



**Avista Corp.**

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Telephone 509-489-0500  
Toll Free 800-727-9170

May 18, 2020

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

**RE: UG 389 – Partial Settlement Stipulation**

Attached for electronic filing, in lieu of physical copies as permitted in Order No. 20-088, is the Partial Settlement Stipulation and Motion to Admit the Partial Settlement Stipulation and Joint Testimony in Docket UG-389.

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

Sincerely,

/s/ David J. Meyer

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 389

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

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10 This Partial Settlement Stipulation (“Stipulation”) is entered into for the purpose of  
11 resolving several, but not all, issues 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 Oregon Citizens’ Utility Board  
15 (“CUB”), and the Alliance of Western Energy Consumers (“AWEC”) (collectively, “Parties”).  
16 These Parties represent all who intervened and appeared in this proceeding.

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18 **BACKGROUND**

19 1. On March 13, 2020, Avista filed revised tariff schedules to effect a general rate  
20 increase for Oregon retail customers of \$6,777,000, or 6.8% of its annual revenues. The filing was  
21 suspended by the Commission on March 16, 2020, per its Order No. 20-086.

22 2. Pursuant to Administrative Law Judge Allen J. Arlow’s Prehearing Conference  
23 Notice of Telephone Prehearing Conference Memorandum of April 3, 2020, a telephonic  
24 settlement conference was held on May 7, 2020.

1 3. As a result of the settlement discussions, the Parties have agreed to settle all issues in  
2 this Docket concerning the Cost of Capital, including Capital Structure, Long-Term Debt Cost and  
3 Return on Equity, subject to the approval of the Commission.  
4

5 **TERMS OF PARTIAL SETTLEMENT STIPULATION**

6 4. **Adjustments to Revenue Requirement:**

7 The Parties support reducing Avista’s requested revenue requirement to reflect the  
8 adjustment to the Cost of Capital discussed below. The adjustments reached in this partial  
9 settlement amount to a total reduction in Avista’s revenue requirement increase request from  
10 \$6.777 million to a base revenue increase request of \$5.685 million. The new base revenue increase  
11 request is subject to further adjustment.

12 This Stipulation represents the settlement of the revenue requirement issues resulting from  
13 the Cost of Capital in the Company’s filing. The Parties support the adjustments to Avista’s  
14 revenue requirement request shown in Table No. 1 below:

15 **Table No. 1 – Summary of Adjustments to Revenue Requirement and Rate Base**

	Revenue Requirement	Rate Base
	\$6,777	\$304,664
<b>Cost of Capital</b>		
Adjusts return on equity to 9.40%, long-term debt cost to 5.07%, with a common stock equity component of 50%, and overall Cost of Capital of 7.24%.	(1,092)	-
<b>Total Adjustments:</b>	<b>(1,092)</b>	<b>\$0</b>
	<b>\$5,685</b>	<b>\$304,664</b>

21 The following information provides an explanation for each of the adjustments in Table No. 1  
22 above.

1            Rate of Return (-\$1,092,000): This adjustment reduces Avista’s requested cost of  
2 capital to an overall cost of capital equal to 7.24% based on the following components: a capital  
3 structure consisting of 50% common stock equity and 50% long-term debt, return on equity of  
4 9.40%, and a long-term debt cost of 5.07%. This combination of capital structure and capital costs  
5 is shown in the schedule below.<sup>1</sup>

AGREED-UPON COST OF CAPITAL			
	Capital Structure	Debt Cost	Weighted Cost
Long Term Debt	50.00%	5.07%	2.54%
Common Equity	50.00%	9.40%	4.70%
Total	100.00%		7.24%

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10            5. The Parties agree that this Stipulation is in the public interest and results in an overall  
11 fair, just and reasonable outcome, and will serve to reduce the number of contested adjustments in  
12 this case.

13            6. The Parties agree that this Stipulation represents a compromise in the positions of the  
14 Parties. Without the written consent of all Parties, evidence of conduct or statements, including  
15 but not limited to term sheets or other documents created solely for use in settlement conferences  
16 in this Docket, are not admissible in the instant or any subsequent proceeding unless independently  
17 discoverable or offered for other purposes allowed under ORS 40.190. Nothing in this paragraph  
18 precludes a party from stating as a factual matter what the Parties agreed to in this Stipulation or  
19 in the Parties’ testimony supporting the Stipulation.

20            7. Further, this Stipulation sets forth the entire agreement between the Parties and  
21 supersedes any and all prior communications, understandings, or agreements, oral or written,  
22 between the Parties pertaining to the subject matter of this Stipulation.

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<sup>1</sup> The agreed-upon capital structure (50/50) and cost of equity (9.4%) represent a continuation of currently-approved levels approved in UG-366.

1           8. 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 hearing  
5 authorized to respond to the Commission's questions on the Party's position as may be appropriate.

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

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

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

21           12. This Stipulation may be executed in counterparts and each signed counterpart shall  
22 constitute an original document. Given the circumstances surrounding physical access to facsimile  
23 or other forms of signature due to the COVID-19 epidemic, the Parties further agree that any

1 electronically-generated Party signatures are valid and binding to the same extent as an original  
2 signature.

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

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

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8 AVISTA CORPORATION  
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12 By:  /s/ David J. Meyer  
13 David J. Meyer  
14  
15 Date:  May 18, 2020  
16

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON  
  
By: \_\_\_\_\_  
Johanna Riemenschneider  
  
Date: \_\_\_\_\_

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18 ALLIANCE OF WESTERN ENERGY  
19 CONSUMERS  
20  
21 By: \_\_\_\_\_  
22 Chad M. Stokes  
23  
24 Date: \_\_\_\_\_

OREGON CITIZENS' UTILITY BOARD  
  
By: \_\_\_\_\_  
Michael P. Goetz  
  
Date: \_\_\_\_\_

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11  
12 By: \_\_\_\_\_  
13 David J. Meyer

By: /s/ Johanna Riemenschneider  
Johanna Riemenschneider

14  
15 Date: \_\_\_\_\_

Date: May 15, 2020

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Johanna Riemenschneider

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

OREGON CITIZENS' UTILITY BOARD

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Michael P. Goetz

Date: May 15, 2020



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