 3% Test
2018 Idaho Natural Gas Deferrals

Line No.		Residential	Non-Residential	Total
1	Revenue From 2018 Normalized Loads and Customers at Present Billing Rates (Note 1)	\$46,864,686	\$11,603,480	\$58,468,166
2	November 2019 - October 2020 Usage	63,228,827	25,803,150	
3	Proposed FCA Recovery Rates	\$0.00951	-\$0.00554	
4	Present FCA Recovery Rates (2)	\$0.00000	\$0.00000	
5	Incremental FCA Recovery Rates	\$0.00951	-\$0.00554	
6	Incremental FCA Recovery	\$601,306	(\$142,949)	\$458,357
7	Incremental Surcharge %	1.28%	-1.23%	
8	3% Test Adjustment (2)	\$0	\$0	\$0
9	3% Test Rate Adjustment	\$0.00000	\$0.00000	
10	Adjusted Proposed FCA Recovery Rates	\$0.00951	-\$0.00554	
11	Adjusted Incremental FCA Recovery	\$601,306	(\$142,949)	\$458,357
12	Adjusted Incremental Surcharge %	1.28%	-1.23%	

Notes

(1) Total 2018 weather normalized billing determinants priced at the billing rates effective since 01/01/2019.

(2) As stated on tariff Sheet 175C, the reversal of a rebate rate is not included in the 3% incremental surcharge test. Therefore the present rebate rates of -\$0.00766 Residential and -\$0.01067 Non-Residential are \$0.00000 in this incremental rate calculation.

AVISTA UTILITIES
Revenue Conversion Factor
Idaho - Natural Gas System
TWELVE MONTHS ENDED DECEMBER 31, 2016

Line No.	Description	Factor	
1	Revenues	1.000000	1.000000
	Expense:		
2	Uncollectibles	0.003564	0.003564
3	Commission Fees	0.002275	0.002275
4	Idaho State Income Tax	0.051264	
5	Total Expense	0.057103	0.005839
6	Net Operating Income Before FIT	0.942897	0.994161
7	Federal Income Tax @ 35%	0.330014	
8	REVENUE CONVERSION FACTOR	0.612883	0.994161
	AVU-E-17-01 Settlement Conversion Factor with Tax Reform		
9	Gross Up Factor		1.005873

Avista Utilities
Idaho Jurisdiction
2019 FCA Schedule 175 Filing
Natural Gas Service

Type of Service (a)	Schedule Number (b)	FCA Billing Determinants (c)	Present FCA Rate (d)	Present FCA Revenue (e)	Proposed FCA Increase (f)	Proposed FCA Revenue (g)	Proposed FCA Rate (h)	Incremental Rate change (i)	Present Billing Revenue
General Service	101	63,228,827	\$ (0.00766)	\$ (484,333)	\$ 1,085,639	\$ 601,306	\$ 0.00951	\$ 0.01717	\$ 46,864,686 2.32%
Large General Service	111/112	25,803,150	\$ (0.01067)	\$ (275,320)	\$ 132,370	\$ (142,949)	\$ (0.00554)	\$ 0.00513	\$ 11,603,480 1.14%
Interruptible Service	131/132	0	\$ (0.01067)	\$ -	\$ -	\$ -	\$ (0.00554)	\$ 0.00513	\$ - 0.00%
Excluded Schedules	146/147/159	N/A							\$ 567,440 0.00%
Total		89,031,976		\$ (759,652)	\$ 1,218,009	\$ 458,357			\$ 59,035,606 2.06%
Non-Residential Group Subtotal		25,803,150		(275,320)	132,370	(142,949)			\$ 11,603,480 1.14%

Average Residential Bill @61 therms		
Basic Charge	\$6.00	\$6.00
Per Therm	\$0.65029	\$39.67
Residential Bill at 1/1/2019 rates		
Proposed rate change	\$ 0.01717	\$45.67
Residential Bill at Proposed rates		\$1.05
Proposed Percent Increase		\$46.72
		2.30%

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

AVISTA UTILITIES

CASE NO. AVU-G-19-04

EXHIBIT C

**FCA 2018 Deferred Revenue Calculation
Natural Gas Service**

June 28, 2019

Avista Utilities
Natural Gas Fixed Cost Adjustment Mechanism (Idaho)
Development of Natural Gas Deferrals (Calendar Year 2018)
AVU-G-17-01 FCA Base - Rates Effective 1/1/2018, With Sch 172 Tax Refore Adj - Rates Effective 6/1/2018

Line No.	Source	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018 YTD Total
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(s)
Residential Group														
1	Total Actual Billed Customers	81,663	81,746	81,795	81,891	81,907	82,005	82,164	82,408	82,361	83,068	83,227	83,374	987,609
2	Total Actual Usage (Therms)	8,822,773	9,222,783	7,413,396	5,025,668	1,559,887	1,425,085	1,218,315	1,026,426	1,668,078	4,364,842	7,729,321	10,111,460	59,788,035
3	Total Actual Base Rate Revenue	\$ 4,742,841	\$ 4,954,407	\$ 4,080,380	\$ 2,927,732	\$ 1,285,274	\$ 1,146,997	\$ 1,021,934	\$ 960,488	\$ 1,234,667	\$ 2,656,104	\$ 4,205,656	\$ 5,062,304	\$ 34,278,782
4	Total Actual Fixed Charge Revenue	\$ 461,652	\$ 492,048	\$ 492,970	\$ 493,249	\$ 493,752	\$ 494,834	\$ 495,694	\$ 497,122	\$ 496,611	\$ 500,514	\$ 500,937	\$ 502,168	\$ 5,921,550
5														
6	Existing Customers													
7	Actual Customers on System During Test Year	79,529	79,486	79,429	79,388	79,246	79,159	79,142	79,142	78,874	79,397	79,285	79,219	951,296
8	Monthly Fixed Cost Adj. Revenue per Customer	\$57.34	\$48.82	\$41.58	\$26.93	\$15.12	\$8.64	\$6.80	\$6.73	\$7.99	\$22.41	\$45.64	\$63.21	\$29.30
9	Fixed Cost Adjustment Revenue	\$ 4,560,487	\$ 3,880,207	\$ 3,302,358	\$ 2,138,031	\$ 1,198,275	\$ 683,580	\$ 538,478	\$ 532,522	\$ 630,380	\$ 1,779,109	\$ 3,618,433	\$ 5,007,200	\$ 27,869,061
10														
11	Actual Base Rate Revenue	\$ 4,598,666	\$ 4,827,210	\$ 3,955,176	\$ 2,824,906	\$ 1,230,269	\$ 1,111,646	\$ 988,724	\$ 928,144	\$ 1,196,205	\$ 2,586,393	\$ 4,076,477	\$ 4,849,342	\$ 33,173,160
12	Actual Fixed Charge Revenue	\$ 450,083	\$ 479,194	\$ 479,456	\$ 478,958	\$ 478,604	\$ 478,559	\$ 478,276	\$ 478,212	\$ 476,646	\$ 479,352	\$ 478,328	\$ 478,108	\$ 5,713,775
13	Actual Usage (Therms)	8,546,826	8,986,285	7,182,454	4,842,604	1,477,476	1,384,216	1,183,130	996,461	1,626,807	4,456,509	7,491,523	9,089,944	57,864,235
14														
15														
16	Customer Fixed Cost Adjustment Revenue	\$ 4,148,583	\$ 4,348,016	\$ 3,475,720	\$ 2,345,949	\$ 751,666	\$ 633,088	\$ 510,448	\$ 449,932	\$ 719,560	\$ 2,107,041	\$ 3,598,149	\$ 4,371,233	\$ 27,459,385
17	Residential Revenue Per Customer Received	\$52.16	\$54.70	\$43.76	\$29.55	\$9.49	\$8.00	\$6.45	\$5.69	\$9.12	\$26.54	\$45.38	\$55.18	\$28.87
18	Existing Customer Deferral - Surcharge (Rebate)	\$ 411,904	\$ (467,809)	\$ (173,362)	\$ (207,918)	\$ 446,609	\$ 50,493	\$ 28,030	\$ 82,590	\$ (89,180)	\$ (327,931)	\$ 20,283	\$ 635,967	\$ 409,676
19														
20														
21	New Customers													
22	Actual Customers New Since Test Year	2,134	2,260	2,366	2,503	2,661	2,846	3,022	3,266	3,487	3,671	3,942	4,155	36,313
23	Monthly Fixed Cost Adj. Revenue per Customer	\$54.30	\$46.23	\$39.37	\$25.50	\$14.32	\$8.14	\$6.41	\$6.34	\$7.53	\$21.12	\$43.03	\$59.59	\$27.53
24	Fixed Cost Adjustment Revenue	\$ 115,879	\$ 104,472	\$ 93,151	\$ 63,833	\$ 38,102	\$ 23,170	\$ 19,384	\$ 20,718	\$ 26,273	\$ 77,549	\$ 169,606	\$ 247,589	\$ 999,727
25														
26	Actual Base Rate Revenue	\$ 144,174	\$ 127,196	\$ 125,204	\$ 102,825	\$ 55,004	\$ 35,351	\$ 33,210	\$ 32,344	\$ 38,461	\$ 69,711	\$ 129,179	\$ 212,962	\$ 1,105,622
27	Actual Fixed Charge Revenue	\$ 11,569	\$ 12,854	\$ 13,514	\$ 14,291	\$ 15,148	\$ 16,275	\$ 17,418	\$ 18,910	\$ 19,965	\$ 21,161	\$ 22,609	\$ 24,060	\$ 207,775
28	Actual Usage (Therms)	275,947	236,498	230,942	183,064	82,411	40,869	35,185	29,965	41,272	108,333	237,798	421,516	\$ 1,923,800
29														
30														
31	Fixed Production and UG Storage Rate per Therm	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	\$ 0.02566	
32	Fixed Production and UG Storage Revenue	\$ 7,081	\$ 6,069	\$ 5,926	\$ 4,698	\$ 2,115	\$ 1,049	\$ 903	\$ 769	\$ 1,059	\$ 2,780	\$ 6,102	\$ 10,817	
33	Customer Fixed Cost Adjustment Revenue	\$ 125,524	\$ 108,273	\$ 105,764	\$ 83,836	\$ 37,741	\$ 18,027	\$ 14,889	\$ 12,665	\$ 17,437	\$ 45,769	\$ 100,467	\$ 178,085	\$ 848,478
34	Residential Revenue Per Customer Received	\$58.82	\$47.91	\$44.70	\$33.49	\$14.18	\$6.33	\$4.93	\$3.88	\$5.00	\$12.47	\$25.49	\$42.86	\$23.37
35	New Customer Deferral - Surcharge (Rebate)	\$ (9,645)	\$ (3,801)	\$ (12,613)	\$ (20,003)	\$ 361	\$ 5,143	\$ 4,495	\$ 8,053	\$ 8,836	\$ 31,780	\$ 69,139	\$ 69,504	\$ 151,249
36														
37	Total Residential Deferral - Surcharge (Rebate)	\$ 402,259	\$ (471,611)	\$ (185,975)	\$ (227,921)	\$ 446,970	\$ 55,635	\$ 32,525	\$ 90,643	\$ (80,344)	\$ (296,151)	\$ 89,422	\$ 705,471	\$ 560,925
38	Deferral - Revenue Related Expenses	\$ (2,324)	\$ 2,725	\$ 1,075	\$ 1,317	\$ (2,583)	\$ (321)	\$ (188)	\$ (524)	\$ 464	\$ 1,711	\$ (517)	\$ (4,076)	\$ (3,241)
39	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%	
40	Interest on Deferral	\$ 167	\$ 138	\$ (134)	\$ (306)	\$ (215)	\$ (7)	\$ 29	\$ 80	\$ 85	\$ (71)	\$ (157)	\$ 172	\$ (220)
41	Monthly Residential Deferral Totals	\$ (1,275,403)	\$ (3,390)	\$ 67,643	\$ (326,193)	\$ 37,204	\$ 244,460	\$ 32,366	\$ 90,200	\$ (79,795)	\$ (294,511)	\$ 88,749	\$ 701,567	\$ 557,464
42														
43	Cumulative Residential Deferral (Rebate)/Surcharge	\$ 400,102	\$ (68,646)	\$ (253,681)	\$ (480,591)	\$ (36,419)	\$ 18,888	\$ 51,254	\$ 141,454	\$ 61,659	\$ (232,852)	\$ (144,103)	\$ 557,464	

Avista Utilities
Natural Gas Fixed Cost Adjustment Mechanism (Idaho)
Development of Natural Gas Deferrals (Calendar Year 2018)
AVU-G-17-01 FCA Base - Rates Effective 1/1/2018, With Sch 172 Tax Reford Adj - Rates Effective 6/1/2018

Line No.	Source	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018 YTD Total
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(s)
Non-Residential Group														
1	Revenue Reports	1,454	1,475	1,482	1,491	1,503	1,503	1,500	1,489	1,496	1,513	1,499	1,503	17,908
2	Total Actual Billed Customers	2,764,976	3,139,410	2,672,902	2,030,932	1,156,981	1,363,982	1,114,210	1,117,604	1,374,654	1,944,756	2,680,967	3,076,276	24,437,649
3	Revenue Reports	\$ 840,603	\$ 881,117	\$ 809,555	\$ 647,529	\$ 425,059	\$ 425,077	\$ 367,428	\$ 364,308	\$ 413,725	\$ 531,408	\$ 761,260	\$ 825,713	\$ 7,290,782
4	Total Actual Base Rate Revenue	\$ 148,070	\$ 151,616	\$ 152,849	\$ 153,300	\$ 154,619	\$ 154,366	\$ 154,587	\$ 153,289	\$ 153,775	\$ 155,645	\$ 154,572	\$ 154,562	\$ 1,841,251
5	Revenue Reports													
Existing Customers														
6	(1) - (22)	1,442	1,461	1,462	1,472	1,479	1,480	1,474	1,466	1,472	1,488	1,473	1,476	17,645
7	Actual Customers on System During Test Year	\$481.66	\$381.90	\$276.11	\$221.59	\$156.66	\$156.66	\$159.27	\$195.83	\$151.18	\$238.97	\$394.69	\$446.50	\$296.72
8	Monthly Fixed Cost Adj. Revenue per Customer	\$ 694,557	\$ 646,500	\$ 558,344	\$ 406,436	\$ 327,729	\$ 231,852	\$ 234,758	\$ 287,090	\$ 222,533	\$ 385,354	\$ 581,382	\$ 659,027	\$ 5,235,561
9	Fixed Cost Adjustment Revenue													
10	(3) - (26)	\$ 834,384	\$ 876,056	\$ 791,577	\$ 635,528	\$ 411,655	\$ 415,380	\$ 359,799	\$ 356,759	\$ 405,842	\$ 522,479	\$ 749,492	\$ 809,580	\$ 7,168,532
11	Actual Base Rate Revenue	\$ 145,376	\$ 150,298	\$ 145,752	\$ 151,348	\$ 149,893	\$ 152,099	\$ 151,668	\$ 150,944	\$ 151,194	\$ 153,179	\$ 151,694	\$ 151,789	\$ 1,805,234
12	(4) - (27)	2,747,062	3,124,048	2,615,704	1,987,810	1,115,249	1,339,083	1,090,338	1,091,660	1,348,531	1,913,972	2,638,206	3,015,436	24,027,097
13	Actual Usage (Therms)													
14	(2) - (28)													
15	(11) - (12) - (15)	\$ 689,009	\$ 725,758	\$ 645,825	\$ 484,179	\$ 261,762	\$ 263,281	\$ 208,131	\$ 205,816	\$ 254,648	\$ 369,300	\$ 597,798	\$ 657,791	\$ 5,363,298
16	Customer Fixed Cost Adjustment Revenue	\$477.81	\$496.75	\$441.74	\$328.93	\$176.99	\$177.89	\$141.20	\$140.39	\$172.99	\$248.19	\$405.84	\$445.66	\$303.96
17	Non-Residential Revenue Per Customer Received	\$ 5,548	\$ (79,258)	\$ (87,480)	\$ (77,743)	\$ 65,967	\$ (31,429)	\$ 26,627	\$ 81,274	\$ (32,116)	\$ 16,054	\$ (16,417)	\$ 1,236	\$ (127,737)
18	Existing Customer Deferral - Surcharge (Rebate)													
19	(9) - (16)													
20														
New Customers														
21	Revenue Reports	12	14	20	19	24	23	26	23	24	25	26	27	263
22	Actual Customers New Since Test Year	\$423.01	\$388.62	\$335.40	\$242.49	\$194.61	\$135.89	\$138.15	\$169.87	\$131.13	\$224.64	\$342.36	\$387.29	\$248.09
23	Monthly Fixed Cost Adj. Revenue per Customer	\$ 5,076	\$ 5,441	\$ 6,708	\$ 4,607	\$ 4,671	\$ 3,125	\$ 3,592	\$ 3,907	\$ 3,147	\$ 5,616	\$ 8,901	\$ 10,457	\$ 65,248
24	Fixed Cost Adjustment Revenue													
25	(22) x (23)													
26	Revenue Reports	\$ 6,219	\$ 5,061	\$ 17,978	\$ 12,001	\$ 13,404	\$ 7,697	\$ 7,629	\$ 7,549	\$ 7,883	\$ 8,930	\$ 11,768	\$ 16,133	\$ 122,250
27	Actual Base Rate Revenue	\$ 2,694	\$ 1,318	\$ 7,097	\$ 1,952	\$ 4,726	\$ 2,267	\$ 2,919	\$ 2,346	\$ 2,581	\$ 2,465	\$ 2,878	\$ 2,774	\$ 36,017
28	Actual Fixed Charge Revenue	17,914	15,362	57,198	43,122	41,732	24,899	23,872	25,944	26,124	30,784	42,760	60,840	410,551
29	Actual Usage (Therms)													
30	(9) - (33)													
31	Page 1 wid avg	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770	\$ 0.02770
32	Fixed Production and UG Storage Rate per Therm	\$ 496	\$ 425	\$ 1,584	\$ 1,194	\$ 1,156	\$ 690	\$ 661	\$ 719	\$ 723	\$ 853	\$ 1,184	\$ 1,685	\$ 1,685
33	Customer Fixed Cost Adjustment Revenue	\$ 3,028	\$ 3,317	\$ 9,297	\$ 8,855	\$ 7,522	\$ 4,740	\$ 4,049	\$ 4,485	\$ 4,579	\$ 5,611	\$ 7,705	\$ 11,674	\$ 74,863
34	Non-Residential Revenue Per Customer Received	\$252.35	\$236.96	\$464.84	\$466.07	\$313.42	\$206.09	\$155.73	\$194.98	\$190.78	\$224.46	\$296.36	\$432.37	\$284.65
35	New Customer Deferral - Surcharge (Rebate)	\$ 2,048	\$ 2,123	\$ (2,589)	\$ (4,248)	\$ (2,852)	\$ (1,615)	\$ (457)	\$ (578)	\$ (1,432)	\$ 4	\$ 1,196	\$ (1,217)	\$ (9,615)
36	(18) + (35)	\$ 7,596	\$ (77,135)	\$ (90,069)	\$ (81,991)	\$ 63,115	\$ (33,044)	\$ 26,170	\$ 80,697	\$ (33,547)	\$ 16,058	\$ (15,221)	\$ 19	\$ (137,352)
37	Total Non-Residential Deferral - Surcharge (Rebate)	\$ (44)	\$ 446	\$ 520	\$ 474	\$ (365)	\$ 191	\$ (151)	\$ (466)	\$ 194	\$ (93)	\$ 88	\$ (0)	\$ 794
38	Rev Conv Factor													
39	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%
40	Interest on Deferral	\$ 3	\$ (26)	\$ (95)	\$ (166)	\$ (174)	\$ (162)	\$ (165)	\$ (121)	\$ (101)	\$ (109)	\$ (108)	\$ (115)	\$ (1,339)
41	Monthly Non-Residential Deferral Totals	\$ 7,555	\$ (76,715)	\$ (89,644)	\$ (81,684)	\$ 62,577	\$ (33,015)	\$ 25,854	\$ 80,110	\$ (33,455)	\$ 15,857	\$ (15,241)	\$ (96)	\$ (137,897)
42														
43	Cumulative Non-Residential Deferral (Rebate)/Surcharge	\$ 7,555	\$ (69,160)	\$ (158,803)	\$ (240,487)	\$ (177,910)	\$ (210,926)	\$ (185,072)	\$ (104,962)	\$ (138,417)	\$ (122,560)	\$ (137,801)	\$ (137,897)	
44	Total Cumulative Deferral	\$ 407,657	\$ (137,805)	\$ (412,484)	\$ (721,078)	\$ (214,329)	\$ (192,038)	\$ (133,818)	\$ 36,492	\$ (76,758)	\$ (355,412)	\$ (281,905)	\$ 419,567	
	Res line(43) + Non-Res line (43)													

Avista Utilities
Natural Gas Fixed Cost Adjustment Mechanism (Idaho)
Development of Fixed Cost Adjustment Revenue by Rate Schedule - Natural Gas
AVU-G-17-01 Rates Effective 1/1/2018

	TOTAL	GENERAL SERVICE SCHEDULE 101	LARGE GENERAL SERVICE SCH. 111/112	INTERRUPTIBLE SERVICE SCH. 131,132	TRANSPORTATION SERVICE SCHEDULE 146	TRANSPORTATION SERVICE SCHEDULE 147/159	OTHER SERVICE SCHEDULES
1 Total Normalized Test Year Revenue	\$ 40,652,000	\$ 33,197,000	\$ 6,950,000	\$ -	\$ 402,000	\$ 103,000	\$ 505,000
2 Proposed Revenue Increase	\$ 1,180,000	\$ 1,073,000	\$ 95,000	\$ -	\$ 12,000	\$ -	\$ 12,000
3 Total Base Rate Revenue (January 1, 2016)	\$ 41,832,000	\$ 34,270,000	\$ 7,045,000	\$ -	\$ 414,000	\$ 103,000	\$ 517,000
3A Tax Reform Adjustment Schedule 172	\$ (2,556,000)	\$ (2,099,000)	\$ (432,000)	\$ -	\$ (25,000)	\$ -	\$ (25,000)
3B Tax Reform Adjusted Base Rates (June 1, 2018)	\$ 39,276,000	\$ 32,171,000	\$ 6,613,000	\$ -	\$ 389,000	\$ 103,000	\$ 492,000
4 Normalized Thermos (Test Year)	138,212,674	59,156,634	23,271,119	-	2,891,150	52,893,771	55,784,921
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)	0.02566	0.02770	-	0.01479	-	-
6B Fixed Production and Underground Storage	(New Customers Only)	1,518,089	644,501	-	42,763	-	42,763
7 Subtotal (Ln 3 - Ln 6)	\$ 38,784,000	\$ 32,171,000	\$ 6,613,000	-	-	-	-
7A Subtotal (Ln 3 - Ln 6 - Ln 6B)	\$ 36,621,410	\$ 30,652,911	\$ 5,968,499	-	-	-	-
8 Customer Bills (Test Year)	960,302	943,245	17,057	-	-	-	-
9 Proposed Fixed Charges	\$ -	\$ 6.00	\$ 102.73	-	-	-	-
10 Fixed Charge Revenue (Ln 8 * Ln 9)	\$ 7,411,736	\$ 5,659,470	\$ 1,752,266	-	-	-	-
11 Fixed Cost Adjustment Revenue (Ln 7 - Ln 10)	\$ 31,372,264	\$ 26,511,530	\$ 4,860,734	-	-	-	-
11A Fixed Cost Adjustment Revenue (Ln 7A - Ln 10)	\$ 29,209,674	\$ 24,993,441	\$ 4,216,233	-	-	-	-
Excluded From Fixed Cost Adjustment							
Excluded From Fixed Cost Adjustment							
Fixed Cost Adjustment							
12 Average Number of Customers (Line 8 / 12)		Residential	Non-Residential Group				
13 Annual kWh		78,604	1,421				
14 Basic Charge Revenues		59,156,634	23,271,119				
15 Customer Bills		5,659,470	1,752,266				
16 Average Basic Charge		943,245	17,057				
		\$6.00	\$102.73				

CASE NO. AVU-G-17-01 SETTLEMENT STIPULATION APPENDIX B

Page 1 - Baseline

Avista Utilities
Natural Gas Fixed Cost Adjustment Mechanism (Idaho)
Development of Annual Fixed Cost Adjustment Revenue Per Customer - Natural Gas
AVU-G-17-01 Rates Effective 1/1/2018

Line No.	(a)	Source (b)	Residential (c)	Non-Residential Schedules* (d)
	<u>Existing Customer FCA</u>			
1	Fixed Cost Adjustment Revenue	Page 1	\$ 28,610,530	\$ 5,292,734
2	Test Year Number of Customers	Revenue Data	78,604	1,421
3	Fixed Cost Adjustment Revenue Per Customer	(1) / (2)	\$ 363.98	\$ 3,723.56
	<u>New Customer FCA</u>			
1	Fixed Cost Adjustment Revenue	Page 1	\$ 27,092,441	\$ 4,648,233
2	Test Year Number of Customers	Revenue Data	78,604	1,421
3	Fixed Cost Adjustment Revenue Per Customer	(1) / (2)	\$ 344.67	\$ 3,270.14

* Schedules 111 and 112.

Avista Utilities

Test Year Average Usage per Customer

Residential	Non-Residential
0.78	0.69

AVISTA UTILITIES
Company Settlement Summary by Function with Margin Analysis
Case 2018 Revenue For the Year Ended December 31, 2016

Natural Gas Utility
Idaho Jurisdiction

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)	(k)
					System	Residential	Large Firm	Interrupt	Transport
Line Description					Total	Sch 101	Sch 111	Sch 131	Sch 146
Functional Cost Components at Current Rates									
1 Production					439,493	313,065	123,154	0	3,273
2 Underground Storage					1,693,952	1,143,425	512,561	0	37,966
3 Distribution					26,983,600	21,889,721	4,825,616	0	268,264
4 Common					11,431,954	9,850,686	1,489,089	0	92,179
5 Total Current Rate Revenue					40,549,000	33,196,897	6,950,421	0	401,683
6 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
7 Total Margin Revenue at Current Rates					40,549,000	33,196,897	6,950,421	0	401,683
Margin per Therm at Current Rates									
8 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
9 Underground Storage					\$0.01985	\$0.01933	\$0.02203	\$0.00000	\$0.01313
10 Distribution					\$0.31627	\$0.37003	\$0.20737	\$0.00000	\$0.09279
11 Common					\$0.13399	\$0.16652	\$0.06399	\$0.00000	\$0.03188
12 Total Current Margin Melded Rate per Therm					\$0.47526	\$0.56117	\$0.29867	\$0.00000	\$0.13894
Functional Cost Components at Uniform Current Return									
13 Production					439,493	313,065	123,154	0	3,273
14 Underground Storage					1,647,826	1,218,829	391,188	0	37,809
15 Distribution					26,939,249	22,869,870	3,802,038	0	267,341
16 Common					11,522,432	10,108,759	1,321,649	0	92,024
17 Total Uniform Current Cost					40,549,000	34,510,524	5,638,029	0	400,447
18 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
19 Total Uniform Current Margin					40,549,000	34,510,524	5,638,029	0	400,447
Margin per Therm at Uniform Current Return									
20 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
21 Underground Storage					\$0.01931	\$0.02060	\$0.01681	\$0.00000	\$0.01308
22 Distribution					\$0.31575	\$0.38660	\$0.16338	\$0.00000	\$0.09247
23 Common					\$0.13505	\$0.17088	\$0.05679	\$0.00000	\$0.03183
24 Total Current Uniform Margin Melded Rate per Therm					\$0.47526	\$0.58338	\$0.24228	\$0.00000	\$0.13851
25 Margin to Cost Ratio at Current Rates					1.00	0.96	1.23	0.00	1.00
Functional Cost Components at Proposed Rates									
26 Production					439,486	313,060	123,152	0	3,273
27 Underground Storage					1,765,868	1,205,029	521,349	0	39,489
28 Distribution					27,867,327	22,690,377	4,899,720	0	277,230
29 Common					11,656,320	10,061,430	1,501,200	0	93,690
30 Total Proposed Rate Revenue					41,729,000	34,269,897	7,045,421	0	413,683
31 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
32 Total Margin Revenue at Proposed Rates					41,729,000	34,269,897	7,045,421	0	413,683
Margin per Therm at Proposed Rates									
33 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
34 Underground Storage					\$0.02070	\$0.02037	\$0.02240	\$0.00000	\$0.01366
35 Distribution					\$0.32663	\$0.38356	\$0.21055	\$0.00000	\$0.09589
36 Common					\$0.13662	\$0.17008	\$0.06451	\$0.00000	\$0.03241
37 Total Proposed Margin Melded Rate per Therm					\$0.48909	\$0.57931	\$0.30275	\$0.00000	\$0.14309
Functional Cost Components at Uniform Proposed Return									
38 Production					439,486	313,060	123,152	0	3,273
39 Underground Storage					1,723,320	1,274,669	409,110	0	39,542
40 Distribution					27,826,314	23,595,605	3,953,172	0	277,537
41 Common					11,739,880	10,299,777	1,346,360	0	93,742
42 Total Uniform Proposed Cost					41,729,000	35,483,111	5,831,795	0	414,094
43 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
44 Total Uniform Proposed Margin					41,729,000	35,483,111	5,831,795	0	414,094
Margin per Therm at Uniform Proposed Return									
45 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
46 Underground Storage					\$0.02020	\$0.02155	\$0.01758	\$0.00000	\$0.01368
47 Distribution					\$0.32614	\$0.39887	\$0.16987	\$0.00000	\$0.09600
48 Common					\$0.13760	\$0.17411	\$0.05786	\$0.00000	\$0.03242
49 Total Proposed Uniform Margin Melded Rate per Therm					\$0.48909	\$0.59982	\$0.25060	\$0.00000	\$0.14323
50 Margin to Cost Ratio at Proposed Rates					1.00	0.97	1.21	0.00	1.00
51 Current Margin to Proposed Cost Ratio					0.97	0.94	1.19	0.00	0.97

AVISTA UTILITIES
Revenue Conversion Factor
Idaho - Natural Gas System
TWELVE MONTHS ENDED DECEMBER 31, 2016

<u>Line No.</u>	<u>Description</u>	<u>Factor</u>	
1	Revenues	1.000000	1.000000
	Expenses:		
2	Uncollectibles	0.003564	0.003564
3	Commission Fees	0.002275	0.002275
4	Idaho State Income Tax	0.051264	0
5	Total Expenses	<u>0.057103</u>	<u>0.005839</u>
6	Net Operating Income Before FIT	0.942897	0.994161
7	Federal Income Tax @ 35%	<u>0.330014</u>	
8	REVENUE CONVERSION FACTOR	<u><u>0.612883</u></u>	

Revised per Staff_PR_079, Attachment A

Avista Utilities
Natural Gas Fixed Cost Adjustment Mechanism (Idaho)
Development of Fixed Cost Adjustment Revenue by Rate Schedule - Natural Gas
AVU-G-17-01 Rates Effective 1/1/2018 plus Tax Reform Schedule 172 Effective 6/1/2018

			GENERAL SERVICE SCHEDULE 101	LARGE GENERAL SERVICE SCH. 111/112	OTHER SERVICE SCHEDULES
		TOTAL			
1	Total Staff Adjusted Normalized Test Year Revenue	\$ 40,652,000	\$ 33,197,000	\$ 6,950,000	\$ 505,000
2	Settlement Revenue Increase	\$ 1,180,000	\$ 1,073,000	\$ 95,000	\$ 12,000
3	Total Base Rate Revenue (January 1, 2018)	\$ 41,832,000	\$ 34,270,000	\$ 7,045,000	\$ 517,000
3A	Tax Reform Adjustment Schedule 172	\$ (2,556,000)	\$ (2,099,000)	\$ (432,000)	\$ (25,000)
3B	Tax Reform Adjusted Base Rates (June 1, 2018)	\$ 39,276,000	\$ 32,171,000	\$ 6,613,000	\$ 492,000
4	Normalized Therms (Test Year)	138,212,674	59,156,634	23,271,119	55,784,921
5	WACOG Rate Embedded in Base Rates	\$ -	\$ -	\$ -	\$ -
6	Variable Gas Cost Revenue (Ln 4 * Ln 5)	\$ -	\$ -	\$ -	\$ -
6A	Fixed Production and Underground Storage Rate per (New Customers Only)	\$ 0.02566	\$ 0.02770		
6B	Fixed Production and Underground Storage Revenue (New Customers Only)	\$ 2,205,353	\$ 1,518,089	\$ 644,501	\$ 42,763
7	Subtotal (Ln 3 - Ln 6)	(Test Year Customers) \$ 38,784,000	\$ 32,171,000	\$ 6,613,000	Excluded From Fixed Cost Adjustment
7A	Subtotal (Ln 3 - Ln 6 - Ln 6B)	(New Customers) \$ 36,621,410	\$ 30,652,911	\$ 5,968,499	
8	Customer Bills (Test Year)	960,302	943,245	17,057	
9	Settlement Fixed Charges		\$ 6.00	\$ 102.73	
10	Fixed Charge Revenue (Ln 8 * Ln 9)	\$ 7,411,736	\$ 5,659,470	\$ 1,752,266	
11	Fixed Cost Adjustment Revenue (Ln 7 - Ln 10)	(Test Year Customers) \$ 31,372,264	\$ 26,511,530	\$ 4,860,734	
11A	Fixed Cost Adjustment Revenue (Ln 7A - Ln 10)	(New Customers) \$ 29,209,674	\$ 24,993,441	\$ 4,216,233	
12	Average Number of Customers (Line 8 / 12)		Residential 78,604	Non-Residential Group 1,421	
13	Annual Therms		59,156,634	23,271,119	
14	Basic Charge Revenues		5,659,470	1,752,266	
15	Customer Bills		943,245	17,057	
16	Average Basic Charge		\$6.00	\$102.73	

Avista Utilities
Natural Gas Fixed Cost Adjustment Mechanism (Idaho)
Development of Annual Fixed Cost Adjustment Revenue Per Customer - Natural Gas
AVU-G-17-01 Rates Effective 1/1/2018 plus Tax Reform Schedule 172 Effective 6/1/2018

Line No.	Source	Residential	Non-Residential Schedules*
(a)	(b)	(c)	(d)
<u>Existing Customer FCA</u>			
1 Fixed Cost Adjustment Revenue	Page 1	\$ 26,511,530	\$ 4,860,734
2 Test Year Number of Customers	Revenue Data	\$ 78,604	\$ 1,421
3 Fixed Cost Adjustment Revenue Per Customer	(1) / (2)	\$ 337.28	\$ 3,419.64
<u>New Customer FCA</u>			
1 Fixed Cost Adjustment Revenue	Page 1	\$ 24,993,441	\$ 4,216,233
2 Test Year Number of Customers	Revenue Data	\$ 78,604	\$ 1,421
3 Fixed Cost Adjustment Revenue Per Customer	(1) / (2)	\$ 317.97	\$ 2,966.22
* Schedules 111 and 112.			
Revenues			
From revenue per customer		\$ 26,511,473	\$ 4,860,733
From basic charge		\$ 5,659,470	\$ 1,752,266
From gas supply		\$ -	\$ -
Total		\$ 32,170,943	\$ 6,612,999

Avista Utilities

**Natural Gas Fixed Cost Adjustment Mechanism (Idaho)
Development of Monthly Fixed Cost Adjustment Revenue Per Customer - Natural Gas
AVU-G-17-01 Rates Effective 1/1/2018 plus Tax Reform Schedule 172 Effective 6/1/2018**

Line No.	(a)	Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	Natural Gas Sales														
2	<i>Residential</i>														
3	- Weather-Normalized Therm Delivery Volume	Monthly Test Year	9,319,909	7,933,964	6,757,265	4,377,085	2,457,565	1,514,614	1,193,367	1,180,168	1,401,784	3,930,171	8,004,649	11,086,092	59,156,634
4	- % of Annual Total	% of Total	15.75%	13.41%	11.42%	7.40%	4.15%	2.56%	2.02%	1.99%	2.37%	6.64%	13.53%	18.74%	100.00%
5															
6	<i>Non-Residential/Sales*</i>														
7	- Weather-Normalized Therm Delivery Volume	Monthly Test Year	3,010,243	2,765,523	2,386,786	1,725,613	1,384,859	1,066,070	1,083,827	1,332,665	1,028,780	1,762,355	2,685,935	3,038,463	23,271,119
8	- % of Annual Total	% of Total	12.94%	11.88%	10.26%	7.42%	5.95%	4.58%	4.66%	5.73%	4.42%	7.57%	11.54%	13.06%	100.00%
9															
10															
11															
12															
13	Monthly Fixed Cost Adjustment Revenue Per Customer ("RPC")														
14	<i>For Test Year Existing Customers</i>														
15	<i>Residential</i>														
16	- Allowed Fixed Cost Adj. Revenue per Customer	Page 2													\$ 337.28
17	- Allowed Monthly Fixed Cost Adj. Revenue per Customer	(3) x (14)	\$ 53.14	\$ 45.24	\$ 38.53	\$ 24.96	\$ 14.01	\$ 8.64	\$ 6.80	\$ 6.73	\$ 7.99	\$ 22.41	\$ 45.64	\$ 63.21	\$ 337.28
18	<i>Non-Residential/Sales*</i>														
19	- Allowed Fixed Cost Adj. Revenue per Customer	Page 2													\$ 3,419.64
20	- Allowed Monthly Fixed Cost Adj. Revenue per Customer	(7) x (18)	\$ 442.35	\$ 406.39	\$ 350.73	\$ 253.58	\$ 203.50	\$ 156.66	\$ 159.27	\$ 195.83	\$ 151.18	\$ 258.97	\$ 394.69	\$ 446.50	\$ 3,419.64
21															
22	For New Customers														
23	<i>Residential</i>														
24	- Allowed Fixed Cost Adj. Revenue per Customer	Page 2													\$ 317.97
25	- Allowed Monthly Fixed Cost Adj. Revenue per Customer	(3) x (24)	\$ 50.09	\$ 42.65	\$ 36.32	\$ 23.53	\$ 13.21	\$ 8.14	\$ 6.41	\$ 6.34	\$ 7.53	\$ 21.12	\$ 43.03	\$ 59.59	\$ 317.97
26															
27	<i>Non-Residential/Sales*</i>														
28	- Allowed Fixed Cost Adj. Revenue per Customer	Page 2													\$ 2,966.22
29	- Allowed Monthly Fixed Cost Adj. Revenue per Customer	(7) x (28)	\$ 383.70	\$ 352.50	\$ 304.23	\$ 219.95	\$ 176.52	\$ 135.89	\$ 138.15	\$ 169.87	\$ 131.13	\$ 224.64	\$ 342.36	\$ 387.29	\$ 2,966.22
30	#REF!														
31	Normalized Test Year Usage														
32	Small Service Schedule 101		9,319,909	7,933,964	6,757,265	4,377,085	2,457,565	1,514,614	1,193,367	1,180,168	1,401,784	3,930,171	8,004,649	11,086,092	59,156,634
33	Large Service Schedule 111/112		3,010,243	2,765,523	2,386,786	1,725,613	1,384,859	1,066,070	1,083,827	1,332,665	1,028,780	1,762,355	2,685,935	3,038,463	23,271,119
34	Interrupt Service Schedule 131/132														
35	Transport Service Schedule 146		258,551	330,679	255,099	294,126	255,691	218,925	201,080	207,868	208,303	216,161	222,877	221,790	2,891,150
36	Special Contract Transport		5,371,194	5,432,014	4,400,560	3,420,592	3,413,413	2,907,702	6,185,831	3,246,590	4,217,669	8,303,818	167,594	5,826,794	52,893,771
37	Total Normalized Test Year Usage		17,959,896	16,462,180	13,799,710	9,817,416	7,511,328	5,707,311	8,664,105	5,967,291	6,856,537	14,212,505	11,081,055	20,173,139	138,212,674
38															
39	Normalized Test Year Customer Bills														
40	Small Service Schedule 101		78,021	78,174	78,273	78,247	78,230	78,297	78,357	78,634	78,840	79,010	79,433	79,729	943,245
41	Large Service Schedule 111/112		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
42	Interrupt Service Schedule 131/132														
43	Transport Service Schedule 146		6	6	6	6	6	6	6	6	6	6	6	6	72
44	Special Contract Transport														24
45	Total Normalized Test Year Customer Bills		79,440	79,598	79,711	79,680	79,671	79,731	79,793	80,060	80,267	80,438	80,864	81,145	960,398
46															
47															
48	Test Year Average Usage per Customer														
49	Residential		119	101	86	56	31	19	15	15	18	50	101	139	752
50	Non-Residential		2,133	1,953	1,669	1,211	966	748	759	940	725	1,241	1,888	2,158	16,391

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)	(k)
Line Description					System Total	Residential Service Sch 101	Large Firm Service Sch 111	Interrupt Service Sch 131	Transport Service Sch 146
Functional Cost Components at Current Rates									
1 Production					439,493	313,065	123,154	0	3,273
2 Underground Storage					1,693,952	1,143,425	512,561	0	37,966
3 Distribution					26,983,600	21,889,721	4,825,616	0	268,264
4 Common					11,431,954	9,850,686	1,489,089	0	92,179
5 Total Current Rate Revenue					40,549,000	33,196,897	6,950,421	0	401,683
6 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
7 Total Margin Revenue at Current Rates					40,549,000	33,196,897	6,950,421	0	401,683
Margin per Therm at Current Rates									
8 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
9 Underground Storage					\$0.01985	\$0.01933	\$0.02203	\$0.00000	\$0.01313
10 Distribution					\$0.31627	\$0.37003	\$0.20737	\$0.00000	\$0.09279
11 Common					\$0.13399	\$0.16652	\$0.06399	\$0.00000	\$0.03188
12 Total Current Margin Melded Rate per Therm					\$0.47526	\$0.56117	\$0.29867	\$0.00000	\$0.13894
Functional Cost Components at Uniform Current Return									
13 Production					439,493	313,065	123,154	0	3,273
14 Underground Storage					1,647,826	1,218,829	391,188	0	37,809
15 Distribution					26,939,249	22,869,870	3,802,038	0	267,341
16 Common					11,522,432	10,108,759	1,321,649	0	92,024
17 Total Uniform Current Cost					40,549,000	34,510,524	5,638,029	0	400,447
18 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
19 Total Uniform Current Margin					40,549,000	34,510,524	5,638,029	0	400,447
Margin per Therm at Uniform Current Return									
20 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
21 Underground Storage					\$0.01931	\$0.02060	\$0.01681	\$0.00000	\$0.01308
22 Distribution					\$0.31575	\$0.38660	\$0.16338	\$0.00000	\$0.09247
23 Common					\$0.13505	\$0.17088	\$0.05679	\$0.00000	\$0.03183
24 Total Current Uniform Margin Melded Rate per The					\$0.47526	\$0.58338	\$0.24228	\$0.00000	\$0.13851
25 Margin to Cost Ratio at Current Rates					1.00	0.96	1.23	0.00	1.00
Functional Cost Components at Proposed Rates									
26 Production					439,486	313,060	123,152	0	3,273
27 Underground Storage					1,765,868	1,205,029	521,349	0	39,489
28 Distribution					27,867,327	22,690,377	4,899,720	0	277,230
29 Common					11,656,320	10,061,430	1,501,200	0	93,690
30 Total Proposed Rate Revenue					41,729,000	34,269,897	7,045,421	0	413,683
31 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
32 Total Margin Revenue at Proposed Rates					41,729,000	34,269,897	7,045,421	0	413,683
Margin per Therm at Proposed Rates									
33 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
34 Underground Storage					\$0.02070	\$0.02037	\$0.02240	\$0.00000	\$0.01366
35 Distribution					\$0.32663	\$0.38356	\$0.21055	\$0.00000	\$0.09589
36 Common					\$0.13662	\$0.17008	\$0.06451	\$0.00000	\$0.03241
37 Total Proposed Margin Melded Rate per Therm					\$0.48909	\$0.57931	\$0.30275	\$0.00000	\$0.14309
Functional Cost Components at Uniform Proposed Return									
38 Production					439,486	313,060	123,152	0	3,273
39 Underground Storage					1,723,320	1,274,669	409,110	0	39,542
40 Distribution					27,826,314	23,595,605	3,953,172	0	277,537
41 Common					11,739,880	10,299,777	1,346,360	0	93,742
42 Total Uniform Proposed Cost					41,729,000	35,483,111	5,831,795	0	414,094
43 Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
44 Total Uniform Proposed Margin					41,729,000	35,483,111	5,831,795	0	414,094
Margin per Therm at Uniform Proposed Return									
45 Production					\$0.00515	\$0.00529	\$0.00529	\$0.00000	\$0.00113
46 Underground Storage					\$0.02020	\$0.02155	\$0.01758	\$0.00000	\$0.01368
47 Distribution					\$0.32614	\$0.39887	\$0.16987	\$0.00000	\$0.09600
48 Common					\$0.13760	\$0.17411	\$0.05786	\$0.00000	\$0.03242
49 Total Proposed Uniform Margin Melded Rate per TI					\$0.48909	\$0.59982	\$0.25060	\$0.00000	\$0.14323
50 Margin to Cost Ratio at Proposed Rates					1.00	0.97	1.21	0.00	1.00
51 Current Margin to Proposed Cost Ratio					0.97	0.94	1.19	0.00	0.97

AVISTA UTILITIES
Revenue Conversion Factor
Idaho - Natural Gas System
TWELVE MONTHS ENDED DECEMBER 31, 2016

Line No.	Description	Factor
1	Revenues	1.000000
2	Expenses:	
	Uncollectibles	0.003564
3	Commission Fees	0.002275
4	Idaho State Income Tax	0
5	Total Expenses	<u>0.005839</u>
6	Net Operating Income Before FIT	0.994161
7	Federal Income Tax @ 21%	<u>0.198699</u>
8	REVENUE CONVERSION FACTOR	<u><u>0.747489</u></u>

Includes Tax Reform SIT and FIT rate changes