



**Avista Corp.**

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May 8, 2023

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

**RE: UG 461 – Partial Multiparty Settlement Stipulation**

Avista Corporation d/b/a/ Avista Utilities, hereby submits for filing an electronic copy of the Partial Multiparty Settlement Stipulation.

Please direct any questions regarding this filing to Pat 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 461

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

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

11 **PARTIES**

12 The Parties to this proceeding are Avista Corporation (“Avista” or the “Company”), the  
13 Staff of the Public Utility Commission of Oregon (“Staff”), Oregon Citizens’ Utility Board  
14 (“CUB”), the Alliance of Western Energy Consumers (“AWEC”), and the joint intervenor Sierra  
15 Club/Climate Solutions (collectively, “Parties”).

16 The Parties to this Stipulation are Avista, Staff, and AWEC (“Settling Parties”). CUB and  
17 Sierra Club/Climate Solutions do not join the Settlement.

18 **BACKGROUND**

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

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

25 3. As a result of the settlement discussions, the Settling Parties have agreed to settle

1 all issues in this Docket concerning the Cost of Capital, including Capital Structure, Cost of Long-  
2 Term Debt, and Return on Equity, subject to the approval of the Commission.

3 **TERMS OF PARTIAL SETTLEMENT STIPULATION**

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

5 The Settling Parties support reducing Avista’s requested revenue requirement to reflect the  
6 adjustment to the Cost of Capital discussed below. The adjustments reached in this Stipulation  
7 amount to a total reduction in Avista’s revenue requirement increase request from \$10.991 million  
8 to a base revenue increase request of \$9.362 million. The new base revenue increase request is  
9 subject to further adjustment, as the remaining issues are resolved.

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

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

	<b>Revenue Requirement</b>	<b>Rate Base</b>
	<b>\$10,991</b>	<b>\$351,283</b>
<b>Cost of Capital</b>		
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%.	<b>(1,629)</b>	<b>-</b>
<b>Total Adjustments:</b>	<b>(\$1,629)</b>	<b>\$0</b>
	<b>\$9,362</b>	<b>\$351,283</b>

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

21 Rate of Return (ROR) (-\$1,629,000): This adjustment reduces Avista’s requested  
22 Cost of Capital to an overall Cost of Capital equal to 7.235 percent based on the following  
23 components: a Capital Structure consisting of 50 percent Common Stock Equity and 50 percent

1 Long-Term Debt, Return on Equity (ROE) of 9.50 percent, and a Long-Term Debt cost of 4.969  
2 percent. This combination of Capital Structure and Capital Costs is shown in Table No. 2 below.

3 **Table No. 2 – Agreed-Upon Cost of Capital**

4

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

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

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

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

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

1 throughout this proceeding and any appeal. The Settling Parties further agree to provide witnesses  
2 to sponsor the Stipulation at any hearing held, or, in a Party's discretion, to provide a representative  
3 at the hearing authorized to respond to the Commission's questions on the Party's position, as may  
4 be 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 Settling Parties agree that they will continue to support the Commission's adoption of  
10 the terms of this Stipulation.

11 10. The Settling Parties have negotiated this Stipulation as an integrated document. If  
12 the Commission rejects all or any material portion of this Stipulation, or imposes additional  
13 material conditions in approving this Stipulation, any Party disadvantaged by such action shall  
14 have the rights provided in OAR 860-001-0350(9) and shall be entitled to seek reconsideration or  
15 appeal of 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. The Settling Parties further agree that any electronically-  
22 generated Party signatures are valid and binding to the same extent as an original signature.

