



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

April 23, 2019

Attention: Filing Center
Public Utility Commission of Oregon
201 High St SE
Suite 100
Salem, OR 97301

RE: Avista Corp. Oregon Division Results of Operations

The enclosed filing is Avista's combined earnings report meant to satisfy the reporting requirements associated with UM-903 (associated Order 99-272), AR-357 Rulemaking (associated Order 99-284) as well as the standard Oregon annual reporting requirements. For UM-903 purposes, Avista makes no adjustment to normalize for weather, per the stipulation approved by Order No. 98-543. The following is a summary of the results:

Please see the attached report for the twelve-months ended December 31, 2019, along with accompanying workpapers, for the Oregon Division of Avista Corp. The results of the report was as follows:

	Per UM-903	Annual Report After All Type I	Annual Report After Type II
Rate of Return	5.69%	5.69%	5.68%
Implied Return on Equity	6.09%	6.09%	6.07%

Per the requirements of UM 1286, Order No. 14-238 the Company is to file concurrently with the annual Results of Operations a notice of an "intent to request amortization effective November 1" for any non-gas deferral it intends to amortize with the PGA, that requires a separate earnings test. Please allow this letter to serve as notice the Company intends to propose an amortization for the

deferral associated with the 2020 deferral of Commission Fees¹ effective November 1, 2020. Included in this filing are deferral summary workpapers associated with the Commission Fee deferral.

Please direct any questions on this matter to me at (509) 495-4324.

Sincerely,

/s/ Annette M. Brandon

Annette M. Brandon
Manager of Regulatory Affairs
Annette.brandon@avistacorp.com

¹ This account defers the difference between the .30 rate embedded in customers rate and the new rate of .35 effective in 2020.

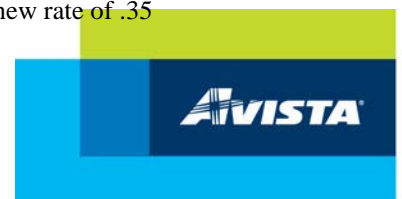


TABLE I

AVISTA UTILITIES
Oregon
Twelve Months Ending December 31, 2019

	Per Results Reports	Earnings Test Adjustments (fr/ Table II)	Earnings Test Results UM-903	Weather Normalization Sales/Purch	Total Type I Results	Total Type II Adjustments (fr/ Table III)	Earnings Test Incl. Type II Adj.	
	A	B	C	D	E	F	G	
OPERATING REVENUES								
1	Total General Business	\$88,988,789	0	\$88,988,789	(\$998,375)	\$87,990,414	0	\$87,990,414
2	Transportation	2,951,251	0	2,951,251	0	2,951,251	0	2,951,251
3	Other	52,794,063	0	52,794,063	566,267	53,360,330	(13,630,552)	39,729,778
4	Total Operating Revenues	144,734,103	0	144,734,103	(432,108)	144,301,995	(13,630,552)	130,671,443
OPERATING EXPENSES								
5	Gas Purchased	81,288,532	0	81,288,532	(418,378)	80,870,154	(13,618,219)	67,251,935
6	Operations & Maintenance	17,804,666	53,722	17,858,388	(2,029)	17,856,359	0	17,856,359
7	Administrative & General	9,936,157	(437,160)	9,498,997	(2,019)	9,496,978	0	9,496,978
8	Taxes Other Than Income	8,067,115	0	8,067,115	(9,641)	8,057,474	0	8,057,474
9	Depreciation & Amortization	11,331,500	0	11,331,500	0	11,331,500	0	11,331,500
10	Total Operating Expenses	128,427,970	(383,438)	128,044,532	(432,067)	127,612,465	(13,618,219)	113,994,246
11	OPERATING INCOME BEFORE INCOME TAX	16,306,133	383,438 0	16,689,571	(41)	16,689,530	(12,333)	16,677,197
INCOME TAXES								
12	Current Federal Income Taxes	(1,129,215)	114,529	(1,014,686)	(8)	(1,014,694)	(2,429)	(1,017,123)
13	Deferred Federal Income Taxes	2,248,418	0	2,248,418	0	2,248,418	0	2,248,418
14	State Income Taxes	0	36,011	36,011	(3)	36,008	(764)	35,244
15	Total Income Taxes	1,119,203	150,540	1,269,743	(11)	1,269,732	(3,193)	1,266,539
16	NET OPERATING INCOME	\$15,186,930	\$232,898	\$15,419,828	(\$30)	\$15,419,798	(\$9,140)	\$15,410,658
AVERAGE RATE BASE								
17	Utility Plant in Service	\$474,206,670	0	\$474,206,670	\$0	\$474,206,670	0	\$474,206,670
18	Less: Accumulated Depreciation & Amortization	(135,953,742)	0	(135,953,742)	0	(135,953,742)	0	(135,953,742)
19	Net Utility Plant	338,252,928	0	338,252,928	0	338,252,928	0	338,252,928
20	Accumulated Deferred Income Taxes	(72,786,603)	0	(72,786,603)	0	(72,786,603)	0	(72,786,603)
21	Inventory and Other	5,690,030	0	5,690,030	0	5,690,030	0	5,690,030
22	TOTAL AVERAGE RATE BASE	\$271,156,355	\$0	\$271,156,355	\$0	\$271,156,355	\$0	\$271,156,355
23	RATE OF RETURN	5.60%		5.69%		5.69%		5.68%
(4)	IMPLIED RETURN ON EQUITY	5.91%		6.09%		6.09%		6.07%
UM-903 Earnings Test Calculation								
25	EARNINGS THRESHOLD - Return on Equity			10.40% ⁽¹⁾				
26	EQUITY EARNINGS AT THRESHOLD RATE			\$14,078,134				
27	EQUITY EARNINGS ACTUAL			\$8,243,831				
28	100% OF NOI EXCEEDING THRESHOLD			(\$5,834,303)				
29	100% OF REVENUE EXCEEDING THRESHOLD			(\$8,119,561)				
30								
32	33% REVENUE ADJ DUE TO SPRING REVIEW () = Under Threshold			(\$2,679,455)				
33								
34	Conversion factor			0.718549				
AVISTA COST OF CAPITAL								
		Capital Structure (2)	Cost (3)	Weighted Cost				
	Long-Term Debt and Preferred Securities	50.08%	5.30%	2.65%				
	Common Equity	49.92%	9.40%	4.69%				
	Total	100.00%		7.34%				

Type I: Adjustments for uncollectible estimate, debt synchronization, salaries, incentives, dues, prior period true-ups

Type II: Adjustment for Gas Cost Incentive

(1) Gas Earnings Threshold (GET) based on Oregon Staff Memo from Matt Muldoon/Brian Fjeldheim dated January 17, 2020 with Avista's amount 10.40%.

(2) Five-quarter Average Actual Capital Structure.

(3) Five-quarter Actual Average Cost.

AVISTA UTILITIES
Oregon
Type I Adjustments
Twelve Months Ending December 31, 2019

	Uncollectible Expense Adj.	Salaries & Wages & Adj.	Incentive Pay Adj.	Memberships & Dues & Dues Adj.	Miscellaneous True Ups Adj.	Restate Debt Interest	Total Type I Adjustments
	(1a)	(1b)	(1c)	(1d)	(1e)	(1f)	
OPERATING REVENUES							
1	Total General Business	-	-	-	-	-	-
2	Transportation	-	-	-	-	-	-
3	Other	-	-	-	-	-	-
4	Total Operating Revenues	-	-	-	-	-	-
OPERATING EXPENSES							
5	Gas Purchased	-	-	-	-	-	-
6	Operations & Maintenance	323,684	(4,811)	-	(265,151)	-	53,722
7	Administrative & General	-	-	(411,305)	(25,855)	-	(437,160)
8	Taxes Other Than Income	-	-	-	-	-	-
9	Depreciation & Amortization	-	-	-	-	-	-
10	Total Operating Expenses	323,684	(4,811)	(411,305)	(25,855)	-	(383,438)
11	OPERATING INCOME BEFORE INCOME TA	(323,684)	4,811	411,305	25,855	265,151	-
INCOME TAXES							
12	Current Federal Income Taxes	(63,763)	948	81,024	5,093	52,233	38,994
13	Deferred Federal Income Taxes	-	-	-	-	-	-
14	State Income Taxes	(20,049)	298	25,476	1,601	16,424	12,261
15	Total Income Taxes	(83,812)	1,246	106,500	6,694	68,657	51,255
16	NET OPERATING INCOME	(239,872)	3,565	304,805	19,161	196,494	(51,255)
AVERAGE RATE BASE							
17	Utility Plant in Service	-	-	-	-	-	-
18	Less: Accumulated Depreciation & Amortizati	-	-	-	-	-	-
19	Net Utility Plant	-	-	-	-	-	-
20	Accumulated Deferred Income Taxes	-	-	-	-	-	-
21	Inventory and Other	-	-	-	-	-	-
22	TOTAL AVERAGE RATE BASE	-	-	-	-	-	-

TABLE III

AVISTA UTILITIES
Oregon
Type II Adjustments
Twelve Months Ending December 31, 2019

	Gas Cost Adjustment	Total Type II Adjustments
	(2a)	
OPERATING REVENUES		
1 Total General Business	-	-
2 Transportation	-	-
3 Other	(13,630,552)	(13,630,552)
4 Total Operating Revenues	<u>(13,630,552)</u>	<u>(13,630,552)</u>
OPERATING EXPENSES		
5 Gas Purchased	(13,618,219)	(13,618,219)
6 Operations & Maintenance	-	-
7 Administrative & General	-	-
8 Taxes Other Than Income	-	-
9 Depreciation & Amortization	-	-
10 Total Operating Expenses	<u>(13,618,219)</u>	<u>(13,618,219)</u>
11 OPERATING INCOME BEFORE INCOME TAX	(12,333)	(12,333)
INCOME TAXES		
12 Current Federal Income Taxes	(2,429)	(2,429)
13 Deferred Federal Income Taxes	-	-
14 State Income Taxes	(764)	(764)
15 Total Income Taxes	<u>(3,193)</u>	<u>(3,193)</u>
16 NET OPERATING INCOME	<u>(9,140)</u>	<u>(9,140)</u>
AVERAGE RATE BASE		
17 Utility Plant in Service	-	-
18 Less: Accumulated Depreciation & Amortization	-	-
19 Net Utility Plant	<u>-</u>	<u>-</u>
20 Accumulated Deferred Income Taxes	-	-
21 Inventory and Other	<u>-</u>	<u>-</u>
22 TOTAL AVERAGE RATE BASE	<u>-</u>	<u>-</u>

AVISTA UTILITIES
Oregon
Twelve Months Ending December 31, 2019
Results of Operations

	Rate	Adjustments
OPERATING REVENUES		
1	Total General Business	\$ 88,988,789
2	Transportation	2,951,251
3	Other	52,794,063
4	Total Operating Revenues	<u>144,734,103</u>
OPERATING EXPENSES		
5	Gas Purchased	81,288,532
6	Operations & Maintenance	17,804,666
	Uncollectible expense adjustment	-
7	Administrative & General	9,936,157
	Commission fees adjustment	-
	Energy Resource Supplier Assessment adj	-
8	Taxes Other Than Income	8,067,115
	Franchise Fee	-
9	Depreciation & Amortization	11,331,500
10	Total Operating Expenses	<u>128,427,970</u>
11	OPERATING INCOME BEFORE INCOME TAX	16,306,133
INCOME TAXES		
		-
12	Current Federal Income Taxes	(1,129,215)
13	Deferred Federal Income Taxes	2,248,418
14	State Income Taxes	-
15	Total Income Taxes	<u>1,119,203</u>
16	NET OPERATING INCOME	<u>\$ 15,186,930</u>
AVERAGE RATE BASE		
17	Utility Plant in Service	\$ 474,206,670
18	Less: Accumulated Depreciation & Amortization	(135,953,742)
19	Net Utility Plant	<u>338,252,928</u>
20	Accumulated Deferred Income Taxes	(72,786,603)
21	Inventory and Other	<u>5,690,030</u>
22	TOTAL AVERAGE RATE BASE	<u>\$ 271,156,355</u>