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March 29, 2022

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

RE: UG 433 – 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-433. Also enclosed is Exhibit No. Stipulating Parties/105, which is a copy of the Second Settlement Stipulation.

Please direct any questions regarding this filing to Kaylene Schultz at (509) 495-2482.

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 433

STAFF/AVISTA/AWEC/CUB EXHIBIT 104

Joint Testimony in Support of the
Second Settlement Stipulation

March 29, 2022

I. INTRODUCTION

Q. Please state your names and positions.

A. My name is Matt Muldoon. I am employed by the Public Utility Commission of Oregon ("PUC") as a manager in the Rates Finance and Audit (RFA) Division. 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 2010 graduate of 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 annual filings and various applications, including those related to the Purchased Gas Adjustments for all jurisdictions. In my current role as Manager of Regulatory Affairs, I am responsible for the preparation of normalized revenue requirement and pro forma studies for the Company's Oregon jurisdiction, 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 William Gehrke. I am an Economist with the Oregon Citizens' Utility Board ("CUB"). As one of CUB's economists, my responsibilities include the review of utility and telecommunications filings in Oregon on behalf of residential customers. In this particular docket, I am representing residential customers' concerns arising from Avista's General Rate Case filing. My witness qualification was previously provided in Stipulating Parties/103 Gehrke/1.

My name is Bradley G. Mullins, and I am an Independent Energy and Utilities Consultant representing large energy consumers before state regulatory commissions. 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 was previously provided in AWEC/101 Mullins/1.

Hereafter, Staff, the Company, CUB and AWEC 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 March 18, 2022 between Staff, CUB, AWEC, and the

Company in Docket UG-433 (Second Settlement Stipulation), which resolved all remaining issues among the Parties for the general rate increase filed on October 22, 2021. 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/105 is the Second Settlement Stipulation filed with the Commission on March 18, 2022. The First Settlement Stipulation was previously filed on January 19, 2022, 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 October 22, 2021, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of $3,774,000, which on a percentage basis is 3.1% of its annual revenues or 5.0% on a margin revenue basis. The filing was suspended by the Commission on November 9, 2021, per its Order No. 21-410. On November 29, 2021, a virtual settlement conference was held to discuss Cost of Capital issues only with the above-named Parties. No other Parties subsequently intervened.

As a result of that first settlement discussion, the Parties 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 January 19, 2022 (First Settlement Stipulation).

Staff, CUB, and AWEC filed Opening Testimony on March 3, 2022 on other issues, in response to the Company's original filing on October 22, 2021. On March 10, 2022, an electronic settlement conference was held, and was attended by all Parties.[1]

As a result of the settlement discussions, the Parties have agreed to settle all remaining issues in this Docket, as memorialized in this Second Settlement Stipulation. This includes adjustments to the revenue requirement, deferred federal customer tax credit, deferred state income tax credit, business energy tax credits (BETC), and rate spread and rate design issues 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 currently authorized. Other changes impacting the Company's revenue requirement request relate to increases in distribution, operation 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 384 data requests, with over 662 subparts, including 121 that were provided with the Company's filed case. The data requests covered a broad range of

[1] Additional virtual settlement conferences were held on February 2, 2022, February 9, 2022 and February 14, 2022 for settlement discussion purposes and were attended by all Parties.

areas including, but not limited to, cost of capital, plant-in-service, employee wages and benefits, working capital, operating and maintenance costs, property tax, state and federal taxes, regulatory expense and various administrative and general related expenses, as well as issues related to load forecasting and Avista's long run incremental cost study.

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

A. Yes, each of these parties filed Opening Testimony on March 3, 2022, 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 $3.774 million to a base revenue increase request of $2.583 million. The adjustments to Avista's revenue requirement reflected in the First Settlement Stipulation are shown in Table No. 1 below:

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

	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**

This reduced Avista's requested cost of capital to an overall cost of capital equal to 7.050 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 of 9.40 percent, and a long-term debt cost of 4.700 percent. This combination of capital structure and capital costs is shown in the Table No. 2 below.[2]

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%	4.700%	2.350%
Return on Common Equity (ROE)	50.00%	9.400%	4.700%
Total	100.00%		7.050%

IV. TERMS OF THE SECOND SETTLEMENT STIPULATION

Q. What revenue requirement adjustments to Avista's originally filed case are included in the Second Settlement Stipulation (Exhibit No. Stipulating Parties/105)?

A. The Parties support a further reduction to Avista's requested revenue requirement. The overall natural gas revenue requirement is part of a "black box" settlement, reflecting give-and-take on multiple issues. This "black box" settlement resolves all remaining issues and amounts to a further reduction in Avista's revenue requirement increase request from $2.583 million (resulting from a cost of capital settlement) to a base revenue increase request of $1.600 million. Notwithstanding the "black box" settlement, all capital projects in Avista's filed case are included in the $1.600 million base revenue increase. Based on settlement discussions, this amount is reflective of plant that will be in service as of the rate effective date and is reasonable in the context of the overall settlement.

[2] The agreed-upon capital structure (50/50) and cost of equity (9.4%) represent a continuation of currently approved levels approved in Docket UG-389.

Q. Why did the Parties agree on a "black box" approach for purposes of resolving the remaining revenue requirement issues?

A. As discussed earlier, the Parties met multiple times both prior to, and after the filing of the Parties' responsive testimony. In those meetings, robust discussions on almost all issues making up the proposed revenue requirement were had. Overall, the Parties could not agree on the treatment of all items, but could agree on the level of revenue requirement. Therefore, the Parties believed that a "black box" was appropriate, although no agreement on the components were agreed to. The end result of what was agreed to is well within a zone of reasonableness, based on the pre-filed testimony of all Parties.

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

A. The proposed rate effective date is August 22, 2022. 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 August 22, 2022.

<u>V. TAX-RELATED ITEMS</u>

<u>Deferred Federal Customer Tax Credit</u>

Q. What is the agreement of the Parties relating to the deferred federal customer tax credit?

A. The Parties agree to return the deferred federal tax credit balance owed customers[3], totaling $22.3 million (grossed up amount) as of December 31, 2021, over ten (10) years, or approximately $2.2 million annually, through Tariff Schedule 486 "Tax

[3] The deferred tax credit accounting and balances were described by Company witness Ms. Andrews in her pre-filed testimony at Andrews/600, pp. 9:1 – 14:16. The deferred tax credit balance of $22.3 million as of December 31, 2021 was updated in AWEC_DR_046, appearing in Exhibit AWEC/103, Mullins/29.

Customer Credit." 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. The Company will continue to defer annually the on-going deferred federal customer tax credits, beyond the December 31, 2021 amount deferred, for consideration in a future general rate case or other proceeding.

Q. What is being referred to by "Deferred Federal Customer Tax Credits"?

A. As discussed by Ms. Andrews in her pre-filed testimony at Andrews/600, starting at page 9, per Order No. 21-131 (Docket UM-2124) the Commission approved the Company's application to use the flow-through method of accounting for tax benefits for Industry Director Directive No. 5 (IDD #5) and meters which, prior to 2019, were included in customer rates using tax normalization. As a result of the change in tax accounting method, ongoing costs are now deducted as an expense for tax purposes rather than being capitalized and depreciated. As approved in Order No. 21-131, this tax deduction now flows through to ratepayers rather than being depreciated for ratemaking purposes, creating an annual benefit. Order No. 21-131 authorized deferral of this tax benefit, resulting in accumulated deferred federal income taxes (ADFIT) for future ratemaking consideration. As noted above, the deferred ADFIT tax credits recorded as of December 31, 2021 available to return to customers totaled $22.3 million (grossed up).

<u>Deferred State Income Tax Credit</u>

Q. Please explain the Parties agreement related to the deferred state income tax credit.

A. The Parties agree to return $1.5 million of deferred state income tax credits, net of deferred tax reform residual balances,[4] over two (2) years through Schedule 487 "Deferred Tax Credit", or $755,000 annually.

Q. What is the source of these credits?

A. As discussed by Ms. Andrews in her pre-filed testimony at Andrews/600, starting at page 15, the Company is deferring, for the period January 15, 2021 through August 31, 2022, the change (compared to the amount reflected in customer rates from Docket No. UG-389) in Oregon state income tax expense associated with the federal income tax accounting change approved per Order No. 21-131 in Docket No. UM 2124. The balance in this account is expected to be a rebate of $2.2 million owed to customers at August 31, 2022.

Additionally, as discussed by Mr. Miller in his pre-filed testimony at Miller/1000, starting at page 16, the Company has an outstanding residual balance on the books from the amortization of temporary federal income tax benefits attributable to the enactment of the Tax Cuts and Jobs Act of 2017 (Docket No. UM-1918). Customers received the federal tax reform benefits through Schedule 474 rate reductions from March 1, 2019 through February 28, 2021. The benefits provided to customers exceeded the federal income tax benefits that had been deferred, resulting in a residual balance of $0.7 million surcharge owed by customers at August 31, 2022.

The net amount of returning to customers the deferred state income tax benefit of approximately $2.2 million, offset by the deferred Tax Reform Residual balance owed from customers of approximately $0.7 million, totals of $1.5 million.

[4] The deferred state income tax balance and deferred tax reform residual balance were described by Company witness Ms. Andrews in her pre-filed testimony at Andrews/600, pp. 15:11 – 16:13.

<u>Business Energy Tax Credits (“BETC”)</u>

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

A. The Parties agree that there will be no shareholder impact related to expiring BETC credits.

<u>Net Impact on Billed Rates</u>

Q. What is the combined impact on “billed” rates of the federal and state tax credits discussed above?

A. The overall increase of $1.6 million in revenue requirement would result in an increase of 1.3% of its annual revenues or 2.1% on a margin revenue basis. After giving effect to the amortization of tax credits, the “billed” impact on rates will be an overall decrease of 1.1%. The particulars of this will be addressed below, including the impact on each rate schedule.

VI. RESOLUTION OF RATE SPREAD

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

A. The Parties support the spread of the August 22, 2022, overall base distribution revenue increase of $1.600 million, which on a percentage basis is 1.3% of its annual revenues or 2.1% on a margin revenue basis, to the Company’s service schedules 410, 420, 424/425 as described in Table No. 3 below. For purposes of the Tax Customer Credit Schedule 486 rate spread, the Parties agree to spread the rate credit based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin. For purposes of the Deferred Tax Credit Schedule 487 rate spread, the Parties agree to spread the rate credit based on a uniform percent of distribution margin. Table No. 3 below (and as shown in Attachment A to Exhibit No. Stipulating Parties/105 Second Settlement Stipulation) details the rate spread changes as described above:

Table No. 3: Agreed-Upon Rate Spread[5]

Type of Service	Schedule Number	Distribution Revenue Increase	**Distribution Revenue Percentage Increase**	Schedule 486 Tax Customer Credit	Schedule 487 Deferred Tax Credit	**Total Billed Revenue Decrease**	**Total Billed Revenue Percentage Decrease ***
Residential	410	$1,034	**2.1%**	($1,631)	($489)	**-$1,086**	**-1.4%**
General Service	420	$551	**2.7%**	($489)	($209)	**-$147**	**-0.4%**
Large General Service	424/425	$15	**2.1%**	($14)	($7)	**-$6**	**-0.2%**
Interruptible Service	439/440	$0	**0.0%**	($35)	($18)	**-$52**	**-0.9%**
Seasonal Service	444	$0	**0.0%**	($1)	($0)	**-$1**	**-0.8%**
Transportation Service	456	$0	**0.0%**	($61)	($32)	**-$93**	**-2.9%**
Total		$1,600	**2.1%**	($2,230)	($755)	**-$1,385**	**-1.1%**

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

Q. Why did the Parties agree to spread the revenue requirement to only Schedules 410, 420, and 424?

A. While the Parties did not agree on the Long Run Incremental Costs Studies, the studies showed that Schedules 410, 420 and 424 were at or below their cost of service to varying degrees. The other three Schedules, Schedules 440, 444 and 456, all are providing revenues in excess of their cost of service. By spreading the increase to Schedules 410, 420 and 424, and leaving the other Schedules unchanged, all Schedules will move closer to their cost of service.

Q. Please explain why the Tax Customer Credit Schedule 486 rate spread rate credit is based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin?

[5] Reproduced from Table No. 1, on page 4 of Exhibit No. Stipulating Parties/105 Second Settlement Stipulation.

A. Approximately 35% of the Tax Customer Credit is attributable to the tax deduction of meter expenditures.[6] Relative to their overall margins, however, small customer classes are allocated a higher proportion of meter costs, relative to large customer classes. Therefore, Parties agreed to allocate a higher proportion of the Tax Customer Credit attributable to meter expenditures to small customer classes using an allocation factor based on customer counts. This favorable allocation to small customers partially offset the higher base rate increase allocated to those customers.

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. 3 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.

VII. RESOLUTION OF RATE DESIGN

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

A. The Parties support the following rate design: the base revenue increase, Tax Customer Credit Schedule 486, and Deferred Tax Credit Schedule 487 will be applied solely to the volumetric charges of the individual rate schedules. The monthly customer basic charge for all rate schedules will remain at current levels. All other rate design components are as

[6] Staff_DR_189.docx

proposed by the Company in its original filing. Attachment A to Exhibit No. Stipulating Parties/105 Second Settlement Stipulation provides the agreed-upon base rates.[7]

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

A. The Stipulating Parties agree that maintaining existing basic charge levels represents a reasonable compromise that fairly balances the interests of the Stipulating Parties.

VIII. 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 the Second Settlement Stipulation, based on an average usage level of 48 therms per month, the average bill for a Schedule 410 residential customer, which includes both base and adder schedules[8], would decrease $0.96 per month, or 1.4 percent, from $68.17 to $67.21.

IX. 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 Settlement Stipulation reflects the new decoupling base effective August 22, 2022, that is supported by the Parties. The new decoupling base provides the "Monthly Allowed Customers" and "Monthly Decoupled Revenue per Customer"

[7] The agreed-upon billing determinants are those in the Company's filed case.
[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.

which incorporate the effects of the settlement revenue requirement and billing determinants discussed above.

X. OTHER ITEMS

Regulatory Deferral Amortizations

Q. Please describe the agreement of the Parties relating to the Regulatory Deferral Amortizations included in this case.

A. The Parties agree to the regulatory deferral amortizations for the Meter Data Management ("MDM") depreciation and Corporate Activity Tax ("CAT") deferred asset/liability (Adjustment 2.11), as filed by the Company[9] and updated in response to Staff DR 191. Commission authorization will allow Avista to amortize these balances on its books of record.

Multifamily Study

Q. What is the agreement of the Parties relating to the Company providing a multi-family residential study?

A. The Parties agree that the Company, in its next general rate case filing, will include a study to determine if it is less costly to serve multi-family residential customers than single-family residential customers as proposed by Staff witness St. Brown in his Opening Testimony (Exhibit Staff/1400).

[9] The MDM and CAT deferred asset/liability were described by Company witness Ms. Schultz in her pre-filed testimony at Schultz/500, pp. 47:16 – 49:8.

UM 2069 COVID-19 Filing

Q. Please describe the UM 2069 COVID-19 tariff filing the Company will make as agreed to by the Parties.

A. The Parties agree the Company will make a tariff filing no later than April 30, 2022, with an effective date of November 1, 2022, related to the COVID-19 deferral balances (UM 2069), and the proposed recovery of net deferred costs of $778,000 reflected as of December 31, 2021.

XI. Statements of the Parties[10]

Statement of Avista

Q. Does Avista support the Second Settlement Stipulation which resolves all remaining issues in this Docket, including effects to the revenue requirement, treatment of deferred federal and state tax credits, and rate spread and rate design issues?

A. Yes. The Settlement strikes a reasonable balance between the interests of Avista's customers and the Company on revenue requirement, treatment of the deferred federal and state tax credits, and rate spread and rate design issues. 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 and AWEC, 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.

[10] 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.

Statement of Staff

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

A. Staff supports the Second Settlement Stipulation as a reasonable compromise of the issues in this rate case that balances customers' interests and shareholder interests, and that results in fair, just and reasonable rates. Staff is confident none of the terms of the Second Settlement Stipulation are contrary to Commission precedent. For those agreed-to terms for which there is no Commission precedent, Staff's agreement was based on Staff's evaluation and analysis of the issues, further informed by Staff practice in other rate cases. Staff's position on these adjustments is supported by its opening testimony, a further evaluation of the available information and the conclusion that the agreed-to adjustments fall within a reasonable range of outcomes at this time.

Statement of CUB

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

A. CUB finds the Second Settlement Stipulation is in the public interest as a reasonable compromise of the issues addressed by Staff, AWEC, CUB, and Avista in this docket. CUB believes that the settlement is a fair compromise that protects Avista's Oregon residential ratepayers from an unreasonable increase to overall rates. The First and Second Stipulations will provide an overall reduction of the Company's initial revenue requirement request, which was $3,774,000. CUB is supportive of the Second Stipulation because the proposed spread results in an overall net rate reduction to all customer classes.

Statement of AWEC

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

A. AWEC supports the Second Settlement Stipulation as being in the public interest and recommends the Commission approve it. The signing parties each hold different positions on the individual components of Avista's natural gas revenue requirement, and rate spread and rate design issues addressed in the Second Settlement Stipulation. Notwithstanding, the Second Settlement Stipulation has brought down the overall gas revenue requirement increase from $3,774,000 as originally filed to $1,600,000. It also provides a material long-term benefit associated with the refund of Tax Customer Credits over a 10-year period. Overall, the Second Settlement Stipulation results in a net rate reduction to all customer classes, a result that AWEC supports.

AWEC also found it to be important to implement a rate spread that is consistent with the principles of cost causation and recognizes the results of Avista's long run incremental cost study, which shows that some rate classes are well above cost of service. While the Second Settlement Stipulation does not completely move all rates to cost of service, AWEC supports the proposed margin revenue allocation because it makes some movement towards cost based rates, without resulting in a rate increase for any customer class. Similarly, AWEC supports following the principles of cost causation with respect to the Tax Customer Credit and allocating more of the benefits to residential and other small customer classes, recognizing that those customer classes are allocated a higher proportion of the costs associated with meters. AWEC, however, did not necessarily agree that it was consistent to use the customer counts to allocate the benefit of 35% portion of the Tax Customer Credit associated with meters. As

AWEC discussed in testimony, meter expenditures are allocated based on marginal metering costs in the LRIC study, which would have been a more appropriate allocator to use. Notwithstanding, the use of a customer count allocation factor did not materially impact the results in this case, and therefore, AWEC found it to be reasonable for use in this proceeding. AWEC may reevaluate this assumption for future deferrals in future rate proceedings.

Considering these factors, AWEC found the Second Settlement Stipulation to be a fair compromise between Avista and its customers. AWEC recommends that the Commission approve the Second Settlement Stipulation.

XII. CONCLUSION

Q. Do the Parties agree that the Second Settlement Stipulation provided as Exhibit No. Stipulating Parties/105 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 433

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

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

PARTIES

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

BACKGROUND

1. On October 22, 2021, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of $3,774,000, which on a percentage basis is 3.1% of its annual revenues or 5.0% on a margin revenue basis. The filing was suspended by the Commission on November 9, 2021, per its Order No. 21-410.

[1] The Parties previously entered into a Partial Settlement on Cost of Capital, which was filed on January 19, 2022.

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

3. As a result of that first settlement discussion, the Parties 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 Settlement Stipulation was filed on January 19, 2022 (First Settlement Stipulation). The adjustments reached in the First Settlement Stipulation resulted in a total reduction in Avista's revenue requirement increase request from $3.774 million to a base revenue increase request of $2.583 million. This reduced Avista's requested cost of capital to an overall cost of capital equal to 7.050 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 of 9.400 percent, and a long-term debt cost of 4.700 percent.

4. Staff, CUB, and AWEC filed Opening Testimony on March 3, 2022 on other issues, in response to the Company's original filing on October 22, 2021. On March 10, 2022, an electronic settlement conference was held, and was attended by all Parties.

5. As a result of the settlement discussions, the Parties have agreed to settle all remaining issues in this Docket, as memorialized in this Second Settlement Stipulation. This includes adjustments to the revenue requirement, deferred federal customer tax credit, deferred state income tax credit, business energy tax credit (BETC), and rate spread and rate design issues based on the following terms, subject to the approval of the Commission.

TERMS OF THE SECOND SETTLEMENT STIPULATON

6. <u>**Adjustments to Revenue Requirement**</u>**:**

The Parties support a further reduction to Avista's requested revenue requirement. The overall natural gas revenue requirement is part of a "black box" settlement, reflecting give-and-take on multiple issues. This "black box" settlement resolves all remaining issues and amounts to a further reduction in Avista's revenue requirement increase request from $2.583 million (resulting from a cost of capital settlement) to a base revenue increase request of $1.600 million. Notwithstanding the "black box" settlement, all capital projects in Avista's filed case are included in the $1.600 million base revenue increase.

7. **Proposed Effective Date:** The proposed rate effective date is August 22, 2022. 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 August 22, 2022.

8. **Deferred Federal Customer Tax Credit:** The Parties agree to return the deferred federal tax credit balance owed customers, totaling $22.3 million (grossed up amount) as of December 31, 2021 over 10 years, or approximately $2.2 million annually, through Tariff Schedule 486 "Tax Customer Credit." 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. The Company will continue to defer annually the on-going deferred federal customer tax credits, beyond the December 31, 2021 amount deferred, for consideration in a future general rate case or other proceeding.

9. **Deferred State Income Tax Credit:** The Parties agree to return $1.5 million of deferred state income tax credits, net of deferred tax reform residual balances, over two (2) years through Schedule 487 "Deferred Tax Credit", or $755,000 annually.

10. **Business Energy Tax Credits ("BETC"):** The Parties agree that there will be no shareholder impact related to expiring BETC credits.

11. **Regulatory Deferral Amortizations:** The Parties agree to the regulatory deferral amortizations for the Meter Data Management ("MDM") depreciation and Corporate Activity Tax ("CAT") deferred asset/liability (Adjustment 2.11), as filed by the Company and updated in response to Staff DR 191. Commission authorization will allow Avista to amortize these balances on its books of record.

12. **Rate Spread:** The Parties support the spread of the August 22, 2022, overall base revenue increase of $1.600 million, which on a percentage basis is 1.3% of its annual revenues or 2.1% on a margin revenue basis, to the Company's service schedules 410, 420, 424/425 as described in Table 1 below. For purposes of the Tax Customer Credit Schedule 486 rate spread, the Parties agree to spread the rate credit based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin. For purposes of the Deferred Tax Credit Schedule 487 rate spread, the Parties agree to spread the rate credit based on a uniform percent of distribution margin. Table No. 1 below (and as shown in Attachment A to this Second Settlement Stipulation) details the rate spread changes as described above:

13. **Table No. 1: Agreed-Upon Rate Spread**

Type of Service	Schedule Number	Distribution Revenue Increase	**Distribution Revenue Percentage Increase**	Schedule 486 Tax Customer Credit	Schedule 487 Deferred Tax Credit	**Total Billed Revenue Decrease**	**Total Billed Revenue Percentage Decrease ***
Residential	410	$1,034	**2.1%**	($1,631)	($489)	**-$1,086**	**-1.4%**
General Service	420	$551	**2.7%**	($489)	($209)	**-$147**	**-0.4%**
Large General Service	424/425	$15	**2.1%**	($14)	($7)	**-$6**	**-0.2%**
Interruptible Service	439/440	$0	**0.0%**	($35)	($18)	**-$52**	**-0.9%**
Seasonal Service	444	$0	**0.0%**	($1)	($0)	**-$1**	**-0.8%**
Transportation Service	456	$0	**0.0%**	($61)	($32)	**-$93**	**-2.9%**
Total		$1,600	**2.1%**	($2,230)	($755)	**-$1,385**	**-1.1%**

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

14. **<u>Rate Design:</u>** The Parties support the following rate design: the base revenue increase, Tax Customer Credit Schedule 486, and Deferred Tax Credit Schedule 487 will be applied solely to the volumetric charges of the individual rate schedules. The monthly customer basic charge for all rate schedules will remain at current levels. All other rate design components are as proposed by the Company in its original filing. Attachment A to this Second Settlement Stipulation provides the agreed-upon base rates. [2]

15. **<u>Residential Bill Change:</u>** For the revenue requirement included <u>in this Stipulation</u>, based on an average usage level of 48 therms per month, the average bill for a Schedule 410 residential customer, which includes both base and adder schedules[3], would <u>decrease</u> $0.96 per month, or 1.4 percent, from $68.17 to $67.21.

16. **<u>Decoupling:</u>** Attachment B to this Second Settlement Stipulation reflects the new decoupling base effective August 22, 2022, 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.

17. **<u>Multifamily Study</u>:** The Parties agree that the Company, in its next general rate case filing, will include a study to determine if it is less costly to serve multi-family residential customers than single-family residential customers as proposed by Staff witness St. Brown in his Opening Testimony (Exhibit Staff/1400).

18. **<u>UM 2069 COVID-19 Filing:</u>** The Parties agree the Company will make a tariff filing no later than April 30, 2022, with an effective date of November 1, 2022, related to the COVID-

[2] The agreed-upon billing determinants are those in the Company's filed case.
[3] "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.

19 deferral balances (UM 2069), and the proposed recovery of net deferred costs of $778,000 reflected as of December 31, 2021.

19. The Parties agree that this Second Settlement Stipulation is in the public interest and results in an overall fair, just and reasonable outcome, and will serve to resolve all contested issues in this case.

20. The Parties agree that this Second Settlement 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 Settlement Stipulation or in the Parties' testimony supporting the Stipulation.

21. Further, this Second Settlement 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.

22. This Second Settlement 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 Settlement Stipulation throughout this proceeding and any appeal. The Parties further agree to provide witnesses to sponsor the Second Settlement 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.

23. If this Second Settlement Stipulation is challenged by any other party to this proceeding, the Parties to this Second Settlement 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 Settlement 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 Settlement Stipulation.

24. The Parties have negotiated this Second Settlement Stipulation as an integrated document. If the Commission rejects all or any portion of this Second Settlement Stipulation, or imposes additional conditions in approving this Second Settlement 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.

25. By entering into this Second Settlement 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 Settlement Stipulation. No Party shall be deemed to have agreed that any provision of this Second Settlement Stipulation is appropriate for resolving the issues in any other proceeding.

26. This Second Settlement 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.

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

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

AVISTA CORPORATION	STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON
By: /s/ David J. Meyer	By: ______________________
David J. Meyer	Johanna Riemenschneider
Date: March 18, 2022	Date: ______________________
ALLIANCE OF WESTERN ENERGY CONSUMERS	OREGON CITIZENS' UTILITY BOARD
By: ______________________	By: ______________________
Chad M. Stokes	Michael P. Goetz
Date: ______________________	Date: ______________________

AVISTA CORPORATION

By:______________________________
David J. Meyer

Date: ___________________________

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: */s/ Johanna Riemenschneider*
Johanna Riemenschneider

Date: _____________________________

ALLIANCE OF WESTERN ENERGY CONSUMERS

By: ______________________________
Chad M. Stokes

Date: ____________________________

OREGON CITIZENS' UTILITY BOARD

By: ______________________________
Michael P. Goetz

Date: _____________________________

AVISTA CORPORATION	STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON
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: March 17, 2022	Date: _____________________________

AVISTA CORPORATION

By:_____________________________
David J. Meyer

Date: __________________________

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: ___3/17/2022________________

Avista Utilities
Proposed Revenue Increase by Schedule
Oregon - Gas
Pro Forma 12 Months Ended August 31, 2023
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Distribution Revenue Increase	Distribution Revenue Under Proposed Rates	**Distribution Revenue Percentage Increase**	Billed Revenue Under Present Rates	Settlement GRC Increase	Schedule 486 Tax Customer Credit	Schedule 487 Deferred Tax Credit	Billed Revenue Under Proposed Rates	**Billed Revenue Percentage Increase**
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Residential	410	$48,603	$1,034	$49,636	**2.1%**	$77,071	$1,034	($1,631)	($489)	$75,985	**-1.4%**
2	General Service	420	$20,769	$551	$21,320	**2.7%**	$35,579	$551	($489)	($209)	$35,432	**-0.4%**
3	Large General Service	424/425	$690	$15	$704	**2.1%**	$2,878	$15	($14)	($7)	$2,872	**-0.2%**
4	Interruptible Service	439/440	$1,772	$0	$1,772	**0.0%**	$6,104	$0	($35)	($18)	$6,051	**-0.9%**
5	Seasonal Service	444	$37	$0	$37	**0.0%**	$142	$0	($1)	($0)	$141	**-0.8%**
6	Transportation Service	456	$3,142	$0	$3,142	**0.0%**	$3,155	$0	($61)	($32)	$3,063	**-2.9%**
7	Special Contract	447	$175	$0	$175	**0.0%**	$175	$0	$0	$0	$175	**0.0%**
8	Total		$75,188	$1,600	$76,788	**2.1%**	$125,104	$1,600	($2,230)	($755)	$123,719	**-1.1%**

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

Present Base Rates	Base Tariff Change	Proposed Base Rates
Residential Service Schedule 410		
$10.50 Customer Charge	$0.00/month	$10.50 Customer Charge
All Therms - $0.67642/Therm	$0.01907/therm	All Therms - $0.69549/Therm
General Service Schedule 420		
$17.00 Customer Charge	$0.00/month	$17.00 Customer Charge
All Therms - $0.63115/Therm	$0.01899/therm	All Therms - $0.65014/Therm
Large General Service Schedule 424 & 425		
$55.00 Customer Charge	$0.00/month	$55.00 Customer Charge
All Therms - $0.13832/Therm	$0.00326/therm	All Therms - $0.14158/Therm
Interruptible Service Schedule 439 & 440		
$75.00 Customer Charge	$0.00/month	$75.00 Customer Charge
All Therms - $0.11468/Therm	$0.00000/therm	All Therms - $0.11468/Therm
Seasonal Service Schedule 444		
All Therms - $0.17241/Therm	$0.00000/therm	All Therms - $0.17241/Therm
Seasonal Minimum Charge:		Seasonal Minimum Charge:
$ 5,840.04		$ 5,840.04
Transportation Service Schedule 456		
$300.00 Customer Charge	$0.00/month	$300.00 Customer Charge
1st 10,000 Therms - $0.15890/Therm	$0.00000/therm	1st 10,000 Therms - $0.15890/Therm
Next 20,000 Therms - $0.09563/Therm	$0.00000/therm	Next 20,000 Therms - $0.09563/Therm
Next 20,000 Therms - $0.07860/Therm	$0.00000/therm	Next 20,000 Therms - $0.07860/Therm
Next 200,000 Therms - $0.06152/Therm	$0.00000/therm	Next 200,000 Therms - $0.06152/Therm
Over 250,000 Therms - $0.03121/Therm	$0.00000/therm	Over 250,000 Therms - $0.03121/Therm
Schedule 456 Monthly Minimum Charge		Schedule 456 Monthly Minimum Charge
$ 2,725.78		$ 2,725.76

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	Per Therm Rate
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
					35%	**65%**			
1	Residential	410	$48,603	94,663	88.6%	64.8%	$ 1,631	54,219,249	**$ 0.03007**
2	General Service	420	$20,769	12,020	11.2%	27.7%	$ 489	29,021,461	**$ 0.01685**
3	Large General Service	424/425	$690	93	0.1%	0.9%	$ 14	4,539,621	**$ 0.00309**
4	Interruptible Service	439/440	$1,772	38	0.0%	2.4%	$ 35	15,153,934	**$ 0.00228**
5	Seasonal Service	444	$37	6	0.0%	0.0%	$ 1	216,390	**$ 0.00353**
6	Transportation Service	456	$3,142	31	0.0%	4.2%	$ 61	37,340,974	
7	1st 10,000 Therms								**$ 0.00320**
8	Next 20,000 Therms								**$ 0.00192**
9	Next 20,000 Therms								**$ 0.00158**
10	Next 200,000 Therms								**$ 0.00124**
11	Over 250,000 Therms								**$ 0.00063**
12	Total		$75,013	106,851			$ 2,230		

Avista Utiliities
Deferred Tax Credit
Schedule 487

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates (1)	Percentage of Base Revenue	Sch. 487 Deferred Tax Credit Allocation	Billing Determinants	Per Therm Rate
	(a)	(b)	(c)	(c)	(d)	(e)	(f)
1	Residential	410	$48,603	64.8%	$ 489	54,219,249	**$ 0.00902**
2	General Service	420	$20,769	27.7%	$ 209	29,021,461	**$ 0.00720**
3	Large General Service	424/425	$690	0.9%	$ 7	4,539,621	**$ 0.00153**
4	Interruptible Service	439/440	$1,772	2.4%	$ 18	15,153,934	**$ 0.00118**
5	Seasonal Service	444	$37	0.0%	$ 0	216,390	**$ 0.00174**
6	Transportation Service	456	$3,142	4.2%	$ 32	37,340,974	
7	1st 10,000 Therms						**$ 0.00166**
8	Next 20,000 Therms						**$ 0.00100**
9	Next 20,000 Therms						**$ 0.00082**
10	Next 200,000 Therms						**$ 0.00064**
11	Over 250,000 Therms						**$ 0.00033**
7	Total		$75,013		$ 755		

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue by Rate Schedule - Natural Gas
Docket No. UG-433 Rates Effective August 22, 2022

	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	$ 75,188,000	$ 48,603,000	$ 20,769,000	$ 689,000	$ 1,772,000	$ 37,000	$ 3,318,000
2 Settlement Margin Revenue Increase	$ 1,600,000	$ 1,034,000	$ 551,000	$ 15,000	$ -	$ -	$ -
3 Total Delivery Revenue (12ME 08.2023 Test Year) (Ln 1 + Ln 2)	$ 76,788,000	$ 49,637,000	$ 21,320,000	$ 704,000	$ 1,772,000	$ 37,000	$ 3,318,000
4 Customer Bills (12ME 08.2023 Test Year)	1,282,196	1,135,956	144,236	1,121	454	33	396
5 Proposed Basic Charges		$10.50	$17.00	$55.00	$75.00	$0.00	$300.00
6 Basic Charge Revenue (Ln 4 * Ln 5)	$ 14,586,832	$ 11,927,538	$ 2,452,019	$ 61,654	$ 34,021	$ -	$ 111,600
7 Decoupled Revenue (Ln 6 - Ln 3)	$ 62,201,168	$ 37,709,462	$ 18,867,981	$ 642,346	$ 1,737,979	$ 37,000	$ 3,206,400
8 Normalized Therms (12ME 08.2023 Test Year)	147,155,320	54,219,249	29,021,461	4,539,621	15,153,934	216,390	44,004,664
		Residential	Non-Residential Group				Exempt from Decoupling Mechanism
9 Average Number of Customers (Line 8 / 12 mos.)		94,663	12,154				
10 Annual Therms		54,219,249	48,931,406				
11 Basic Charge Revenues		$ 11,927,538	$ 2,547,694				
12 Customer Bills		1,135,956	145,844				
13 Average Basic Charge		$10.50	$17.47				

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-433 Rates Effective August 22, 2023

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenue	Page 1	$ 37,709,462	$ 21,285,306
2	Test Year Number of Customers (12ME 08.2023)	Revenue Data	94,663	12,154
3	Decoupled Revenue Per Customer	(1) / (2)	$ 398.35	$ 1,751.35

*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-433 Rates Effective August 22, 2022

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	9,067,724	7,299,776	6,186,661	4,298,743	2,614,148	1,684,638	1,235,527	1,310,134	1,353,929	3,310,971	6,622,933	9,234,065	54,219,249
5	- % of Annual Total	% of Total	16.72%	13.46%	11.41%	7.93%	4.82%	3.11%	2.28%	2.42%	2.50%	6.11%	12.22%	17.03%	100.00%
6															
7	*Non-Residential Sales**														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	6,474,635	5,495,597	4,854,234	3,663,574	2,609,097	2,175,279	2,049,840	2,391,254	2,482,502	4,082,668	5,798,164	6,854,563	48,931,406
9	- % of Annual Total	% of Total	13.23%	11.23%	9.92%	7.49%	5.33%	4.45%	4.19%	4.89%	5.07%	8.34%	11.85%	14.01%	100.00%
10															
11	**Monthly Decoupled Revenue Per Customer ("RPC")**														
12	*Residential*														
13	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 398.35
14	- Monthly Decoupled Revenue per Customer	(5) x (13)	$ 66.62	$ 53.63	$ 45.45	$ 31.58	$ 19.21	$ 12.38	$ 9.08	$ 9.63	$ 9.95	$ 24.33	$ 48.66	$ 67.84	$ 398.35
15	- Monthly Allowed Customers		95,202	95,211	95,250	95,179	95,043	94,802	94,527	94,325	93,319	93,806	94,369	94,923	
16	*Non-Residential Sales**														
17	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 1,751.35
18	- Monthly Decoupled Revenue per Customer	(9) x (17)	$ 231.74	$ 196.70	$ 173.74	$ 131.13	$ 93.38	$ 77.86	$ 73.37	$ 85.59	$ 88.85	$ 146.13	$ 207.53	$ 245.34	$ 1,751.35
19	- Monthly Allowed Customers		12,220	12,231	12,233	12,208	12,191	12,175	12,136	12,120	12,019	12,044	12,093	12,173	
20	*Schedules 420, 424, 425, 439, 440, and 444.														