



Avista Corp.

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April 28, 2023

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

RE: Avista Corp. Oregon Division Results of Operations

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

Please see the attached report for the twelve-months ended December 31, 2022, along with accompanying workpapers, for the Oregon Division of Avista Corp. The results of the report are as follows:

	Per UM-903	Annual Report After All Type I	Annual Report After Type II
Rate of Return	6.36%	6.36%	6.46%
Implied Return on Equity	7.94%	7.94%	8.14%

Per the requirements of UM 1286, Order No. 14-238, the Company is to file concurrently with the annual Results of Operations a notice of an "intent to request amortization effective November 1" for any non-gas deferral it intends to amortize with the PGA, that requires a separate earnings test. Please allow this letter to serve as notice the Company, at this time, intends to propose an amortization for the deferral associated with the Oregon Climate Protection Program (CPP) effective November 1, 2023.

Please direct any questions on this matter to me at (509) 495-2482.

Sincerely,

/s/ Kaylene Schultz

Kaylene Schultz
Manager of Regulatory Affairs
kaylene.schultz@avistacorp.com



TABLE I

AVISTA UTILITIES
Oregon
Twelve Months Ending December 31, 2022

	Per Results Reports	Earnings Test Adjustments (fr/ Table II)	Earnings Test Results UM-903	Weather Normalization Sales/Purch	Total Type I Results	Total Type II Adjustments (fr/ Table III)	Earnings Test Incl. Type II Adj.	
	A	B	C	D	E	F	G	
OPERATING REVENUES								
1	Total General Business	\$128,462,651	0	\$128,462,651	(\$3,723,817)	\$124,738,834	0	\$124,738,834
2	Transportation	2,869,730	0	2,869,730	0	2,869,730	0	2,869,730
3	Other	46,574,842	0	46,574,842	2,028,453	48,603,295	(4,686,597)	43,916,698
4	Total Operating Revenues	177,907,223	0	177,907,223	(1,695,364)	176,211,859	(4,686,597)	171,525,262
OPERATING EXPENSES								
5	Gas Purchased	95,118,357	0	95,118,357	(1,643,836)	93,474,521	(5,073,824)	88,400,697
6	Operations & Maintenance	17,610,735	(61,227)	17,549,508	(7,625)	17,541,883	0	17,541,883
7	Administrative & General	15,046,632	(464,800)	14,581,832	(8,996)	14,572,836	0	14,572,836
8	Taxes Other Than Income	11,681,611	0	11,681,611	(36,694)	11,644,917	0	11,644,917
9	Depreciation & Amortization	17,121,783	0	17,121,783	0	17,121,783	0	17,121,783
10	Total Operating Expenses	156,579,118	(526,027)	156,053,091	(1,697,151)	154,355,940	(5,073,824)	149,282,116
11	OPERATING INCOME BEFORE INCOME TAX	21,328,105	526,027	21,854,132	1,787	21,855,919	387,227	22,243,146
INCOME TAXES								
12	Current Federal Income Taxes	(258,874)	149,005	(109,869)	375	(109,494)	81,318	(28,176)
13	Deferred Federal Income Taxes	1,461,467	0	1,461,467	0	1,461,467	0	1,461,467
14	State Income Taxes	70,043	0	70,043	0	70,043	0	70,043
15	Total Income Taxes	1,272,636	149,005	1,421,641	375	1,422,016	81,318	1,503,334
16	NET OPERATING INCOME	\$20,055,469	\$377,022	\$20,432,491	\$1,412	\$20,433,903	\$305,909	\$20,739,812
AVERAGE RATE BASE								
17	Utility Plant in Service	\$559,927,013	(141,488)	\$559,785,525	\$0	\$559,785,525	0	\$559,785,525
18	Less: Accumulated Depreciation & Amortization	(165,933,222)	0	(165,933,222)	0	(165,933,222)	0	(165,933,222)
19	Net Utility Plant	393,993,791	(141,488)	393,852,303	0	393,852,303	0	393,852,303
20	Accumulated Deferred Income Taxes	(68,079,937)	0	(68,079,937)	0	(68,079,937)	0	(68,079,937)
21	Inventory and Other	(4,507,232)	0	(4,507,232)	0	(4,507,232)	0	(4,507,232)
22	TOTAL AVERAGE RATE BASE	\$321,406,622	(\$141,488)	\$321,265,134	\$0	\$321,265,134	\$0	\$321,265,134
23	RATE OF RETURN	6.24%		6.36%		6.36%		6.46%
(4)	IMPLIED RETURN ON EQUITY	7.69%		7.94%		7.94%		8.14%
UM-903 Earnings Test Calculation								
25	EARNINGS THRESHOLD - Return on Equity			10.40% ⁽¹⁾				
26	EQUITY EARNINGS AT THRESHOLD RATE			\$16,244,707				
27	EQUITY EARNINGS ACTUAL			\$12,402,209				
28	100% OF NOI EXCEEDING THRESHOLD			(\$3,842,498)				
29	100% OF REVENUE EXCEEDING THRESHOLD			(\$5,016,696)				
30								
32	33% REVENUE ADJ DUE TO SPRING REVIEW () = Under Threshold			(\$1,655,510)				
33								
34	Conversion factor			0.765942				
AVISTA COST OF CAPITAL								
		Capital Structure (2)	Cost (3)	Weighted Cost				
	Long-Term Debt and Preferred Securities	51.38%	4.87%	2.50%				
	Common Equity	48.62%	9.40%	4.57%				
	Total	100.00%		7.07%				

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

Type II: Adjustment for Gas Cost Incentive

(1) Gas Earnings Threshold (GET) based on Oregon Staff Memo from Ishraq Ahmed & Rose Pileggi dated January 12, 2023 with Avista's amount 10.40%.

(2) Five-quarter Average Actual Capital Structure.

(3) Five-quarter Actual Average Cost.

AVISTA UTILITIES
Oregon
Type I Adjustments
Twelve Months Ending December 31, 2022

	Uncollectible Expense Adj.	Salaries & Wages Adj.	Incentive Pay Adj.	Memberships & Dues & Dues Adj.	Miscellaneous True Ups Adj.	Restate Debt Interest	Total Type I Adjustments
	(1a)	(1b)	(1c)	(1d)	(1e)	(1f)	
OPERATING REVENUES							
1 Total General Business	-	-	-	-	-	-	-
2 Transportation	-	-	-	-	-	-	-
3 Other	-	-	-	-	-	-	-
4 Total Operating Revenues	-	-	-	-	-	-	-
OPERATING EXPENSES							
5 Gas Purchased	-	-	-	-	-	-	-
6 Operations & Maintenance	128,256	(189,864)	-	-	381	-	(61,227)
7 Administrative & General	-	-	(411,089)	(54,285)	574	-	(464,800)
8 Taxes Other Than Income	-	-	-	-	-	-	-
9 Depreciation & Amortization	-	-	-	-	-	-	-
10 Total Operating Expenses	128,256	(189,864)	(411,089)	(54,285)	955	-	(526,027)
11 OPERATING INCOME BEFORE INCOME TAX	(128,256)	189,864	411,089	54,285	(955)	-	526,027
INCOME TAXES							
12 Current Federal Income Taxes	(26,934)	39,871	86,329	11,400	(201)	38,540	149,005
13 Deferred Federal Income Taxes	-	-	-	-	-	-	-
14 State Income Taxes	-	-	-	-	-	-	-
15 Total Income Taxes	(26,934)	39,871	86,329	11,400	(201)	38,540	149,005
16 NET OPERATING INCOME	(101,322)	149,993	324,760	42,885	(754)	(38,540)	377,022
AVERAGE RATE BASE							
17 Utility Plant in Service	-	(141,488)	-	-	-	-	(141,488)
18 Less: Accumulated Depreciation & Amortization	-	-	-	-	-	-	-
19 Net Utility Plant	-	(141,488)	-	-	-	-	(141,488)
20 Accumulated Deferred Income Taxes	-	-	-	-	-	-	-
21 Inventory and Other	-	-	-	-	-	-	-
22 TOTAL AVERAGE RATE BASE	-	(141,488)	-	-	-	-	(141,488)

TABLE III

AVISTA UTILITIES
Oregon
Type II Adjustments
Twelve Months Ending December 31, 2022

	Gas Cost Adjustment	Total Type II Adjustments
	(2a)	
OPERATING REVENUES		
1 Total General Business	-	-
2 Transportation	-	-
3 Other	(4,686,597)	(4,686,597)
4 Total Operating Revenues	<u>(4,686,597)</u>	<u>(4,686,597)</u>
OPERATING EXPENSES		
5 Gas Purchased	(5,073,824)	(5,073,824)
6 Operations & Maintenance	-	-
7 Administrative & General	-	-
8 Taxes Other Than Income	-	-
9 Depreciation & Amortization	-	-
10 Total Operating Expenses	<u>(5,073,824)</u>	<u>(5,073,824)</u>
11 OPERATING INCOME BEFORE INCOME TAX	387,227	387,227
INCOME TAXES		
12 Current Federal Income Taxes	81,318	81,318
13 Deferred Federal Income Taxes	-	-
14 State Income Taxes	-	-
15 Total Income Taxes	<u>81,318</u>	<u>81,318</u>
16 NET OPERATING INCOME	<u>305,909</u>	<u>305,909</u>
AVERAGE RATE BASE		
17 Utility Plant in Service	-	-
18 Less: Accumulated Depreciation & Amortization	-	-
19 Net Utility Plant	<u>-</u>	<u>-</u>
20 Accumulated Deferred Income Taxes	-	-
21 Inventory and Other	<u>-</u>	<u>-</u>
22 TOTAL AVERAGE RATE BASE	<u>-</u>	<u>-</u>

AVISTA UTILITIES
Oregon
Twelve Months Ending December 31, 2022
Results of Operations

	Rate	Adjustments
OPERATING REVENUES		
1	Total General Business	\$ 128,462,651
2	Transportation	2,869,730
3	Other	46,574,842
4	Total Operating Revenues	<u>177,907,223</u>
OPERATING EXPENSES		
5	Gas Purchased	95,118,357
6	Operations & Maintenance	17,610,735
	Uncollectible expense adjustment	-
7	Administrative & General	15,046,632
	Commission fees adjustment	-
	Energy Resource Supplier Assessment adj	-
8	Taxes Other Than Income	11,681,611
	Franchise Fee	-
9	Depreciation & Amortization	17,121,783
10	Total Operating Expenses	<u>156,579,118</u>
11	OPERATING INCOME BEFORE INCOME TAX	21,328,105
INCOME TAXES		
12	Current Federal Income Taxes	(258,874)
13	Deferred Federal Income Taxes	1,461,467
14	State Income Taxes	70,043
15	Total Income Taxes	<u>1,272,636</u>
16	NET OPERATING INCOME	<u>\$ 20,055,469</u>
AVERAGE RATE BASE		
17	Utility Plant in Service	\$ 559,927,013
18	Less: Accumulated Depreciation & Amortization	<u>(165,933,222)</u>
19	Net Utility Plant	<u>393,993,791</u>
20	Accumulated Deferred Income Taxes	(68,079,937)
21	Inventory and Other	<u>(4,507,232)</u>
22	TOTAL AVERAGE RATE BASE	<u>\$ 321,406,622</u>