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August 17, 2023

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

RE: UG 461 – Joint Testimony in Support of Second Settlement Stipulation

Attached for electronic filing, in lieu of physical copies as permitted in Order No. 20-088, is the Joint Testimony in Support of the Second Partial Settlement Stipulation in Docket UG-461. Also enclosed is Exhibit No. Stipulating Parties/201, which is a copy of the Second Settlement Stipulation.

Please direct any questions regarding this filing to Liz Andrews at (509) 495-8601.

Sincerely,

/s/ David J. Meyer

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

Enclosure

PUBLIC UTILITY COMMISSION
OF
OREGON

UG 461

STAFF/AVISTA/AWEC/CUB/
SIERRA CLUB/CLIMATE SOLUTIONS

EXHIBIT 200

Joint Testimony in Support of the
Second Settlement Stipulation

August 17, 2023

I. INTRODUCTION

Q. Please state your names and positions.

A. My name is Matt Muldoon. I am employed as Manager, Accounting and Finance Section within the Rates, Safety, and Utility Performance Program of the Public Utility Commission of Oregon. My witness qualification was previously provided in Stipulating Parties/102 Muldoon/1.

My name is Kaylene J. Schultz. I am employed by Avista Corporation ("Company") as a Manager of Regulatory Affairs in the Regulatory Affairs Department. I am a graduate from Gonzaga University with a Bachelor of Business Administration degree, majoring in both Accounting and Business Administration, with a concentration in Management Information Systems. After spending nearly eight years in the banking and capital markets sector, I joined Avista in September 2015 as a Natural Gas Analyst in the Company's Gas Supply Department, now Energy Supply. In January 2019, I joined the Regulatory Affairs Department as a Regulatory Affairs Analyst where I was responsible for preparing various annual filings and applications. In my current role as Manager of Regulatory Affairs, my primary areas of responsibility include preparation of general rate case filings, annual power supply-related filings, among other things.

My name is Joseph D. Miller. I am employed by Avista Corporation ("Company") and presently assigned to the Regulatory Affairs Department as Senior Manager of Rates and Tariffs. I am a 1999 graduate of Portland State University with a Bachelor's degree in Business Administration, majoring in Accounting. In 2005, I graduated from Gonzaga University with a Master's degree in Business Administration. I joined the Company in March 2008, after spending eight years in both the public and private accounting sector. I started with Avista as a Natural Gas Accounting Analyst in the Company's Resource Accounting Department. In January 2009, I joined the State and Federal Regulation Department as a Regulatory Analyst. My primary responsibility was coordinating discovery for the Company's general rate case (GRC) filings. In my current role as Senior Manager of Rates and Tariffs, I am responsible for the Company's electric and natural gas rate design, customer usage and revenue analysis, and tariff administration, among other things.

My name is John Garrett. I am a Utility Analyst for the Oregon Citizens' Utility Board ("CUB"). My responsibilities include reviewing, analyzing, and providing expert testimony and comments on various filings before the PUC, such as general rate cases, integrated resource plans, transportation electrification plans. My witness qualification was previously provided in CUB/102-Garrett-Jenks/1.

My name is Bradley G. Mullins, and I am a consultant representing utility customers before state public utility commissions in the Northwest and Intermountain West. I am appearing in this matter on behalf of the Alliance of Western Energy Consumers ("AWEC"), a non-profit trade association of commercial and industrial electric and gas users in the states of Oregon, Idaho and Washington. My witness qualification statement can be found in Exhibit AWEC/101 Mullins/1.

My name is Dylan Plummer and I am a Senior Campaign Representative with Sierra Club. My qualifications are provided at Exhibit No. Stipulating Parties/202.

My name is Greer Ryan and I am the Clean Buildings Policy Manager with Climate Solutions, a regional non-profit focused on accelerating clean energy solutions to the climate crisis. My qualifications are found in Exhibit Environmental Intervenors/301 Ryan/1. Both Mr. Plummer and I are providing testimony on behalf of Sierra Club and Climate Solutions (collectively "Environmental Intervenors").

Hereafter, Staff, the Company, CUB, AWEC and Environmental Intervenors will collectively be referred to as the "Stipulating Parties" or "Parties."

Q. What is the purpose of your Joint Testimony?

A. The purpose of our Joint Testimony is to describe and support the Second Settlement Stipulation, filed on August 3, 2023, between Staff, CUB, AWEC, Environmental Intervenors and the Company in Docket UG-461 (Second Settlement Stipulation), which resolved all remaining issues among the Parties for the general rate increase filed on March 1, 2023. The Second Settlement Stipulation is the product of settlement discussions, open to all parties in this proceeding.

Q. Have you prepared any Exhibits?

A. Yes. The Parties' Exhibit No. Stipulating Parties/201 is the Second Settlement Stipulation filed with the Commission on August 3, 2023. The First Settlement Stipulation was previously filed on May 8, 2023, addressing cost of capital, and marked as Exhibit No. Stipulating Parties/101, supported by Joint Testimony marked as Exhibit No. Stipulating Parties/100.

II. BACKGROUND

Q. Please describe the background behind the Company's original general rate case filing.

A. On March 1, 2023, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of $10,991,000, or 7.4% of its annual revenues. The filing was suspended by the Commission on March 2, 2023, per its Order No. 23-065. On April 18, 2023, and later on April 28, 2023, virtual settlement conferences were held to discuss Cost of

Capital issues. All of the Parties participated in the settlement discussions.

As a result of those first virtual settlement discussions, the Settling Parties[1] agreed to settle all issues in this Docket concerning the Cost of Capital, including Capital Structure, Long-Term Debt Cost and Return on Equity, subject to the approval of the Commission. The First Settlement Stipulation was filed on May 8, 2023 (First Settlement Stipulation).

Staff, CUB, AWEC, and Environmental Intervenors filed Opening Testimony on July 7, 2023, in response to the Company's original filing on March 1, 2023. On July 24, 2023, a third settlement conference was held and was attended by all Parties.

As a result of the settlement discussion held on July 24, 2023, the Parties have agreed to settle all remaining issues in this Docket. This includes adjustments to the revenue requirement, rate spread and rate design issues, line extension policy, changes to the process for cost recovery related to Avista's proposed Climate Protection Program (CPP) tariff, deductions related to political activities including CPP litigation costs and gas association dues, natural gas meter testing, equity advisory group, capital attestation, customer tax credits, pension loss deferral, and non-pipe alternatives (NPA), based on the following terms, subject to the approval of the Commission.

Q. What was the Company's position with respect to the factors causing the Company's need for a natural gas revenue increase?

A. The Company explained in its original filing that the primary factor driving the Company's natural gas revenue requirement is an increase in net plant investment (including return on investment, depreciation and taxes, offset by the tax benefit of interest) from that

[1] The "Settling Parties" to the Partial Multiparty Settlement Stipulation, filed on May 8, 2023, are Avista, Staff, and AWEC. CUB and Environmental Intervenors did not join that settlement.

currently authorized. Other changes impacting the Company's revenue requirement requests relate to increases in distribution, operations and maintenance (O&M), and administrative and general (A&G) expenses for natural gas operations, compared to current authorized levels.

Q. Please provide how many data requests Avista responded to, and the general issues explored.

A. Avista responded to 451 data requests, with over 700 subparts, including 121 that were provided with the Company's filed case. The data requests covered a broad range of areas including, but not limited to, cost of capital, plant-in-service, employee wages and benefits, insurance, operating and maintenance costs, state and federal taxes, regulatory expense and various administrative and general related expenses, as well as issues related to load forecasting, line extension policy, CPP costs and tariff, natural gas meter testing, and Avista's long run incremental cost study.

Q. Did Staff, CUB, AWEC and the Environmental Intervenors propose adjustments to the Company's Initial Filing?

A. Yes, each of these parties filed Opening Testimony on July 7, 2023, in which the Parties proposed adjustments to the Company's direct filing.

III. SUMMARY OF THE FIRST SETTLEMENT STIPULATION

Q. What revenue requirement adjustments to Avista's originally filed case are included in the First Settlement Stipulation?

A. The adjustments reached in the First Settlement Stipulation resulted in a total reduction in Avista's revenue requirement increase request from $10.991 million to a base revenue increase request of $9.362 million. The adjustments to Avista's revenue requirement reflected in the First Partial Settlement Stipulation are shown in Table No. 1 below:

<u>Table No. 1 – Summary of Adjustments to Revenue Requirement and Rate Base (Partial Settlement)</u>

	Revenue Requirement	Rate Base
	$10,991	**$351,283**
Cost of Capital		
Adjusts return on equity to 9.50%, long-term debt cost to 4.969%, with a common stock equity component of 50%, and overall Cost of Capital of 7.235%.	**(1,629)**	**-**
Total Adjustments:	**($1,629)**	**$0**
	$9,362	**$351,283**

This adjustment reduces Avista's requested Cost of Capital to an overall Cost of Capital equal to 7.235 percent based on the following components: a Capital Structure consisting of 50 percent Common Stock Equity and 50 percent Long-Term Debt, Return on Equity (ROE) of 9.50 percent, and a Long-Term Debt cost of 4.969 percent. This combination of capital structure and capital costs is shown in the Table No. 2 below.

<u>Table No. 2 – Agreed-Upon Cost of Capital</u>

AGREED-UPON COST OF CAPITAL			
	Capital Structure	**Cost**	**Weighted Cost**
Cost of Long-Term (LT) Debt	50.00%	4.969%	2.485%
Return on Common Equity (ROE)	50.00%	9.500%	4.750%
Total	100.00%		7.235%

IV. TERMS OF THE SECOND SETTLEMENT STIPULATION

Q. What is the proposed effective date for this general rate case?

A. The proposed rate effective date is January 1, 2024. Upon approval of the First and Second Settlement Stipulations, Avista will file revised rate schedules reflecting rates as agreed-upon in the Settlement Stipulations as a compliance filing, effective January 1, 2024.

Q. What revenue requirement adjustments to Avista's originally filed case are included in the Second Settlement Stipulation (Exhibit No. Stipulating Parties/201)?

A. The Parties support further reductions to Avista's requested revenue requirement to reflect the additional adjustments discussed below. The adjustments reached in this Second Stipulation through negotiation, which resolve all remaining issues, amount to a further reduction in Avista's revenue requirement increase request from $9.362 million (as shown above) to a base revenue increase request of $7.160 million. The Parties support the further adjustments to Avista's revenue requirement request, as shown in Table No. 3 below:

<u>Table No. 3 – Summary of Adjustments to Revenue Requirement and Rate Base (Second Stipulation)</u>

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE ($000s of Dollars)			
		Revenue Requirement	**Rate Base**
	Results of Partial Settlement Stipulation:	**$9,362**	**$351,283**
Second Settlement Stipulation Adjustments:			
a	**Meter Testing Expense** This adjustment removes a level of meter testing expense in the Test Year.	**(300)**	
b	**09.30.2022 Plant-in-Service - EOP to AMA Rate Base** This adjustment extends accumulated depreciation (A/D) and accumulated deferred federal income taxes (ADFIT) on plant-in-service at September 30, 2022 into the Test Year on an AMA basis.	**(680)**	**(7,756)**
c	**Depreciation Expense - Depreciation Study** This adjustment captures the impact of the Settlement Stipulation in UM 2277 - Avista's Depreciation Study.	**(780)**	
d	**Depreciation Expense - Capital Additions Update** Related to Item e. This adjustment updates depreciation expense and A/D on updated Q4 2022 & 2023 capital additions.	**208**	**(418)**
e	**Rate Base - Capital Additions Update** Related to Item d. This adjustment updates gross plant and ADFIT on updated Q4 2022 & 2023 capital additions.	**363**	**4,145**
f	**Distribution Plant (New Growth Capital Additions)** This adjustment removes a level of pro formed new growth capital additions included in the case.	**(599)**	**(6,829)**
g	**Load Forecast** This adjustment is related to an updated load forecast for the Test Year.	**431**	
h	**Uncollectible Expense** This adjustment is related to a reduction in uncollectible expense.	**(100)**	
i	**Miscellaneous Accounts** This adjustment decreases Miscellaneous Accounts to reflect an updated compounded CPI based on a seasonally adjusted Q4 2022, and May 2023 All-Urban CPI publication for 2023 & 2024.	**(13)**	
j	**Customer Service Expenses - O&M Non-Labor** This adjustment decreases Customer Service Expenses - O&M Non-Labor to reflect an updated compounded CPI based on a seasonally adjusted Q4 2022, and May 2023 All-Urban CPI publication for 2023 & 2024.	**(35)**	
k	**Distribution Expenses - O&M Non-Labor** This adjustment decreases Distribution - O&M Non-Labor to reflect an updated compounded CPI based on a seasonally adjusted Q4 2022, and May 2023 All-Urban CPI publication for 2023 & 2024.	**(98)**	
l	**Wages & Salaries** This adjustment is related to reductions associated with the Company's overall increases for payroll, overtime, and associated payroll taxes, as well as updating to reflect a more current publication of CPI (May 2023).	**(154)**	**(89)**

	Second Settlement Stipulation Adjustments (Continued):	Revenue Requirement	Rate Base
m	**Expense Misallocations** This adjustment removes a certain level of expense from the base year.	**(271)**	
n	**Allocation Factor Expenses** This adjustment retains allocation factors at Base Year factors for certain DSM related expenses.	**(27)**	
o	**FERC Account 923 - Base Year Expenses (legal fees)** Related to Item p. This adjustment removes certain Base Year litigation costs from the case.	**(54)**	
p	**Escalation on FERC Account 923 - Base Year Expenses (legal fees)** Related to Item o. This adjustment removes the escalation on certain Base Year litigation costs from the case.	**(3)**	
q	**AGA-NWGA Lobbying Costs** This adjustment removes certain AGA-NWGA expenses from the case.	**(90)**	
	Total Adjustments:	**($2,202)**	**($10,947)**
	Adjusted Base Revenue Requirement & Rate Base after Second Settlement Stipulation:	**$7,160**	**$340,336**

Q. Do the Stipulating Parties agree on all of the methodologies employed by the Parties to determine each adjustment?

A. No, the Parties do not necessarily agree upon the methodologies used to determine the final adjustments included in the Stipulation, however the Parties believe that the agreed-upon adjustments result in a reasonable financial settlement to address all of the issues in this docket, and result in an overall revenue requirement and rate spread and rate design that will produce rates that are fair, just and reasonable.

The following information provides an explanation for each of the adjustments in Table No. 3 above.

Q. What is the basis of the Second Stipulation relating to Issue (a), Meter Testing Expense?

A. Staff proposed an adjustment to remove a level of meter testing expense in the Test Year.[2] For settlement purposes, the Parties agree to remove an agreed-upon level of

[2] In this case, "Test Year" is defined as the twelve months ending December 31, 2024.

expense, thereby reducing the proposed revenue requirement by $300,000.

Q. Please describe Issue (b), 09.30.2022 Plant-in-Service – EOP to AMA Rate Base.

A. Staff proposed an adjustment to extend accumulated depreciation (A/D) and accumulated deferred federal income taxes (ADFIT) on plant-in-service at September 30, 2022 into the Test Year on an average of monthly averages (AMA) basis. For settlement purposes, the Company accepts Staff's adjustment, but reserves the right in future proceedings to address this issue. This adjustment reduces the proposed revenue requirement by $680,000, as well as reduces rate base by $7,756,000.

Q. Please discuss Issue (c), Depreciation Expense – Depreciation Study.

A. Staff and AWEC proposed an adjustment that captures the impact of updating depreciation rates based on the Settlement Stipulation in UM 2277, Avista's "Request for Authority to Revise Natural Gas Book Depreciation Rates and Deferred Accounting." For settlement purposes, the Parties agree to incorporate the effects of the UM 2277 settlement in this case, thereby reducing the proposed revenue requirement by $780,000.

Q. Please explain the basis of the Second Stipulation relating to Issue (d), Depreciation Expense – Capital Additions Update.

A. Related to Issue (e), Staff proposed an adjustment to update depreciation expense and A/D on updated Q4 2022 and 2023 capital additions. For settlement purposes, the Parties agree to increase to an agreed-upon level of expense and rate base, thereby increasing the proposed revenue requirement by $208,000 and decreasing rate base by $418,000.

Q. Please discuss the basis of the Second Stipulation relating to Issue (e), Rate

Base – Capital Additions Update.

A. Related to Issue (d), Staff proposed an adjustment to update depreciation expense and A/D on updated Q4 2022 and 2023 capital additions. The Company proposed an adjustment that updates pro formed gross plant and ADFIT on updated Q4 2022 & 2023 capital additions to match the incremental expense and rate base agreed to in Item d. For settlement purposes, the Parties agree to include the gross plant and ADFIT associated with the depreciation expense and A/D included in Item d above, thereby increasing the proposed revenue requirement by $363,000. This adjustment also increases rate base by $4,145,000.

Q. Please discuss Issue (f), Distribution Plant (New Growth Capital Additions).

A. Staff proposed an adjustment to remove a level of pro formed new growth capital additions included in the case. This adjustment decreases rate base by $6,829,000, which removes 2024 growth capital, and a substantial portion of growth plant pro formed for 2023, to an agreed-upon level for settlement purposes. The effect of this adjustment reduces the revenue requirement by $599,000. The Company understands that it must demonstrate in future rate proceedings that it has accurately reflected its line extension allowances into its total revenue requirement.

Q. Please explain the basis of the Second Stipulation relating to Issue (g), Load Forecast.

A. The Company presented an updated load forecast for the Test Year. For settlement purposes, the Parties agree to use the billing determinants from the updated load forecast. This adjustment increases the proposed revenue requirement by $431,000.

Q. What is the basis of the Second Stipulation relating to Issue (h),

Uncollectible Expense?

A. In their testimony, Staff proposed updating the level of uncollectible expense included in the case. For settlement purposes, the Parties agreed to a reduction to the agreed-upon level of uncollectible expense, thereby reducing the proposed revenue requirement by $100,000.

Q. How did the Parties arrive at the Second Stipulation relating to Issue (i), Miscellaneous Accounts?

A. Staff proposed an adjustment to Miscellaneous Accounts to reflect an updated compounded CPI, based on seasonally adjusting Q4 2022, and using a more current publication of the All-Urban CPI for calendar 2023 and half of 2024. For settlement purposes, the Parties agree to use Staff's methodology, but with an updated compounded CPI based on the May 2023 publication for 2023 and 2024, for a reduction to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $13,000.

Q. Please discuss the basis of the Second Stipulation relating to Issue (j), Customer Service Expenses – O&M Non-Labor.

A. Staff proposed an adjustment to Customer Service Expenses – O&M Non-Labor to reflect an updated compounded CPI (described in Item i. above). For settlement purposes, the Parties agree to use an updated compounded CPI based on the May 2023 publication for 2023 and 2024, for a reduction to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $35,000.

Q. Please explain the basis of the Second Stipulation relating to Issue (k), Distribution Expenses – O&M Non-Labor.

A. Staff proposed an adjustment to Distribution Expenses – O&M Non-Labor to reflect an updated compounded CPI (described in Item i. above), among other things. For settlement purposes, the Parties agree to use an updated compounded CPI based on the May 2023 publication for 2023 and 2024, for a reduction to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $98,000.

Q. What is the basis of the Second Stipulation relating to Issue (l), Wages and Salaries?

A. Staff proposed reductions associated with the Company's overall increases for payroll, overtime, and associated payroll taxes, as well as an update to reflect a more current publication of CPI. For settlement purposes, the Parties agreed to a reduction in wages and salaries, resulting in a reduction in the revenue requirement of $154,000 and pro formed rate base of $89,000.

Q. How did the Parties arrive at the Second Stipulation relating to Issue (m), Expense Misallocations?

A. In testimony, Staff proposed to remove certain expenses in the Base Year[3] which Staff believed were not applicable to Oregon operations and thus incorrectly allocated. For settlement purposes, the Parties agree to an agreed-upon reduction to expense, resulting in a reduction in the revenue requirement of $271,000.

Q. Please discuss the basis of the Second Stipulation relating to Issue (n), Allocation Factor Expenses.

A. AWEC proposed an adjustment to leave certain demand side management (DSM) expenses at the Base Year allocation factors. For settlement purposes, the Parties agree to a reduction in an agreed-upon level of expense, resulting in a decrease in the revenue

[3] In this case, "Base Year" is defined as the twelve months ending September 30, 2022.

requirement of $27,000.

Q. Please explain the basis of the Second Stipulation relating to Issue (o), FERC Account 923 – Base Year Expenses (legal fees).

A. Environmental Intervenors proposed an adjustment to remove from the case Base Year litigation costs associated with Avista's lawsuit challenging the Climate Protection Program. Environmental Intervenors believe these costs to be counter to the public interest because they are effectively political expenses incurred to challenge legislation that promotes public and environmental health. For settlement purposes, the Parties agree to a reduction in expense, thereby decreasing the revenue requirement by $54,000.

Q. How did the Parties arrive at the Second Stipulation relating to Issue (p), Escalation on FERC Account 923 – Base Year Expenses (legal fees)?

A. Related to Issue (o) above, for settlement purposes, the Parties agree to remove the escalation included in the case on the expenses removed in Issue o. This adjustment decreases the proposed revenue requirement by $3,000.

Q. What is the basis of the Second Stipulation relating to Issue (q), AGA-NWGA Lobbying Costs?

A. In their testimony, Environmental Intervenors proposed removing certain American Gas Association (AGA) and Northwest Gas Association (NWGA) expenses from the case. Environmental Intervenors do not believe such expenses are in the public interest because a substantial portion of these industry associations' activities involves promoting methane gas industry interests using means that negatively impact public and environmental health. For instance, these associations litigate and lobby against climate and public health measures nationwide, as well as organize and fund advertising campaigns to promote gas use and misinform the public about non-fossil energy. For settlement purposes, the Parties agree to a reduction in expense, thereby decreasing the proposed revenue requirement by $90,000.

Q. Please describe the remaining terms of the Second Settlement Stipulation agreed to by the Parties (Exhibit No. Stipulating Parties/201)?

A. The remaining terms of the Second Settlement Stipulation as provided in Exhibit No. Stipulating Parties/201 are provided below.

Resolution of Rate Spread

Q. What is the agreement of the Parties relating to rate spread?

A. The Parties agree that Schedules 424/440/444/456 will receive 10% of the overall base margin percentage change, Schedule 410 will receive the same as the overall base margin percentage change, and the remaining revenue requirement will be applied to Schedule 420 as shown in Table No. 4 below (and as provided on page 1 of Attachment A to this Second Stipulation):[4]

Table No. 4: Agreed-Upon Rate Spread

Type of Service	Schedule Number	Distribution Revenue Increase	**Distribution Revenue Percentage Increase**	Incremental Schedule 486 Tax Customer Credit	**Total Billed Revenue Increase**	**Total Billed Revenue Percentage Increase**
Residential	410	$4,655	**9.4%**	($161)	**$4,494**	**5.1%**
General Service	420	$2,458	**11.5%**	($48)	**$2,410**	**5.8%**
Large General Service	424/425	$7	**0.9%**	($1)	**$5**	**0.1%**
Interruptible Service	439/440	$19	**0.9%**	($3)	**$17**	**0.1%**
Seasonal Service	444	$0	**0.9%**	($0)	**$0**	**0.2%**
Transportation Service	456	$21	**0.9%**	($3)	**$17**	**0.8%**
Total		$7,160	**9.4%**	($216)	**$6,944**	**4.7%**

* Billed Revenue includes base rate revenue plus revenues associated with natural gas supply, energy efficiency, intervenor funding, and other items.

[4] For settlement purposes, Parties agree to use the billing determinants from the updated load forecast.

Q. Please explain why the Second Stipulation regarding rate spread is reasonable.

A. The Stipulating Parties agree that the rate spread show in Table No. 4 above represents a compromise that fairly balances the interests of the Stipulating Parties. While the Parties may each hold different positions on rate spread issues, the Stipulating Parties support the Stipulation on rate spread and believe it results in rates that are fair, just and reasonable.

<u>Resolution of Rate Design</u>

Q. What is the agreement of the Parties relating to rate design?

A. The Parties agree to the Basic Charge levels as proposed by Avista in its original filing[5] with the exception of Schedule 410. Schedule 410 will receive a $0.75 per month increase in the Basic Charge (instead of $1.50). Attachment A, page 2 to this Second Stipulation provides the agreed-upon base rates.[6] Avista agrees to present a rate design for Schedule 456 customers that includes a contract demand charge in its next GRC.

<u>Long Run Incremental Cost Study (LRIC)</u>

Q. What is the agreement of the Parties relating to the LRIC?

A. No Party agrees or adopts the LRIC methodologies proposed by any party in this proceeding. Avista agrees to perform an analysis of the reasonableness of using contract demands for transportation customers in its Cost of Service study and include the results of

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[5] Schedule 420 would see a $2 per month increase in the customer charge, from $17 per month to $19 per month. Schedules 424/425 would see a $5 per month increase in the customer charge, from $55 per month to $60 per month. Finally, Schedule 456 would see a $25 per month increase in the customer charge, from $300 per month to $325 per month.

[6] The agreed-upon billing determinants reflect the updated load adjustments as discussed in Section 7 item g above.

that analysis in its next GRC.

Residential Bill Change

Q. What is the impact to the average residential bill as a result of the agreement of the Parties?

A. For the revenue requirement included in this Stipulation, based on an average usage level of 47 therms per month, the average bill for a Schedule 410 residential customer, which includes both base and adder schedules[7], would increase $4.07 per month, or 5.3 percent, from $77.01 to $81.08.

Decoupling Base

Q. Please describe any changes to the natural gas decoupling base as a result of the agreement by the Parties.

A. Attachment B to the Second Stipulation reflects the new decoupling base effective January 1, 2024, that is supported by the Parties. The new decoupling base provides the "Monthly Allowed Customers" and "Monthly Decoupled Revenue per Customer" which incorporate the effects of the settlement revenue requirement and billing determinants discussed above.

Line Extension Policy

Q. What is the agreement of the Parties relating to the Company's Line Extension Policy?

A. The Parties agree that Avista's line extension allowance for connecting new customers will be $2,500 in 2024, $1,250 in 2025, $750 in 2026, and $0 in 2027. In its

[7] "Adder" schedules recover costs associated with natural gas supply (Schedules 461 and 462), energy efficiency (Schedules 469 and 478), intervenor funding (Schedule 476), and other items.

Compliance Filing, Avista will file revised tariffs (Rule 15 and Rule 16) effectuating this change and has agreed that these changes will be reflected and updated in future revenue requirement figures.

Climate Protection Policy (CPP) Costs and Tariffs

Q. What is the agreement of the Parties relating to the CPP Costs and Tariffs?

A. Avista agrees not to file a CPP tariff rider until 2024 or until actual costs are incurred to purchase Avista's first Community Climate Investment credits, whichever is later. No party is precluded from opposing any part of the Company's CPP tariff rider filing.

Natural Gas Meter Testing

Q. What is the agreement of the Parties relating to the Natural Gas Meter Testing?

A. The Parties agree to the following changes with regards to Avista's Natural Gas Meter Testing:

i. Avista agrees to replace Oregon meters that utilize the meter constant adjustment. Such meters would be replaced as soon as practicable, but no later than December, 2028.

ii. Avista will modify its natural gas meter testing such that the practice of testing meter families will start after 5 years of service, and will no longer wait to "fail" meter families (i.e., remove tightening procedures). In its Compliance Filing, Avista will file a revised Rule 18 effectuating this change.

iii. Avista will use its best efforts to pursue recovery of metering costs through applicable warranties should meters be deemed failed through its testing processes.

iv. By April 30, 2024, and annually thereafter, Avista will file its meter testing results for the prior calendar year with the Commission.

Equity Advisory Group

Q. What is the agreement of the Parties relating to the Equity Advisory Group?

A. Avista agrees to formulate an Equity Advisory Group in 2024, to be in effect no later than January 2025. Within three months of a Commission order approving this Stipulation, Avista will conduct a workshop, inviting Stipulating Parties, Community Action Partnership of Oregon (CAPO) and other interested participants from environmental justice communities to discuss the membership, scope and planned activities of the Equity Advisory Group. Stipulating Parties may conduct outreach to additional parties for inclusion in the Equity Advisory Group. Furthermore, the Parties also agree:

i. **AOLIEE:**

a. The current Schedule 485 AOLIEE authorized budget of approximately $821,000 would be increased to a total of $2.0 million (without a change in the present level of customer funding in this case).
b. Avista is to conduct home energy assessments for high-usage LIRAP customers and prioritize those customers for energy efficiency improvements as determined through the home energy assessment.
c. Avista is to also review and prioritize customers identified in the 2022 Energy Burden Assessment with a high potential for energy efficiency improvements for energy efficiency improvements and weatherization.
d. Avista agrees to consult with the Equity Advisory Group to ensure that the AOLIEE program prioritizes investments in weatherization and limits the installation of natural gas appliances to health and safety repairs.
e. Avista shall consult with the Equity Advisory Group and CAPO regarding how to maximize expenditure of the AOLIEE weatherization budget.

ii. **LIRAP/HB 2475:**

a. To the extent this is not already the practice, current and incoming LIRAP participants with arrearage balances should be automatically enrolled in the Arrearage Management Plan (AMP) portion of the program, provided they are eligible and do not object.
b. Avista continues to actively participate in UM 2211, including proactively engaging stakeholders on relevant issues or proposals that could enhance targeted assistance and maximize the effective use of funds to reduce energy burden.

iii. Single-Family/Multi-Family:

a. Avista will implement a system flag and complete an inventory of multi-family and single-family residential customers.
b. Using the inventory and a revised analysis of cost of service between these two groups to calculate the cost differential.
c. Starting April 1, 2024, multi-family customers identified in the inventory process would be moved to a new rate Schedule 411. The terms and conditions of Schedule 411 would mirror Schedule 410, with the exception of the basic charge. The basic charge for multi-family customers served on Schedule 411 would be $1.50 lower for those customers, reflecting lower service costs for multi-family households. The resulting basic charge for Schedule 410 from this settlement is $11.25 per month, and therefore the basic charge for Schedule 411 will be $9.75 per month. This differential will be fine-tuned based on a revised multi-family study, which should be conducted by or on behalf of the Company and presented in the Company's next general rate case filing.
d. The Parties agreed that this modification would be revenue neutral to Avista. As such, beginning on April 1, 2024, the lost margin associated with the reduction in the basic charge revenue for those customers moving from Schedule 410 to Schedule 411 will be calculated and deferred, with the balance to accrue at the modified blended Treasury rate plus 100 basis points, and would be recovered from Schedule 410 customers in a future rate proceeding.

Capital Attestations

Q. What is the agreement of the Parties relating to Capital Attestations?

A. Avista will file a capital attestation, which would take the form of that provided in Avista's last GRC (UG-433), as noted by Staff witnesses Ankum/Fischer 1200. Avista would file its attestation ten days before the rate effective date to reflect actual gross transfers-to-plant available at time of filing. To the extent that gross transfers-to-plant available, prior to the rate effective date, are less than that included in the revenue requirement, Avista would reduce the overall revenue requirement to reflect a lower level of plant in service. Because the revenue requirement is predicated on a level of plant in service as of December 31, 2023, yet the attestation pre-dates that date, the Company may review the actual incremental gross transfers-to-plant through December 31, 2023, and defer the incremental revenue requirement associated with those plant additions up to the level of gross plant additions included in the settlement agreement. Any deferred revenue requirement would be recovered as a separate filing made during the annual PGA and summer rate adjustment filing season, with the balance to accrue at the modified blended Treasury rate plus 100 basis points.

Customer Tax Credits

Q. What is the agreement of the Parties relating to Customer Tax Credits?

A. Parties agree to update the existing 10-year tax customer credit amortization related to IDD #5 and Meters beginning January 1, 2024, to reflect the expected tax customer credit balance owed customers as of December 31, 2023 of $21.0 million. Attachment A, page 3 to the Second Stipulation provides the updated amortization rates.

i. With its Compliance filing in this case, Avista will update Schedule 486 to amortize Oregon's tax credit balance of $21.0 million over the remaining months of the 10-year amortization period (January 1, 2024 through August 31, 2032, or 104 months).

ii. The result of this change increases Schedule 486 Tariff amortization from $2.206 million to $2.423 million annually.

iii. Avista will continue to defer balances associated with the tax customer credit related to IDD #5 and Meters accrued after December 31, 2023.

iv. Avista will continue to spread this tax customer credit as approved in UG- 433, based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin.

v. Any party may propose a different amortization period of the remaining balance, including additional net deferrals, available at the time of the Company's next general rate case.

Pension Loss Deferral (UM 2267)

Q. What is the agreement of the Parties relating to the Pension Loss Deferral?

A. Parties support Avista's Pension Loss deferred accounting petition (UM 2267)[8] as supported by Staff witness Zarate (Exh. 1100).

Non-Pipe Alternatives (NPA)

Q. What is the agreement of the Parties relating to the Non-Pipe Alternatives?

A. Avista agrees to implement a NPA framework in Oregon, including the following elements.

i. Upon the rate-effective date, NPA analysis will be performed for supply-side resources and for distribution system reinforcements and expansion projects that exceed a threshold of $1.0 million for individual projects or groups of geographically related projects. If a NPA is not selected for projects that meet this criteria, Avista will include the NPA analysis as part of the justification when it seeks recovery of the resource addition or distribution system reinforcement or expansion in a rate case.
   a. "Supply-side resources" includes but is not limited to all resources upstream of Avista's distribution system and city gates, and supply-side contracts.
   b. "Geographically-related projects" means a group of projects that are interdependent or interrelated.

ii. For resources or projects that meet the criteria of #1, Avista will include electrification as an NPA.

iii. Non-Energy Impacts must be included as part of the NPA evaluation.

V. STATEMENTS OF THE PARTIES[9]

Statement of Avista

Q. Does Avista support the Second Settlement Stipulation which resolves all

[8] In the Matter of Application of Avista Corporation for an Order Authorizing Deferral Accounting and Accounting Order related to Non-contributory Defined Benefit Pension Plans, Docket UM 2267 (December 21, 2022). Avista's application requested approval to defer pension settlement losses expected to occur in 2022 of approximately $11 million system, with an Oregon allocated share of $1.0 million, and to amortize the impact of the pension settlement loss to expense over the same period used to amortize the underlying net pension regulatory asset, or twelve (12) years, resulting in no net impact to customers.
[9] The Statements provided by each Party represent their views only as it relates to the Settlement, and should not be construed as being the views of the Parties collectively.

remaining issues in this Docket, including effects to the revenue requirement, rate spread and rate design issues, as well as other issues described in the Settlement Stipulation?

A. Yes. The Settlement strikes a reasonable balance between the interests of Avista's customers and the Company on revenue requirement, rate spread and rate design issues, line extension policy, Climate Protection Program (CPP) costs and tariff, natural gas meter testing, equity advisory group, capital attestation, customer tax credits, pension loss deferral, and non-pipe alternatives (NPA). The Second Settlement Stipulation was a compromise among differing interests and represents give-and-take. The Second Settlement Stipulation also reaches consensus around all issues regarding rate spread and rate design. The Second Settlement Stipulation was entered into following the filing of testimony from Staff, CUB, AWEC and the Environmental Intervenors, extensive discovery, audit and review of the Company's filing, its books and its records. For these reasons, the Settlement is in the public interest and should be approved by the Commission.

Statement of Staff

Q. Mr. Muldoon, please explain why Staff believes the Second Settlement Stipulation is in the public interest.

A. Staff's support for the Stipulation is based on several key factors that contribute to its alignment with the public interest and fair outcomes for both Avista and its customers. For example, the Stipulation includes provisions that change Avista's operations regarding meter testing and replacement where meters are going to be undergoing testing after five years in service instead of ten, and the Stipulation includes provisions where single family and multifamily residences will be identified and billed at different basic charge rates.

For another example, the Stipulation includes use of the AMA rate base calculation, which was the long-standing method used by the Commission – and by Avista until roughly ten years ago. Staff appreciates Avista's willingness to settle with the other Parties on this issue. This adjustment is important to Staff, as Staff believes that the method Staff proposed in testimony more accurately reflects the rate base value over the test year. While the Stipulating Parties agree that the Company may take a different position, Staff intends to continue to support using the AMA calculation in Avista's next rate case, if it is not proposed by Avista in their initial filing.

In addition, the Stipulation has the following qualities:

Balanced Compromise: The Stipulation is the result of a robust discovery process and negotiations among the involved parties, including Avista, Staff, and other intervenors. This collaborative approach ensures that different perspectives and interests have been considered, leading to a balanced compromise that addresses a range of complex issues.

Fair Outcomes: The Stipulation includes a series of adjustments and agreements that demonstrate a commitment to achieving fair and reasonable outcomes for all stakeholders. These adjustments align with established Commission precedents and Staff practices, enhancing transparency and consistency in rate-setting procedures.

Cost Control and Equitable Pricing: The Stipulation introduces measures that contribute to cost control while ensuring equitable pricing for different customer groups. Provisions such as proactive meter testing and careful consideration of multi-family housing pricing demonstrate a commitment to addressing customer needs and managing costs effectively.

Addressing Inflation: In an environment of rising inflation, the Stipulation incorporates methodologies for calculating escalations that reflect the changing economic landscape. This approach ensures that rate adjustments are responsive to economic realities, enhancing the stability of rates for customers.

Improved Customer Benefits: The Stipulation introduces proactive changes that directly benefit customers. For instance, the focus on accurate meter testing and the inclusion of electrification as a non-pipe alternative align with customer expectations for enhanced services and environmental considerations.

Equitable Distribution of Costs: The Stipulation acknowledges the importance of spreading costs in a fair and balanced manner. By agreeing to adjustments in various expense categories and allocations, the stipulation ensures that the burden of costs is distributed reasonably among different customer groups.

Transparency and Collaboration: The Stipulation underscores the importance of transparency and collaboration in the rate-setting process. By engaging in open discussions and negotiations, the parties involved have reached agreements that reflect careful analysis and informed decision-making.

Public Interest and Reasonable Rates: Staff believes that the stipulation's provisions align with the public interest by promoting fair, just, and reasonable rates. Through its balanced approach, the Stipulation supports Avista's need for the opportunity to earn a reasonable return, while safeguarding customers from undue financial burdens.

In conclusion, Staff's support for the stipulation in the Avista rate case stems from its recognition of the stipulation's ability to address complex issues, control costs, ensure equitable pricing, and promote fair outcomes. By leveraging a collaborative and transparent process, the stipulation represents a commendable effort to balance diverse interests and achieve rates that are in the best interest of the public and all stakeholders involved.

<u>Statement of CUB</u>

Q. Please explain why CUB finds the Second Settlement Stipulation is in the public interest.

A. CUB believes the Second Settlement Stipulation represents a reasonable compromise of the issues relevant to this case. While CUB may not agree with all of the methodologies included in and outcomes of the Second Settlement Stipulation, on the whole, it furthers the public interest because it contains significant protections for residential customers. Specifically, Avista's agreement to phase out its line extension allowance policy will help ensure that current and future Avista customers are immediately diminishing, and eventually ending, their subsidies to help expand Avista's natural gas infrastructure. In light of the fact that the new customer emissions must be completely offset in order to comply with the CPP, this is significant. Additionally, the revenue requirement adjustments made compared to Avista's filed case render the Second Settlement Stipulation a much more reasonable rate increase for the Company's residential customers to bear. For these reasons, in addition to the remainder of the adjustments and agreements contained in this Stipulation, CUB finds the Stipulation to be in the public interest and recommends that the Commission adopt its terms.

Statement of AWEC

Q. Please explain why AWEC finds the Second Settlement Stipulation to be in the public interest.

A. AWEC believes the Second Settlement Stipulation is in the public interest and recommends the Commission approve the Second Settlement Stipulation because the best interests of Avista's natural gas customers are served by the underlying fair compromise on revenue requirement, rate spread and rate design issues, (CPP) costs and tariff, capital attestation, customer tax credits, pension loss deferral, and other issues. While the signing parties may each hold different positions on the individual components of the Second Settlement Stipulation, AWEC supports the Second Settlement Stipulation because it results in an overall reasonable result and decreases the original gas revenue requirement increase of $10,991 million by $3.831 million—which results in a revenue requirement increase request of $7.160 million. AWEC also supports the Second Settlement Stipulation because the rate spread considers Avista's cost of service study, which shows that several Rate Schedules, including Rate Schedule 456, are significantly above parity. Further, AWEC supports Avista's agreement not to file a CPP tariff rider until 2024 or until actual costs are incurred to purchase Avista's first Community Climate Investment credits, whichever is later. In summary, AWEC supports the Second Settlement Stipulation as an overall result that is a fair compromise between Avista and its customers.

For the reasons set forth above, AWEC believes the Second Settlement Stipulation is in the public interest and should be approved by the Commission.

<u>Statement of Sierra Club/Climate Solutions (Environmental Intervenors)</u>

Q. Please explain why Environmental Intervenors finds the Second Settlement Stipulation to be in the public interest.

A. The stipulation is consistent with the public interest for the following reasons. First, the agreement to phase out line extensions is consistent with meeting state climate goals and ensuring ratepayers are not burdened with stranded assets, as customers shift away from methane gas utility service. To meet Avista's obligations under the Climate Protection Program and broader state climate policies, subsidies that encourage methane gas consumption and system growth must come to an end. Second, Avista's commitment to increase funding for the low-income weatherization program, address consistent under-utilization of existing weatherization funds through the Equity Advisory Group, modify arrearage management plan enrollment practices, and reduce basic charges for multi-family customers, are all important steps to address energy burden in a high-burden service area while simultaneously reducing gas demand and bill costs. Third, Avista's commitment to incorporate meaningful non-pipeline alternatives, including electrification, into its resource planning and decisionmaking is necessary to ensure a smooth, successful energy transition that minimizes customer shocks and avoids unnecessary system expansion. Finally, it is in the public interest for political expenses that do not align with state policy or the public interest to be shouldered by shareholders rather than ratepayers. In this settlement, those costs were litigation expenses incurred to challenge the state's Climate Protection Plan, and gas industry association dues and related expenses that largely go toward industry lobbying and other political activities.

We believe this settlement adequately addresses issues in the public and ratepayer interest that the parties raised in this proceeding, and we believe that all future rate cases should continue having such concerns front and center. The Environmental Intervenors look forward to working with Avista, the Commission, and other interested parties to ensure that the settlement is implemented fully, promptly, and effectively.

VI. CONCLUSION

Q. Do the Parties agree that the Second Settlement Stipulation provided as Exhibit No. Stipulating Parties/201 is in the public interest and results in an overall fair, just and reasonable outcome?

A. Yes, the Parties do. The Stipulating Parties have reviewed Avista's opening testimony, Staff and the Intervenors' opening testimony, the Company's responses to data requests, and carefully analyzed the issues. The Stipulating Parties find that the agreements in this Stipulation represent a reasonable resolution of the issues presented by the Parties and will result in rates that are fair, just and reasonable.

Q. What do the Parties recommend regarding the Stipulation?

A. We recommend that the Commission adopt the Stipulation in its entirety.

Q. Does this conclude your Joint Testimony?

A. Yes.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UG 461

In the Matter of AVISTA CORPORATION, dba AVISTA UTILITIES Request for a General Rate Revision.	))))))	SECOND SETTLEMENT STIPULATION RESOLVING ALL REMAINING ISSUES

This Second Settlement Stipulation Resolving all Remaining Issues ("Second Stipulation") is entered into for the purpose of resolving all remaining issues in this Docket.

PARTIES

The Parties to this Second Stipulation are Avista Corporation ("Avista" or the "Company"), the Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), Alliance of Western Energy Consumers ("AWEC"), and the joint intervenor Sierra Club/Climate Solutions ("Environmental Intervenors") (collectively, "Parties"). These Parties represent all who intervened and appeared in this proceeding.[1]

BACKGROUND

1. On March 1, 2023, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of $10,991,000, or 7.4% of its annual revenues. The filing was suspended by the Public Utility Commission of Oregon ("Commission") on March 2, 2023, per its Order No. 23-065.

2. On April 18, 2023, and later on April 28, 2023, virtual settlement conferences were held to discuss Cost of Capital issues. All of the Parties participated in the settlement discussions.

[1] The Settling Parties, excluding CUB and Environmental Intervenors as discussed below, previously entered into a Partial Multiparty Settlement on Cost of Capital, which was filed on May 8, 2023.

3. As a result of those first virtual settlement discussions, the Settling Parties[2] agreed to settle all issues in this Docket concerning the Cost of Capital, including Capital Structure, Long-Term Debt Cost and Return on Equity, subject to the approval of the Commission, which Stipulation was filed on May 8, 2023.

4. Staff, CUB, AWEC, and Environmental Intervenors filed Opening Testimony on July 7, 2023, in response to the Company's original filing on March 1, 2023. On July 24, 2023, a third settlement conference was held and was attended by all Parties.

5. As a result of the settlement discussion held on July 24, 2023, the Parties have agreed to settle all remaining issues in this Docket. This includes adjustments to the revenue requirement, rate spread and rate design issues, line extension policy, Climate Protection Program (CPP) costs and tariff, natural gas meter testing, equity advisory group, capital attestation, customer tax credits, pension loss deferral, and non-pipe alternatives (NPA), based on the following terms, subject to the approval of the Commission.

SUMMARY OF THE FIRST PARTIAL SETTLEMENT STIPULATON

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

The adjustments reached in the first Partial Settlement amounted to a total reduction in Avista's revenue requirement increase request from $10.991 million to a base revenue increase request of $9.362 million. The adjustments to Avista's revenue requirement reflected in the first Partial Settlement Stipulation are shown in Table No. 1 below:

[2] The "Settling Parties" to the Partial Multiparty Settlement Stipulation, filed on May 8, 2023, are Avista, Staff, and AWEC. CUB and Environmental Intervenors did not join that settlement.

Table No. 1 – Summary of Adjustments to Revenue Requirement and Rate Base (Partial Settlement)

	Revenue Requirement	Rate Base
	$10,991	**$351,283**
Cost of Capital		
Adjusts return on equity to 9.50%, long-term debt cost to 4.969%, with a common stock equity component of 50%, and overall Cost of Capital of 7.235%.	**(1,629)**	**-**
Total Adjustments:	**($1,629)**	**$0**
	$9,362	**$351,283**

This adjustment reduces Avista's requested Cost of Capital to an overall Cost of Capital equal to 7.235 percent based on the following components: a Capital Structure consisting of 50 percent Common Stock Equity and 50 percent Long-Term Debt, Return on Equity (ROE) of 9.50 percent, and a Long-Term Debt cost of 4.969 percent. This combination of capital structure and capital costs is shown in the Table No. 2 below.

Table No. 2 – Agreed-Upon Cost of Capital

AGREED-UPON COST OF CAPITAL			
	Capital Structure	**Cost**	**Weighted Cost**
Cost of Long-Term (LT) Debt	50.00%	4.969%	2.485%
Return on Common Equity (ROE)	50.00%	9.500%	4.750%
Total	100.00%		7.235%

TERMS OF THE <u>SECOND</u> SETTLEMENT STIPULATON

7. **Adjustments to Revenue Requirement:**

The Parties support further reductions to Avista's requested revenue requirement to reflect the additional adjustments discussed below. The adjustments reached in this Second Stipulation through negotiation, which resolve all remaining issues, amount to a further reduction in Avista's revenue requirement increase request from $9.362 million (as shown above) to a base revenue increase request of $7.160 million. The Parties support the further adjustments to Avista's revenue requirement request, as shown in Table No. 3 below:

Table No. 3 – Summary of Adjustments to Revenue Requirement and Rate Base (Second Stipulation)

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE ($000s of Dollars)			
		Revenue Requirement	**Rate Base**
	Results of Partial Settlement Stipulation:	**$9,362**	**$351,283**
Second Settlement Stipulation Adjustments:			
a	**Meter Testing Expense** This adjustment removes a level of meter testing expense in the Test Year.	**(300)**	
b	**09.30.2022 Plant-in-Service - EOP to AMA Rate Base** This adjustment extends accumulated depreciation (A/D) and accumulated deferred federal income taxes (ADFIT) on plant-in-service at September 30, 2022 into the Test Year on an AMA basis.	**(680)**	**(7,756)**
c	**Depreciation Expense - Depreciation Study** This adjustment captures the impact of the Settlement Stipulation in UM 2277 - Avista's Depreciation Study.	**(780)**	
d	**Depreciation Expense - Capital Additions Update** Related to Item e. This adjustment updates depreciation expense and A/D on updated Q4 2022 & 2023 capital additions.	**208**	**(418)**
e	**Rate Base - Capital Additions Update** Related to Item d. This adjustment updates gross plant and ADFIT on updated Q4 2022 & 2023 capital additions.	**363**	**4,145**
f	**Distribution Plant (New Growth Capital Additions)** This adjustment removes a level of pro formed new growth capital additions included in the case.	**(599)**	**(6,829)**
g	**Load Forecast** This adjustment is related to an updated load forecast for the Test Year.	**431**	
h	**Uncollectible Expense** This adjustment is related to a reduction in uncollectible expense.	**(100)**	
i	**Miscellaneous Accounts** This adjustment decreases Miscellaneous Accounts to reflect an updated compounded CPI based on a seasonally adjusted Q4 2022, and May 2023 All-Urban CPI publication for 2023 & 2024.	**(13)**	
j	**Customer Service Expenses - O&M Non-Labor** This adjustment decreases Customer Service Expenses - O&M Non-Labor to reflect an updated compounded CPI based on a seasonally adjusted Q4 2022, and May 2023 All-Urban CPI publication for 2023 & 2024.	**(35)**	
k	**Distribution Expenses - O&M Non-Labor** This adjustment decreases Distribution - O&M Non-Labor to reflect an updated compounded CPI based on a seasonally adjusted Q4 2022, and May 2023 All-Urban CPI publication for 2023 & 2024.	**(98)**	
l	**Wages & Salaries** This adjustment is related to reductions associated with the Company's overall increases for payroll, overtime, and associated payroll taxes, as well as updating to reflect a more current publication of CPI (May 2023).	**(154)**	**(89)**

Second Settlement Stipulation Adjustments (Continued):		Revenue Requirement	Rate Base
m	**Expense Misallocations** This adjustment removes a certain level of expense from the base year.	**(271)**	
n	**Allocation Factor Expenses** This adjustment retains allocation factors at Base Year factors for certain DSM related expenses.	**(27)**	
o	**FERC Account 923 - Base Year Expenses (legal fees)** Related to Item p. This adjustment removes certain Base Year litigation costs from the case.	**(54)**	
p	**Escalation on FERC Account 923 - Base Year Expenses (legal fees)** Related to Item o. This adjustment removes the escalation on certain Base Year litigation costs from the case.	**(3)**	
q	**AGA-NWGA Lobbying Costs** This adjustment removes certain AGA-NWGA expenses from the case.	**(90)**	
	Total Adjustments:	**($2,202)**	**($10,947)**
	Adjusted Base Revenue Requirement & Rate Base after Second Settlement Stipulation:	**$7,160**	**$340,336**

The following information provides an explanation for each of the adjustments in Table No. 3 above. The numbers in parenthesis below represent the agreed-upon increase or decrease in revenue requirement associated with the item.

a) Meter Testing Expense (-$300,000): Staff proposed an adjustment to remove a level of meter testing expense in the Test Year.[3] For settlement purposes, the Parties agree to remove an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $300,000.

b) 09.30.2022 Plant-in-Service – EOP to AMA Rate Base (-$680,000): Staff proposed an adjustment to extend accumulated depreciation (A/D) and accumulated deferred federal income taxes (ADFIT) on plant-in-service at September 30, 2022 into the Test Year on an average of monthly averages (AMA) basis. For settlement purposes, the Company accepts Staff's adjustment, but reserves the right in future proceedings to

[3] In this case, "Test Year" is defined as the twelve months ending December 31, 2024.

address this issue. This adjustment reduces the proposed revenue requirement by $680,000, as well as reduces rate base by $7,756,000.

c) Depreciation Expense – Depreciation Study (-$780,000): Staff and AWEC proposed an adjustment that captures the impact of updating depreciation rates based on the Settlement Stipulation in UM 2277, Avista's "Request for Authority to Revise Natural Gas Book Depreciation Rates and Deferred Accounting". For settlement purposes, the Parties agree to incorporate the effects of the UM 2277 settlement in this case, thereby reducing the proposed revenue requirement by $780,000.

d) Depreciation Expense – Capital Additions Update ($208,000): Related to Item e. Staff proposed an adjustment to update depreciation expense and A/D on updated Q4 2022 and 2023 capital additions. For settlement purposes, the Parties agree to increase to an agreed-upon level of expense and rate base, thereby increasing the proposed revenue requirement by $208,000 and decreasing rate base by $418,000.

e) Rate Base – Capital Additions Update ($363,000): Related to Item d, where Staff proposed an adjustment to update depreciation expense and A/D on updated Q4 2022 and 2023 capital additions. The Company proposed an adjustment that updates pro formed gross plant and ADFIT on updated Q4 2022 & 2023 capital additions to match the incremental expense and rate base agreed to in Item d. For settlement purposes, the Parties agree to include the gross plant and ADFIT associated with the depreciation expense and A/D included in Item d above, thereby increasing the proposed revenue requirement by $363,000. This adjustment also increases rate base by $4,145,000.

f) Distribution Plant (New Growth Capital Additions) (-$599,000): Staff proposed an adjustment to remove a level of pro formed new growth capital additions included in the case. This adjustment decreases rate base by $6,829,000, which removes 2024 growth capital, and a substantial portion of growth plant pro formed for 2023, to an agreed-upon level for settlement purposes. The effect of this adjustment reduces the revenue requirement by $599,000. The Company understands that it must demonstrate in future rate proceedings that it has accurately reflected its line extension allowances into its total revenue requirement.

g) Load Forecast ($431,000): The Company presented an updated load forecast for the Test Year. For settlement purposes, the Parties agree to use the billing determinants from the updated load forecast. This adjustment increases the proposed revenue requirement by $431,000.

h) Uncollectible Expense (-$100,000): In their testimony, Staff proposed updating the level of uncollectible expense included in the case. For settlement purposes, the Parties agreed to a reduction in an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $100,000.

i) Miscellaneous Accounts (-$13,000): Staff proposed an adjustment to Miscellaneous Accounts to reflect an updated compounded CPI, based on seasonally adjusting Q4 2022, and a more current publication of the All-Urban CPI for calendar 2023 and half of 2024. For settlement purposes, the Parties agree to use Staff's methodology, but with an updated compounded CPI based off the May 2023 publication for 2023 and 2024, for a reduction to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $13,000.

j) Customer Service Expenses – O&M Non-Labor (-$35,000): Staff proposed an adjustment to Customer Service Expenses – O&M Non-Labor to reflect an updated compounded CPI (described in Item i. above). For settlement purposes, the Parties agree to use an updated compounded CPI based on the May 2023 publication for 2023 and 2024, for a reduction to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $35,000.

k) <u>Distribution Expenses – O&M Non-Labor</u> (-$98,000): Staff proposed an adjustment to Distribution Expenses – O&M Non-Labor to reflect an updated compounded CPI (described in Item i. above), among other things. For settlement purposes, the Parties agree to use an updated compounded CPI based on the May 2023 publication for 2023 and 2024, for a reduction to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $98,000.

l) <u>Wages and Salaries</u> (-$154,000): Staff proposed reductions associated with the Company's overall increases for payroll, overtime, and associated payroll taxes, as well as an update to reflect a more current publication of CPI. For settlement purposes, the Parties agreed to a reduction in wages and salaries, resulting in a reduction in the revenue requirement of $154,000 and pro formed rate base of $89,000.

m) <u>Expense Misallocations</u> (-$271,000): In testimony, Staff proposed to remove certain expenses in the Base Year[4] which Staff believed were not applicable to Oregon operations and thus incorrectly allocated. For settlement purposes, the Parties agree to an agreed-upon reduction to expense, resulting in a reduction in the revenue requirement of $271,000.

n) <u>Allocation Factor Expenses</u> (-$27,000): AWEC proposed an adjustment to leave certain demand side management (DSM) expenses at the Base Year allocation factors.

[4] In this case, "Base Year" is defined as the twelve months ending September 30, 2022.

For settlement purposes, the Parties agree to a reduction in an agreed-upon level of expense, resulting in a decrease in the revenue requirement of $27,000.

o) FERC Account 923 – Base Year Expenses (legal fees) (-$54,000): Environmental Intervenors proposed an adjustment to remove from the case Base Year litigation costs associated with Avista's lawsuit against the Climate Protection Program. For settlement purposes, the Parties agree to a reduction in expense, thereby decreasing the revenue requirement by $54,000.

p) Escalation on FERC Account 923 – Base Year Expenses (legal fees) (-$3,000): Related to Issue o. above, for settlement purposes, the Parties agree to remove the escalation included in the case on the expenses removed in Issue o. This adjustment decreases the proposed revenue requirement by $3,000.

q) AGA-NWGA Lobbying Costs (-$90,000): In their testimony, Environmental Intervenors proposed removing certain American Gas Association (AGA) and Northwest Gas Association (NWGA) expenses from the case. For settlement purposes, the Parties agree to a reduction in expense, thereby decreasing the proposed revenue requirement by $90,000.

8. **Proposed Effective Date:** The proposed rate effective date is January 1, 2024.

9. **Rate Spread:** The Parties agree that Schedules 424/440/444/456 will receive 10% of the overall base margin percentage change, Schedule 410 will receive the same as the overall base margin percentage change, and the remaining revenue requirement will be applied to Schedule 420 as shown in Table No. 4 below (and as provided on page 1 of Attachment A to this Second Stipulation):[5]

[5] For settlement purposes, Parties agree to use the billing determinants from the updated load forecast.

Table No. 4: Agreed-Upon Rate Spread

Type of Service	Schedule Number	Distribution Revenue Increase	**Distribution Revenue Percentage Increase**	Incremental Schedule 486 Tax Customer Credit	**Total Billed Revenue Increase**	**Total Billed Revenue Percentage Increase**
Residential	410	$4,655	**9.4%**	($161)	**$4,494**	**5.1%**
General Service	420	$2,458	**11.5%**	($48)	**$2,410**	**5.8%**
Large General Service	424/425	$7	**0.9%**	($1)	**$5**	**0.1%**
Interruptible Service	439/440	$19	**0.9%**	($3)	**$17**	**0.1%**
Seasonal Service	444	$0	**0.9%**	($0)	**$0**	**0.2%**
Transportation Service	456	$21	**0.9%**	($3)	**$17**	**0.8%**
Total		$7,160	**9.4%**	($216)	**$6,944**	**4.7%**

* Billed Revenue includes base rate revenue plus revenues associated with natural gas supply, energy efficiency, intervenor funding, and other items.

10. **Rate Design:** The Parties agree to the Basic Charge levels as proposed by Avista in its original filing[6] with the exception of Schedule 410. Schedule 410 will receive a $0.75 per month increase in the Basic Charge (instead of $1.50). Attachment A, page 2 to this Second Stipulation provides the agreed-upon base rates.[7] Avista agrees to present a rate design for Schedule 456 customers that includes a contract demand charge in its next GRC.

11. **Long Run Incremental Cost Study (LRIC):** No Party agrees or adopts the LRIC methodologies proposed by any party in this proceeding. Avista agrees to perform an analysis of the reasonableness of using contract demands for transportation customers in its Cost of Service study and include the results of that analysis in its next GRC.

12. **Residential Bill Change:** For the revenue requirement included in this Stipulation, based on an average usage level of 47 therms per month, the average bill for a Schedule 410

[6] Schedule 420 would see a $2 per month increase in the customer charge, from $17 per month to $19 per month. Schedules 424/425 would see a $5 per month increase in the customer charge, from $55 per month to $60 per month. Finally, Schedule 456 would see a $25 per month increase in the customer charge, from $300 per month to $325 per month.

[7] The agreed-upon billing determinants reflect the updated load adjustments as discussed in Section 7 item g above.

residential customer, which includes both base and adder schedules[8], would increase $4.07 per month, or 5.3 percent, from $77.01 to $81.08.

13. **Decoupling:** Attachment B to the Second Stipulation reflects the new decoupling base effective January 1, 2024, that is supported by the Parties. The new decoupling base provides the "Monthly Allowed Customers" and "Monthly Decoupled Revenue per Customer" which incorporate the effects of the settlement revenue requirement and billing determinants discussed above.

14. **Line Extension Policy:** The Parties agree that Avista's line extension allowance for connecting new customers would be $2,500 in 2024, $1,250 in 2025, $750 in 2026, and $0 in 2027. In its Compliance Filing, Avista will file revised tariffs (Rule 15 and Rule 16) effectuating this change.

15. **CPP Costs and Tariff:** Avista agrees not to file a CPP tariff rider until 2024 or until actual costs are incurred to purchase Avista's first Community Climate Investment credits, whichever is later. No party is precluded from opposing any part of the Company's filing.

16. **Natural Gas Meter Testing:**

i. Avista agrees to replace Oregon meters that utilize the meter constant adjustment. Such meters would be replaced as soon as practicable but no later than December 2028.

ii. Avista will modify its natural gas meter testing such that the practice of testing meter families will start after 5 years of service, and will no longer wait to "fail" meter families (i.e., remove tightening procedures). In its Compliance Filing, Avista will file a revised Rule 18 effectuating this change.

[8] "Adder" schedules recover costs associated with natural gas supply (Schedules 461 and 462), energy efficiency (Schedules 469 and 478), intervenor funding (Schedule 476), and other items.

iii. Avista will use its best efforts to pursue recovery of metering costs through applicable warranties should meters be deemed failed through its testing processes.

iv. By April 30, 2024, and annually thereafter, Avista will file its meter testing results for the prior calendar year with the Commission.

17. **Equity Advisory Group:** Avista agrees to formulate an Equity Advisory Group in 2024, to be in effect no later than January 2025. Within three months of a Commission order approving this Stipulation, Avista will conduct a workshop, inviting Stipulating Parties, Community Action Partnership of Oregon (CAPO) and other interested participants from environmental justice communities to discuss the membership, scope and planned activities of the Equity Advisory Group. The participants in this workshop will determine whether they intend to serve on the Equity Advisory Group and may conduct outreach to additional parties for inclusion in the Equity Advisory Group.

i. AOLIEE:

a. the current Schedule 485 AOLIEE authorized budget of approximately $821,000 would be increased to a total of $2.0 million (without a change in the present level of customer funding in this case);
b. Company to conduct home energy assessments for high-usage LIRAP customers and prioritize those customers for energy efficiency improvements as determined through the home energy assessment;
c. Company to also review and prioritize customers identified in the 2022 Energy Burden Assessment with a high potential for energy efficiency improvements for energy efficiency improvements and weatherization;
d. Avista agrees to consult with the Equity Advisory Group to ensure that the AOLIEE program prioritizes investments in weatherization and limits the installation of natural gas appliances to health and safety repairs.
e. Avista shall consult with the Equity Advisory Group and CAPO regarding how to maximize expenditure of the AOLIEE weatherization budget.

ii. LIRAP/HB 2475:

a. To the extent this is not already the practice, current and incoming LIRAP participants with arrearage balances should be automatically enrolled in the AMP portion of the program, provided they are eligible and do not object.
b. Company continues to actively participate in UM 2211, including proactively engaging stakeholders on relevant issues or proposals that could enhance targeted assistance and maximize the effective use of funds to reduce energy burden.

iii. Single-Family/Multi-Family:

a. Implement a system flag and complete inventory of multi-family and single-family residential customers.
b. Using the inventory and a revised analysis of cost of service between these two groups to calculate the cost differential.
c. Starting April 1, 2024, multi-family customers identified in the inventory process would be moved to new rate Schedule 411. The terms and conditions of Schedule 411 would mirror Schedule 410 with the exception of the basic charge. The basic charge for multi-family customers served on Schedule 411 would be $1.50 lower for those customers, reflecting lower service costs for multi-family households. The resulting basic charge for Schedule 410 from this settlement is $11.25 per month, and therefore the basic charge for Schedule 411 will be $9.75 per month. This differential will be fine-tuned based on a revised multi-family study, which should be conducted by or on behalf of the company and presented in the Company's next general rate case filing.
d. The parties agreed that this modification would be revenue neutral to Avista. As such, beginning on April 1, 2024, the lost margin associated with the reduction in the basic charge revenue for those customers moving from Schedule 410 to Schedule 411 will be calculated and deferred, with the balance to accrue at the modified blended Treasury rate plus 100 basis points, and would be recovered from Schedule 410 customers in a future rate proceeding. After recovery in a future rate proceeding, the lost margin associated with the reduction in the basic charge will no longer be deferred.

18. **Capital Attestation:** Avista will file a capital attestation, which would take the form of that provided in Avista's last GRC (UG-433), as noted by Staff witnesses Ankum/Fischer 1200. Avista would file its attestation ten days before the rate effective date to reflect actual gross transfers-to-plant available at time of filing. To the extent that gross transfers-to-plant available, prior to the rate effective date, are less than that included in the revenue requirement, Avista would

reduce the overall revenue requirement to reflect a lower level of plant in service. Because the revenue requirement is predicated on a level of plant in service as of December 31, 2023, yet the attestation pre-dates that date, the Company may review the actual incremental gross transfers-to-plant through December 31, 2023, and defer the incremental revenue requirement associated with those plant additions up to the level of gross plant additions included in the settlement agreement. Any deferred revenue requirement would be recovered as a separate filing made during the annual PGA and summer rate adjustment filing season, with the balance to accrue at the modified blended Treasury rate plus 100 basis points.

19. **Customer Tax Credits:** Parties agree to update the existing 10-year tax customer credit amortization related to IDD #5 and Meters beginning January 1, 2024, to reflect the expected tax customer credit balance owed customers as of December 31, 2023 of $21.0 million. Attachment A, page 3 to the Second Stipulation provides the updated amortization rates.

i. With its Compliance filing in this case, Avista will update Schedule 486 to amortize Oregon's tax credit balance of $21.0 million over the remaining months of the 10-year amortization period (January 1, 2024 through August 31, 2032, or 104 months).

ii. The result of this change increases Schedule 486 Tariff amortization from $2.206 million to $2.423 million annually.

iii. Avista will continue to defer balances associated with the tax customer credit related to IDD #5 and Meters accrued after December 31, 2023.

iv. Avista will continue to spread this tax customer credit as approved in UG- 433, based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin.

v. Any party may propose a different amortization period of the remaining balance, including additional net deferrals, available at the time of the Company's next general rate case.

20. **<u>Pension Loss Deferral</u>:** Parties support Avista's Pension Loss deferred accounting petition (UM 2267) as supported by Staff witness Zarate (Exh. 1100).

21. **<u>Non-Pipe Alternatives (NPA)</u>:** Avista agrees to implement a NPA framework in Oregon, including the following elements.

i. Upon rate-effective date, NPA analysis will be performed for supply-side resources and for distribution system reinforcements and expansion projects that exceed a threshold of $1 million for individual projects or groups of geographically related projects. If a NPA is not selected for projects that meet this criteria, Avista will include the NPA analysis as part of the justification when it seeks recovery of the resource addition or distribution system reinforcement or expansion in a rate case.
    a. "Supply-side resources" includes but is not limited to all resources upstream of Avista's distribution system and city gates, and supply-side contracts.
    b. "Geographically-related projects" means a group of projects that are interdependent or interrelated.

ii. For resources or projects that meet the criteria of (21)(i), Avista will include electrification as an NPA.

iii. Non-Energy Impacts must be included as part of the NPA evaluation.

22. The Parties agree that this Second Stipulation is in the public interest and results in an overall fair, just and reasonable outcome.

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

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

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

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

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

28. By entering into this Second Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at the terms of this Second Stipulation. No Party shall be deemed to have agreed that

any provision of this Second Stipulation is appropriate for resolving the issues in any other proceeding.

29. This Second Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document. The Parties further agree that any electronically-generated signature of a Party is valid and binding to the same extent as an original signature.

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

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

AVISTA CORPORATION
Patrick Ehrbar for
By: David Meyer
David J. Meyer
Date: 8/3/23

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

ALLIANCE OF WESTERN ENERGY CONSUMERS
By: ______________________
Chad M. Stokes
Date: ______________________

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

SIERRA CLUB
By: ______________________
Gloria Smith
Date: ______________________

CLIMATE SOLUTIONS
By: ______________________
Jaimini Parekh
Date: ______________________

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AVISTA CORPORATION

By:______________________________
David J. Meyer

Date: ____________________________

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: Johanna Riemenschneider
Johanna Riemenschneider

Date: August 3, 2023

ALLIANCE OF WESTERN ENERGY CONSUMERS

By:______________________________
Chad M. Stokes

Date: ____________________________

OREGON CITIZENS' UTILITY BOARD

By: ______________________________
Michael P. Goetz

Date: ____________________________

SIERRA CLUB

By:______________________________
Gloria Smith

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CLIMATE SOLUTIONS

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Jaimini Parekh

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By:____________________ David J. Meyer	By:____________________ Johanna Riemenschneider
Date:____________________	Date:____________________
ALLIANCE OF WESTERN ENERGY CONSUMERS	OREGON CITIZENS' UTILITY BOARD
By: Chad M. Stokes	By:____________________ Michael P. Goetz
Date: 8/3/2023	Date:____________________
SIERRA CLUB	CLIMATE SOLUTIONS
By:____________________ Gloria Smith	By:____________________ Jaimini Parekh
Date:____________________	Date:____________________

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David J. Meyer

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Chad M. Stokes

Date: ____________________________

OREGON CITIZENS' UTILITY BOARD

By: ______________________________
Michael P. Goetz

Date: 8/3/2023

SIERRA CLUB

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Gloria Smith

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CLIMATE SOLUTIONS

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Jaimini Parekh

Date: ____________________________

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Gloria Smith

Date: 8/3/23

CLIMATE SOLUTIONS

By: ______________________________
Jaimini Parekh

Date: 8/3/23

Avista Utilities
Proposed Revenue Increase by Schedule
Oregon - Gas
Pro Forma 12 Months Ended December 31, 2024
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Settlement GRC Increase	Distribution Revenue Under Proposed Rates	Therms (000s)	**Distribution Revenue Percentage Increase**	Billed Revenue Under Present Rates	Settlement GRC Increase	Schedule 486 Tax Credit Incremental	Billed Revenue Under Proposed Rates	**Billed Revenue Percentage Increase**
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		(j)	(k)
1	Residential	410	$49,456	$4,655	$54,111	53,785	**9.4%**	$88,155	$4,655	($161)	$92,810	**5.1%**
2	General Service	420	$21,405	$2,458	$23,863	29,149	**11.5%**	$41,657	$2,458	($48)	$44,114	**5.8%**
3	Large General Service	424	$714	$7	$721	4,577	**0.9%**	$3,918	$7	($1)	$3,925	**0.1%**
4	Interruptible Service	440	$2,067	$19	$2,088	17,686	**0.9%**	$11,066	$19	($3)	$11,086	**0.1%**
5	Seasonal Service	444	$35	$0	$35	201	**0.9%**	$175	$0	($0)	$176	**0.2%**
6	Transportation Service	456	$2,223	$21	$2,244	25,352	**0.9%**	$2,169	$21	($3)	$2,190	**0.8%**
7	Special Contract	447	$175	$0	$175	5,036	**0.0%**	$175	$0	$0	$175	**0.0%**
8	Total		$76,075	$7,160	$83,235	135,786	**9.4%**	$147,315	$7,160	($216)	$154,475	**4.7%**

Avista Utilities
Comparison of Present & Proposed Gas Rates
Oregon - Gas

Present Base Rates	Base Tariff Change	Proposed Base Rates
Residential Service Schedule 410		
$10.50 Customer Charge	$0.75/month	$11.25 Customer Charge
All Therms - $0.69549/Therm	$0.07054/therm	All Therms - $0.76603/Therm
General Service Schedule 420		
$17.00 Customer Charge	$2.00/month	$19.00 Customer Charge
All Therms - $0.65014/Therm	$0.07441/therm	All Therms - $0.72455/Therm
Large General Service Schedule 424/425		
$55.00 Customer Charge	$5.00/month	$60.00 Customer Charge
All Therms - $0.14158/Therm	$0.00016/therm	All Therms - $0.14174/Therm
Interruptible Service Schedule 439/440		
$75.00 Customer Charge	$0.00/month	$75.00 Customer Charge
All Therms - $0.11468/Therm	$0.00110/therm	All Therms - $0.11578/Therm
Seasonal Service Schedule 444		
All Therms - $0.17241/Therm	$0.00162/therm	All Therms - $0.17403/Therm
Seasonal Minimum Charge:		Seasonal Minimum Charge:
$ 5,840.04		$ 5,894.92
Transportation Service Schedule 456		
$300.00 Customer Charge	$25.00/month	$325.00 Customer Charge
1st 10,000 Therms - $0.15890/Therm	$0.00090/therm	1st 10,000 Therms - $0.15980/Therm
Next 20,000 Therms - $0.09563/Therm	$0.00054/therm	Next 20,000 Therms - $0.09617/Therm
Next 20,000 Therms - $0.07860/Therm	$0.00044/therm	Next 20,000 Therms - $0.07904/Therm
Next 200,000 Therms - $0.06152/Therm	$0.00035/therm	Next 200,000 Therms - $0.06187/Therm
Over 250,000 Therms - $0.03121/Therm	$0.00018/therm	Over 250,000 Therms - $0.03139/Therm
Schedule 456 Monthly Minimum Charge		Schedule 456 Monthly Minimum Charge
$ 2,725.76		$ 2,764.44

Avista Utilities
Tax Customer Credit
Schedule 486

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Annual Customers	**Meters** Customer Allocation	**IDD#5** Percentage of Base Revenue	Sch. 486 Tax Customer Credit Allocation	Billing Determinants	Proposed Per Therm Rate
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
					35%	**65%**			
1	Residential	410	$49,456	95,628	88.7%	65.2%	$ 1,778	53,785,103	**$ 0.03306**
2	General Service	420	$21,405	12,029	11.2%	28.2%	$ 539	29,149,318	**$ 0.01848**
3	Large General Service	424/425	$714	100	0.1%	0.9%	$ 16	4,577,265	**$ 0.00341**
4	Interruptible Service	439/440	$2,067	43	0.0%	2.7%	$ 43	17,685,530	**$ 0.00244**
5	Seasonal Service	444	$35	3	0.0%	0.0%	$ 1	201,105	**$ 0.00368**
6	Transportation Service	456	$2,223	30	0.0%	2.9%	$ 46	25,351,795	
7	1st 10,000 Therms								**$ 0.00346**
8	Next 20,000 Therms								**$ 0.00208**
9	Next 20,000 Therms								**$ 0.00171**
10	Next 200,000 Therms								**$ 0.00134**
11	Over 250,000 Therms								**$ 0.00068**
12	Total		$75,900	107,833			$ 2,423		

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue by Rate Schedule - Natural Gas
Docket No. UG-461 Rates Effective January 1, 2024

		TOTAL	RESIDENTIAL SCHEDULE 410	SM COMMERCIAL & INDUSTRIAL SCH. 420	LG COMMERCIAL & INDUSTRIAL SCH. 424/425	INTERRUPTIBLE SCH 439/440	SEASONAL SCH 444	TRANSPORTATION SCH 456/447
1	Total Normalized 12ME 08.2023 Margin Revenue	$ 76,075,000	$ 49,456,000	$ 21,405,000	$ 714,000	$ 2,067,000	$ 35,000	$ 2,398,000
2	Settlement Margin Revenue Increase	$ 7,160,000	$ 4,655,000	$ 2,458,000	$ 7,000	$ 19,000	$ -	$ 21,000
3	Total Delivery Revenue (12ME 08.2023 Test Year) (Ln 1 + Ln 2)	$ 83,235,000	$ 54,111,000	$ 23,863,000	$ 721,000	$ 2,086,000	$ 35,000	$ 2,419,000
4	Customer Bills (12ME 08.2023 Test Year)	1,294,015	1,147,534	144,348	1,196	522	31	384
5	Proposed Basic Charges		$11.75	$19.00	$60.00	$75.00	$0.00	$325.00
6	Basic Charge Revenue (Ln 4 * Ln 5)	$ 16,454,009	$ 13,483,525	$ 2,742,611	$ 71,742	$ 39,133	$ -	$ 117,000
7	Decoupled Revenue (Ln 6 - Ln 3)	$ 66,780,991	$ 40,627,476	$ 21,120,389	$ 649,258	$ 2,046,867	$ 35,000	$ 2,302,000
8	Normalized Therms (12ME 08.2023 Test Year)	135,785,858	53,785,103	29,149,318	4,577,265	17,685,530	201,105	30,387,537

		Residential	Non-Residential Group	
9	Average Number of Customers (Line 8 / 12 mos.)	95,628	12,175	Exempt from
10	Annual Therms	53,785,103	51,613,218	Decoupling
11	Basic Charge Revenues	$ 13,483,525	$ 2,853,485	Mechanism
12	Customer Bills	1,147,534	146,097	
13	Average Basic Charge	$11.75	$19.53	

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-461 Rates Effective January 1, 2024

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenue	Page 1	$ 40,627,476	$ 23,851,515
2	Test Year Number of Customers (12ME 08.2023)	Revenue Data	95,628	12,175
3	Decoupled Revenue Per Customer	(1) / (2)	$ 424.85	$ 1,959.10

*Schedules 420, 424, 425, 439, 440, and 444

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Monthly Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-461 Rates Effective January 1, 2024

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1															
2	**Natural Gas Delivery Volume**														
3	*Residential*														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	8,909,899	7,260,811	6,116,282	4,259,880	2,623,015	1,611,291	1,179,828	1,315,690	1,382,331	3,273,955	6,590,289	9,261,831	53,785,103
5	- % of Annual Total	% of Total	16.57%	13.50%	11.37%	7.92%	4.88%	3.00%	2.19%	2.45%	2.57%	6.09%	12.25%	17.22%	100.00%
6															
7	*Non-Residential Sales**														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	6,699,231	5,761,594	5,071,842	3,899,540	2,771,833	2,289,051	2,187,801	2,550,692	2,620,700	4,356,421	6,238,532	7,165,981	51,613,218
9	- % of Annual Total	% of Total	12.98%	11.16%	9.83%	7.56%	5.37%	4.44%	4.24%	4.94%	5.08%	8.44%	12.09%	13.88%	100.00%
10															
11	**Monthly Decoupled Revenue Per Customer ("RPC")**														
12	*Residential*														
13	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 424.85
14	- Monthly Decoupled Revenue per Customer	(5) x (13)	$ 70.38	$ 57.35	$ 48.31	$ 33.65	$ 20.72	$ 12.73	$ 9.32	$ 10.39	$ 10.92	$ 25.86	$ 52.06	$ 73.16	$ 424.85
15	- Monthly Allowed Customers		95,561	95,556	95,420	95,384	95,352	95,623	95,982	96,424	95,538	95,529	95,566	95,599	
16	*Non-Residential Sales**														
17	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 1,959.10
18	- Monthly Decoupled Revenue per Customer	(9) x (17)	$ 254.28	$ 218.69	$ 192.51	$ 148.02	$ 105.21	$ 86.89	$ 83.04	$ 96.82	$ 99.47	$ 165.36	$ 236.80	$ 272.00	$ 1,959.10
19	- Monthly Allowed Customers		12,191	12,199	12,198	12,188	12,185	12,186	12,141	12,136	12,121	12,131	12,166	12,243	
20	*Schedules 420, 424, 425, 439, 440, and 444.														

Dylan Plummer

Relevant Experience

Senior Campaign Representative, *Sierra Club;* Pacific Northwest **2021 - Present**

- Develops and successfully executes campaign strategy at local, regional, and state governments across the Pacific Northwest, focusing on building electrification and utility justice
- Leads a team of various capacities to accomplish significant wins for the building electrification campaign at the regional and national level while working in broad coalitions with frontline and traditional environmental partners
- Serves as a spokesperson for the Sierra Club and the Building Electrification Campaign and works to pitch favorable stories in a variety of media outlets at the local, state and national level including the Washington Post and New York Times
- Supports Campaign Director and Campaign Leadership Team in campaign development and prioritization with a focus on the intersection between building electrification, and housing and energy justice
- Builds relationships and coalitions with key frontline organizations, including tenants rights groups, racial justice organizations and labor unions to strengthen both building electrification campaigns and intersecting equity work

Co-Founder and Board Secretary, *Breach Collective;* Remote **2020 - Present**

- Develops and implements strategic programs and campaigns to forward policies that promote a just transition from fossil fuels, with a focus on Oregon and Washington
- Participates in donor and foundation solicitation and cultivation, including research on grant makers and drafting grant proposals and reports
- Collaborates with board and staff to create and manage organizational budgets

Grassroots Organizer, *Cascadia Wildlands;* Eugene, OR **2020 - 2021**

- Worked with legal and communications staff, partner organizations and volunteers to develop and implement campaigns to protect public forests and fight new fossil fuel infrastructure in the region
- Built coalitions to advance campaigns, and engaged strategic partners including organized labor, health and public safety, affordable housing, and environmental justice advocacy groups
- Developed campaign policy positions in collaboration with legal staff and partners and advocates before municipal, county and state decision-makers

Steering Committee Member, *Powershift Network;* Remote **2019 - 2021**

- Selected to shape national convergence for thousands of youth climate activists
- Fostered relationships with a broad coalition of social, racial, and environmental justice organizations nationwide to build power in the youth climate movement
- Drafted materials for recruitment and develops outreach strategy to define and achieve recruitment targets with a focus on historically marginalized communities

Public Engagement Organizer, *Our Children's Trust;* Eugene, OR **2018 - 2019**

- Coordinated volunteers across the country to host distributed organizing events and to build support for climate litigation
- Worked with a coalition of national climate organizations including 350.org to plan the 2019 Climate Strike, in which hundreds of thousands of people participated in events across every state in the country
- Led policy advocacy with decision-makers at the federal level, drafting lobbying materials and leading meetings with legislators and their staff

Education

- Bachelor of Arts in Environmental Studies, University of Oregon
- Honors Thesis: *Displacement in Place: The Delegitimization of Indigenous Sovereignty in Environmental Conflict Through Media Framing*