



Avista Corp.

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January 19, 2022

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

RE: UG 433 – Partial Settlement Stipulation & Joint Testimony

Attached for electronic filing, in lieu of physical copies as permitted in Order No. 20-088, is the Partial Settlement Stipulation, Joint Testimony, and Motion to Admit the Partial Settlement Stipulation and Joint Testimony in Docket UG-433. Affidavits of Witnesses will be filed separately by the Parties.

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

Sincerely,

/s/ David J. Meyer

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

Enclosure

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

3 UG 433

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

9 This Partial Settlement Stipulation (“Stipulation”) is entered into for the purpose of
10 resolving several, but not all, issues in this Docket.

11 **PARTIES**

12 The Parties to this Stipulation are Avista Corporation (“Avista” or the “Company”), the
13 Staff of the Public Utility Commission of Oregon (“Staff”), the Oregon Citizens’ Utility Board
14 (“CUB”), and the Alliance of Western Energy Consumers (“AWEC”) (collectively, “Parties”).
15 These Parties represent all who intervened and appeared in this proceeding.

16 **BACKGROUND**

17 1. On October 22, 2021, Avista filed revised tariff schedules to effect a general rate
18 increase for Oregon retail customers of \$3,774,000, or 3.1% of its annual revenues. The filing was
19 suspended by the Commission on November 9, 2021, per its Order No. 21-410.

20 2. On November 29, 2021 a virtual settlement conference was held to discuss Cost of
21 Capital issues only with the above named Parties. No other Parties subsequently intervened.

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

1 **TERMS OF PARTIAL SETTLEMENT STIPULATION**

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

3 The Parties support reducing Avista’s requested revenue requirement to reflect the
4 adjustment to the Cost of Capital discussed below. The adjustments reached in this Stipulation
5 amount to a total reduction in Avista’s revenue requirement increase request from \$3.774 million
6 to a base revenue increase request of \$2.583 million. The new base revenue increase request is
7 subject to further adjustment, as the remaining issues are resolved.

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

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

12

	Revenue Requirement	Rate Base
	\$3,774	\$315,957
Cost of Capital		
Adjusts return on equity to 9.40%, long-term debt cost to 4.70%, with a common stock equity component of 50%, and overall Cost of Capital of 7.05%.	(1,191)	-
Total Adjustments:	(\$1,191)	\$0
	\$2,583	\$315,957

16

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

19 Rate of Return (ROR) (-\$1,191,000): This adjustment reduces Avista’s requested
20 Cost of Capital to an overall Cost of Capital equal to 7.05 percent based on the following
21 components: a Capital Structure consisting of 50% Common Stock Equity and 50% Long-Term
22 Debt, Return on Equity (ROE) of 9.40%, and a Long-Term Debt cost of 4.700%. This

1 combination of Capital Structure and Capital Costs is shown in the schedule below.¹

Agreed Upon Cost of Capital (CoC)			
Component	Capital Structure	Cost	Weighted Cost
Cost of Long-Term (LT) Debt	50%	4.700%	2.350%
Return on Common Equity (ROE)	50%	9.400%	4.700%
Rate of Return (ROR)			7.050%

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

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

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

21 8. This Stipulation will be offered into the record in this proceeding as evidence
22 pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this

¹ The agreed-upon Capital Structure (50/50) and Cost of Equity (9.40%) represent a continuation of currently-approved levels approved in Docket No. UG-389.

1 proceeding and any appeal. The Parties further agree to provide witnesses to sponsor the
2 Stipulation at any hearing held, or, in a Party's discretion, to provide a representative at the hearing
3 authorized to respond to the Commission's questions on the Party's position, as may be
4 appropriate.

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

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

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

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

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

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

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

7 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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10
11 By: /s/ David J. Meyer
12 David J. Meyer

By: /s/ Johanna Riemenschneider
Johanna Riemenschneider

13

14 Date: January 19, 2022

Date: January 19, 2022

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16

17 ALLIANCE OF WESTERN ENERGY
18 CONSUMERS

OREGON CITIZENS' UTILITY BOARD

19

20 By: _____
21 Chad M. Stokes

By: _____
Michael P. Goetz

22

23 Date: _____

Date: _____

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7 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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10
11 By: /s/ David J. Meyer
12 David J. Meyer

By: _____
Johanna Riemenschneider

13
14 Date: January 19, 2022

Date: _____

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18 CONSUMERS

OREGON CITIZENS' UTILITY BOARD

19
20 By: 
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Date: _____

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7 AVISTA CORPORATION

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11 By: /s/ David J. Meyer
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14 Date: January 19, 2022
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17 ALLIANCE OF WESTERN ENERGY
18 CONSUMERS

19

20 By: _____
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22
23 Date: _____

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: _____
Johanna Riemenschneider

Date: _____

OREGON CITIZENS' UTILITY BOARD

By:  _____
Michael P. Goetz

Date: January 19, 2022