



**Avista Corp.**

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

January 19, 2016

Public Utility Commission of Oregon  
Attn: Filing Center  
PO Box 2148  
Salem, OR 97308-2148

**RE: UG 288 – Second Partial Settlement Stipulation**

Attached are an original and two copies of the Second Partial Settlement Stipulation and Motion to Admit the Second Partial Settlement Stipulation in Docket UG-288.

Please direct any questions regarding this filing to Patrick Ehrbar at (509) 495-8620.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Meyer", is written over a horizontal line. The signature is stylized and cursive.

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

Enclosure

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 UG 288

4 In the Matter of )  
5 AVISTA CORPORATION, dba AVISTA ) SECOND PARTIAL SETTLEMENT  
6 UTILITIES ) STIPULATION  
7 )  
8 Request for a General Rate Revision. )

9  
10 This Second Partial Settlement Stipulation (“Stipulation”) is entered into for the purpose  
11 of resolving an additional issue in this Docket.

12 **PARTIES**

13 The Parties to this Stipulation are Avista Corporation (“Avista” or the “Company”), the  
14 Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board of  
15 Oregon (“CUB”), and the Northwest Industrial Gas Users (“NWIGU”) (collectively, “Parties”).  
16 These Parties represent all who intervened and appeared in this proceeding.

17  
18 **BACKGROUND**

19 1. On May 1, 2015, Avista filed revised Tariff Schedules to effect a general rate  
20 increase for Oregon retail customers of \$8,557,000 or 8.0 percent of its annual revenues. The  
21 filing was suspended by the Commission on May 6, 2015, per its Order No. 15-143. Settlement  
22 conferences were held with the parties on September 15, 2015, and again, on October 20, 2015,  
23 resulting in a Partial Settlement Stipulation that was filed with the Commission on November 6,  
24 2015. In the Stipulation, the parties agreed on several (but not all) adjustments to the proposed

1 revenue requirement, resulting in a reduction in Avista's revenue requirement increase from  
2 \$8.557 million to a base revenue increase of \$6.741 million.<sup>1</sup>

3 2. On December 30, 2015, the Company revised its requested revenue requirement  
4 from \$6.741 million to \$6.447 million based on revisions to the Bonus Depreciation adjustment  
5 to results of operations to reflect the benefit of bonus tax depreciation in 2015 and its impact on  
6 federal income tax payments.

7 3. As a result of further discussions among the Parties concerning the treatment of  
8 Bonus Depreciation in this case, the Parties have agreed to resolve this issue in the manner set  
9 forth below.

#### 10 **TERMS OF SECOND PARTIAL SETTLEMENT STIPULATION**

11 4. **Bonus Depreciation:** The Company's revenue requirement contained in its Reply  
12 Testimony was \$6,741,000. On December 30, 2015, the Company filed revised testimony, and  
13 sections of its Post Hearing Brief, to reflect a reduction of \$294,000 related to the effects of  
14 Bonus Depreciation. The Parties agree to reduce the revenue requirement by \$675,000, instead  
15 of \$294,000, to factor in the benefits of 2015 bonus depreciation and its impact on accumulated  
16 deferred federal income taxes (ADFIT). As a result, the Company's proposed revenue  
17 requirement is now \$6,066,000. This adjustment results from an additional reduction to rate base  
18 related to ADFIT. This adjustment is based on the level of capital additions for 2015 that were  
19 pro formed in the Company's original filing of approximately \$43 million. If the Commission  
20 approves 2015 capital additions less than the amount pro formed by the Company, \$675,000  
21 reduction to revenue requirement should be reduced by a pro rata amount.

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<sup>1</sup> The Parties also agreed on several other non-revenue requirement related items. This includes a natural gas decoupling mechanism, the movement of the Company's energy efficiency programs to the Energy Trust of Oregon, and rate design (not rate spread) items.

1           5.    This Stipulation will be offered into the record in this proceeding as evidence  
2 pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this  
3 proceeding and any appeal. The Parties further agree to provide witnesses to sponsor the  
4 Stipulation at any hearing held, or, in a Party's discretion, to provide a representative at the  
5 hearing authorized to respond to the Commission's questions on the Party's position as may be  
6 appropriate.

7           6.    If this Stipulation is challenged by any other party to this proceeding, the Parties to  
8 this Stipulation reserve the right to cross-examine witnesses and put on such case as they deem  
9 appropriate to respond fully to the issues presented, including the right to raise issues that are  
10 incorporated in the Settlement embodied in this Stipulation. Notwithstanding this reservation of  
11 rights, the Parties agree that they will continue to support the Commission's adoption of the  
12 terms of this Stipulation.

13           7.    The Parties have negotiated this Stipulation as an integrated document. If the  
14 Commission rejects all or any material portion of this Stipulation, or imposes additional material  
15 conditions in approving this Stipulation, any Party disadvantaged by such action shall have the  
16 rights provided in OAR 860-001-0350(9) and shall be entitled to seek reconsideration or appeal  
17 of the Commission's Order.

18           8.    By entering into this Stipulation, no Party shall be deemed to have approved,  
19 admitted, or consented to the facts, principles, methods, or theories employed by any other Party  
20 in arriving at the terms of this Stipulation. No Party shall be deemed to have agreed that any  
21 provision of this Stipulation is appropriate for resolving the issues in any other proceeding.

1           9. This Stipulation may be executed in counterparts and each signed counterpart shall  
2 constitute an original document. The Parties further agree that any facsimile copy of a Party's  
3 signature is valid and binding to the same extent as an original signature.


4           10. This Stipulation may not be modified or amended except by written agreement  
5 among all Parties who have executed it.

6           This Stipulation is entered into by each Party on the date entered below such Party's  
7 signature.

8           DATED this 19<sup>+4</sup> day of January 2016.

9  
10 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON

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14 By:   
15 David J. Meyer

By: \_\_\_\_\_  
Michael Weirich

16  
17 Date: Jan 19, 2016  
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Date: \_\_\_\_\_

20 NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF  
OREGON

21  
22  
23 By: \_\_\_\_\_  
24 Chad M. Stokes

By: \_\_\_\_\_  
Sommer Templet Moser

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26 Date: \_\_\_\_\_

Date: \_\_\_\_\_

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STAFF OF THE PUBLIC UTILITY  
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By:   
\_\_\_\_\_  
Michael Weirich

Date: 1/19/16

CITIZENS' UTILITY BOARD OF  
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