

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 389

In the Matter of

AVISTA CORPORATION, dba
AVISTA UTILITIES,

Request for a General Rate Revision.

ORDER

DISPOSITION: PARTIAL SETTLEMENT STIPULATION, SECOND PARTIAL SETTLEMENT STIPULATION, AND THIRD PARTIAL SETTLEMENT STIPULATION ADOPTED; APPLICATION FOR GENERAL RATE REVISION APPROVED AS REVISED

I. SUMMARY

Avista Corporation, dba Avista Utilities seeks a general rate increase for Oregon retail customers of \$6,777,000, 6.8 percent of its annual revenues or a 9.8 percent margin increase.¹ In this order, we adopt proposed settlements to resolve all issues related to the request, reducing the Oregon-allocated increase by \$2.410 million from the initial filing, and authorize an overall rate increase of 4.4 percent or \$4.367 million in revenues on a rate base of \$305.0 million. Customers' bills will increase by 4.4 percent or an average of \$2.51 per month for residential customers; 5.4 percent for commercial customers and 0.2 percent for industrial customers, effective January 15, 2021.

II. BACKGROUND AND PROCEDURAL HISTORY

Avista is a public utility providing gas service within the meaning of ORS 757.005, and is subject to our jurisdiction with respect to the prices and terms of service for its Oregon retail customers.

On March 16, 2020, Avista filed Advice No. 20-02-G to take effect on April 15, 2020. By Order No. 20-086, we suspended Avista's filing until January 15, 2021, in order to

¹ Avista/100, Vermillion/6.

investigate the propriety and reasonableness of the proposed tariffs. During the course of these proceedings, the Alliance of Western Energy Consumers (AWEC) filed a petition to intervene which was granted. The Oregon Citizens' Utility Board (CUB) intervened as a matter of right under ORS 774.180.

The parties and Staff of the Public Utility Commission of Oregon conducted discovery, filed testimony, and engaged in settlement discussions. The issues were ultimately resolved by Avista, CUB, AWEC, and Staff, through the execution of a partial settlement stipulation filed on May 18, 2020, a second partial settlement stipulation filed on August 13, 2020, and a third partial settlement stipulation filed on September 3, 2020. The stipulations were supported by joint testimony of all parties filed on May 18, 2020, August 24, 2020, and September 3, 2020, respectively. In addition to participating in the May 18, 2020 joint testimony in support of the partial settlement stipulation, Staff filed separate testimony in support of the partial settlement stipulation on August 7, 2020. The three partial settlement stipulations are attached as Appendices A, B, and C, respectively. The Administrative Law Judge issued a ruling closing the record on November 19, 2020.

III. DISCUSSION

By the execution of the partial settlement stipulation, the second partial settlement stipulation, and the third partial settlement stipulation, the parties were able to settle all issues, including adjustments to the revenue requirement, allowance for funds used during construction (AFUDC) accounting treatment, rate spread and rate design issues, and working capital. As a result of the agreements in the stipulations, the parties propose we authorize an overall rate increase of 4.4 percent, or \$4.367 million in revenues, to be effective January 15, 2021.

We outline the nature of the stipulations, provide summaries of the adjustments, and provide our decision reflected in the adoption of all three partial settlement stipulations.

A. Partial Settlement Stipulation—Revenue Requirement and Cost of Capital Issues

In its initial filing, Avista requested an increase in its revenue requirement of \$6.777 million, on a rate base of \$304.664 million, due primarily to increases in total rate base, including net plant investment (including return on investment, depreciation and taxes, offset by the tax benefit of interest), and increases in operations and maintenance (O&M), and administration and general (A&G) expenditures. More than 67 percent (or approximately \$4.5 million) of the company's request for a rate increase relates to increases in total rate base, including changes in net plant investment (including return on

investment, depreciation and taxes, offset by the tax benefit of interest), representing an increase of approximately \$31.9 million in additional net rate base for the Oregon jurisdiction over the current authorized amount. The remaining 33 percent (or approximately \$2.3 million) of the company's requested revenue requirement relates to an increase in O&M and A&G expenditures. These rate base and expense-related revenue requirement increases are net of the change in retail revenues since Avista's previous rate case filed in 2019.² The initial filing requested a cost of capital structure comprised of 50 percent common stock equity and 50 percent long-term debt, with a return on equity (ROE) of 9.90 percent, and cost of debt of 5.10 percent.

The adjustments reached in the partial settlement stipulation were all related to cost of capital issues and decrease the company's requested revenue requirement by \$1,092,000, from the initially requested \$6.777 million increase to a base revenue increase request of \$5.685 million on a rate base of \$304.664 million. The results of the adjustments regarding capital issues are as follows:

Debt-Equity Ratio: 50/50
 Return on Equity: 9.40 percent
 Cost of Long Term Debt: 5.07 percent
 Overall Cost of Capital: 7.24 percent

This combination of capital structure and capital costs produces an overall rate of return of 7.24 percent, as shown in the table below:

AGREED-UPON COST OF CAPITAL			
	Capital Structure	Debt Cost	Weighted Cost
Long Term Debt	50%	5.07%	2.54%
Common Equity	50%	9.40%	4.70%
Total	100%		7.24%

The parties assert that the 9.40 percent ROE, combined with the 50 percent equity layer, is a negotiated rate that the parties support as reasonable and reflects a continuation of the currently authorized ROE of 9.4 percent and the capital structure comprised of 50 percent common stock equity and 50 percent long-term debt.³ Staff also noted that, while the parties differed on the best range of reasonable returns on equity, their views converged to recommend the currently authorized ROE.⁴

² Joint Testimony/100, Gardner – Brandon – Gehrke – Mullins/3-4.

³ *Id.* at 5-6.

⁴ Staff/1300, Muldoon-Enright-Dlouhy/2.

Commission Resolution. We adopt the partial settlement stipulation's resolution of cost of capital issues as a reasonable adjustment that contributes to the fair resolution of the issues in furtherance of the overall settlement, and find it to contribute to the public interest in providing reliable service at fair, just, and reasonable rates.

B. Second Partial Settlement Stipulation

As a result of the settlement discussions held on August 3 and 13, 2020, the parties filed the second partial settlement stipulation settling all remaining issues in the docket, except working capital. The settled issues included adjustments to the revenue requirement, rate spread and rate design issues, AFUDC accounting treatment, changes in customer deposit requirements, and modifications to the language regarding the Comfort Level Billing program.

1. Additional Adjustments to Revenue Requirement

In addition to the cost of capital issues resolved in the partial settlement stipulation, the second partial settlement stipulation provided for a further reduction in Avista's requested revenue requirement increase from \$5.685 million, as noted in the partial settlement stipulation, to a base revenue increase request of \$4.212 million. While the parties do not necessarily agree upon the methodologies used to determine the final adjustments included in the second partial settlement stipulation, they 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 that will produce rates that are fair, just, and reasonable. The adjustments are summarized by the parties as follows:⁵

⁵ Joint Testimony/200, Gardner – Brandon – Miller – Gehrke – Mullins/7-8.

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE (\$000s of Dollars)		
Results of Partial Settlement Stipulation:	Revenue Requirement	Rate Base
	\$5,685	\$304,604
Second Settlement Stipulation Adjustments:		
Issue a: Wages & Salaries This adjustment is related to reductions associated with the Company's overall increases related to overtime, full-time employee equivalents (FTE), and associated payroll taxes, as well as expenses related to Executive Officer salaries.	(239)	(58)
Issue b: Advertising Expense This adjustment removes the impact of certain Category A advertising expenses not applicable to Oregon operations.	(4)	
Issue c: Customer Accounts & Services This adjustment decreases Customer Accounts & Services to reflect the most recent (June 2020) All-Urban CPI.	(10)	
Issue d: Operation and Maintenance (O&M) Expense This adjustment reduces the level of O&M expense based on a three-year trend analysis scaled up by All Urban CPI, among other items.	(350)	
Issue e: Administrative and General (A&G) Expense This adjustment reduces the level of A&G expense based on a three-year trend analysis scaled up by All Urban CPI, among other items.	(31)	
Issue f: Atmospheric Testing This adjustment updates the escalation factor to the June 2020 All-Urban CPI.	(3)	
Issue g: Rate Case Expense This adjustment updates the escalation factor to the June 2020 All-Urban CPI.	(1)	

Issue h: Plant in Service This adjustment reduces the overall level of 2020 pro forma capital additions.	(100)	(1,092)
Issue i: O&M Offset This adjustment reflects O&M offsets related to efficiencies resulting from the implementation of several Enterprise Technology projects to an agreed-upon level.	(90)	
Issue j: 2020 Capital (Average Depreciation) This adjustment reduces the level of depreciation expense related to 2020 pro forma capital additions.	(70)	
Issue k: 2020 Capital (Net Salvage) This adjustment is related to negative net salvage associated with plant retirements.	(13)	
Issue l: Medical Benefit Expense This adjustment is related to a 5% increase in medical benefit expense over 2019 test period levels.	70	
Issue m: Pension Benefit Expense This adjustment decreases pension benefit expense to an agreed-upon level.	(256)	
Issue n: Other Gas Expense This adjustment reduces the level of Other Gas expense to reflect a three-year trend analysis scaled up by All-Urban CPI.	(6)	
Issue o: Taxes Other Than Income - Property This adjustment reflects an adjustment based on a three year average property tax rate.	(7)	
Issue p: Director and Officer (D&O) Insurance This adjustment reflects a sharing of 50/50 between shareholders and rate payers related to Oregon-allocated D&O insurance.	(44)	
Issue q: Load and Revenue Forecast This adjustment is related to an updated load forecast for the test year.	(6)	
Issue r: Other Revenue This adjustment reflects an increase in Other Revenue due to customer growth.	(5)	

Issue s: Allocations This adjustment reflects the correction/removal of certain expenses related to depreciation and amortization expenses inadvertently included in the original case.	(492)	
Issue t: Depreciation Expense This adjustment reflects a correction for a formula error related to transportation depreciation expense.	177	(188)
Issue u: Meals, Entertainment, and Miscellaneous O&M Expenses This adjustment is related to a removal of certain expenses related to meals, entertainment and miscellaneous O&M expense.	(31)	
Issue v: Miscellaneous Restating This adjustment removes the impact of an AFUDC deferral which was put in base rates in Docket No. UG 366 on January 15, 2020.	163	
Issue w: Legal Expense This adjustment is related to a reduction in certain legal expenses.	(15)	
Issue x: Miscellaneous Operations & Maintenance (O&M) This adjustment is related to a reduction to miscellaneous O&M expenses.	(76)	
Issue y: Tax Apportionment This adjustment is related to the weighted average approach to calculating the Oregon Tax Apportionment.	(34)	
Total Adjustments:	(\$1,473)	(\$1,338)
Adjusted Base Revenue Requirement And Rate Base After Second Settlement Stipulation:	\$4,212	\$303,326

Staff supports the second partial settlement stipulation as a reasonable compromise of the issues that balances customers' interests and shareholder interests. Staff also states that it is confident none of the terms of the second partial 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 states that its positions 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.⁶

Commission Resolution. We have reviewed the parties' joint testimony with respect to each of the proposed adjustments to the revenue requirement and the rate base in addressing Issues a. through y as outlined above. We find that the adjustments were freely entered into by the parties, and further the overall settlement that will result in safe and reliable service at fair, just, and reasonable rates.

2. *Rate Spread*

The agreed-upon rate spread was based on a discrete customer impact offset (CIO) adjustment to the cost of service results, as described by AWEC witness Mr. Mullins in his opening testimony, with two modifications. The first modification changed the CIO adjustment cap from 150 percent of the average rate increase to 125 percent. The second modification changed the CIO adjustment floor from 0.0 percent to 0.5 percent. The agreement is reflected in the following table:⁷

Schedule Description	Rate Schedule	Revenue Increase (\$000s)	Percent Increase in Base Revenue	Percent Increase in Billed Revenue*
Residential	410	\$2,709	6.0%	4.3%
General Service	420	\$1,481	7.6%	5.2%
Large General Service	424	\$2	0.5%	0.2%
Interruptible Service	440	\$8	0.5%	0.2%
Seasonal Service	444	\$0	0.5%	0.2%
Transportation Service	456	<u>\$12</u>	<u>0.5%</u>	<u>0.5%</u>
Total		<u>\$4,212</u>	<u>6.1%</u>	<u>4.2%</u>

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

The revenue requirement shown above did not reflect the final determination related to working capital, which was addressed in the third stipulation.

⁶ *Id.* at 22.

⁷ *Id.* at 16-17.

Although the Parties held different positions on rate spread issues, they support the second partial settlement stipulation on cost of service and believe it results in rates that are fair, just, and reasonable.

Commission Resolution. We adopt the parties' resolution of rate spread issues as a reasonable adjustment that contributes to the fair resolution of the issues in furtherance of the overall settlement, and find it to contribute to the public interest in providing reliable service at fair, just, and reasonable rates.

3. Rate Design

The parties support the following rate design: The residential customer charge will increase from \$10.00 to \$10.50, and the commercial customer charge will remain unchanged at \$17.00. To address the parties' concerns related to recovering customer related costs under Interruptible Service, the parties agree to a customer charge of \$75.00 per month, relying upon Avista's long run incremental cost study showing that the average cost per month for meter reading, billing, meters and Services is \$181.99. The parties agree that other rate design components should remain as proposed by Avista in its original filing and that the monthly increase in the basic charge represents a reasonable compromise that fairly balances the interests of the parties. Attachment C to the second partial settlement stipulation provides the agreed-upon base rates.⁸

Commission Resolution. We adopt the parties' resolution of rate design issues as a reasonable adjustment, and find it to contribute to the public interest in providing reliable service at fair, just, and reasonable rates.

4. Residential Bill Change

Based on an average usage level of 47 therms per month, as stipulated by the parties, the average bill for a residential customer, which includes certain miscellaneous additions, would increase \$2.42 per month, or 4.3 percent, from \$56.40 to \$58.82, without including the Working Capital adjustment that was resolved in the Third partial settlement stipulation.⁹

5. Decoupling Base

The parties stipulated to a new natural gas decoupling base that provides the "Monthly Allowed Customers" and "Monthly Decoupled Revenue per Customer" which

⁸ *Id.* at 18.

⁹ *Id.* at 18-19.

incorporate the effects of the settlement revenue requirement and billing determinants discussed above.¹⁰

Commission Resolution. We adopt the parties' revisions to the natural gas decoupling mechanism in Oregon as reasonable and in accord with the public interest in providing reliable service at fair, just, and reasonable rates.

6. *Remaining Issues*

a. *Transportation Rate Schedules*

The company is proposing to add two new expanded natural gas transportation service rate schedules (Schedule 425 and 439). It did not propose to amend Schedule 456. The first reason is that the expanded transportation service offering was designed to be revenue neutral for the company. This is accomplished by keeping the "base" rates for Schedule 425 the same as Schedule 424, and the "base" rates for Schedule 439 the same as Schedule 440. The second reason is that the cost to serve Schedules 424 and 440 customers is different from Schedule 456. If customers were allowed to shift to Schedule 456, which has much lower margin or "base" rates, the costs to serve those customers likewise would shift to that schedule. The net effect would be to increase rate pressure for the existing Schedule 456 customers. Lastly, by adding the two new rate schedules (425 and 439), and aligning them with their current rate schedules (424 and 440) for purposes of adder schedule filings, there will be no changes to the current level of funding related to demand side management, the low income rate assistance program and decoupling.¹¹

The Parties agree to add new transportation Schedules 425 and 439 as described above. In its opening testimony, CUB expressed concerns about possible cost shifting due to the expansion of Avista's transportation customer schedules. To address CUB's concern regarding possible future cost shift, the new transportation Schedules 425 and 439 will be limited to ten customers on each rate schedule. If either of these schedules reach the ten-customer limit, Avista commits to address the concern in a subsequent general rate case in order to adjust the limit on customers.¹²

Commission Resolution. We adopt the parties resolution of the issues surrounding the new transportation schedules as reasonable, and find that it contributes to the fair

¹⁰ Third Partial Settlement Stipulation at 7 and Attachment D. *See also* Joint Testimony/200, Gardner – Brandon – Miller – Gehrke – Mullins/19.

¹¹ Avista/900, Miller/14-15.

¹² Joint Testimony/200, Gardner – Brandon – Miller – Gehrke – Mullins/19-20.

resolution of the issues in furtherance of the overall settlement, and to the public interest in providing reliable service at fair, just, and reasonable rates.

b. Curtailment Penalties

The parties agree that all entitlement and curtailment penalties are, and will be, returned to core customers in the annual purchased gas adjustment filings. Avista will make a housekeeping filing to correct the updated curtailment penalty amount specified in Rule 20 from \$1 to \$10.¹³

Commission Resolution. We adopt the parties' agreement on curtailment penalties as a reasonable one in accord with the public interest in providing reliable service at fair, just, and reasonable rates.

c. Allowance for Funds Used During Construction (AFUDC)

Due to recommendations made by the Federal Energy Regulatory Commission (FERC) in a recent audit of Avista, the parties agree that Avista would defer the AFUDC difference calculated between using the State AFUDC rate and the FERC AFUDC rate as a regulatory asset (*i.e.*, FERC Account No. 182.3), which is included in rate base, and amortize this regulatory asset over the composite remaining life of the plant-in-service.¹⁴

Commission Resolution. We adopt the parties' agreement to FERC audit recommendations as one in accord with regulatory standards regarding the provision of reliable service at fair, just, and reasonable rates.

d. Customer Deposits and Comfort Level Billing (CLB)

In its opening testimony, CUB requested that customer deposits be temporarily lifted for residential customers due to current economic conditions. CUB specifically recommended that Avista suspend collecting customer deposits from residential customers for a period of two years.¹⁵ In response to CUB's testimony, the parties agree to support the temporary suspension of collection of residential customer deposits for two years from the effective date in this case.¹⁶

CLB is Avista's term for an equal payment program which evens out the seasonal highs and low of a ratepayer's energy bill by dividing the customer's yearly energy use into

¹³ *Id.* at 20.

¹⁴ *Id.*

¹⁵ CUB/100, Gehrke/9.

¹⁶ Joint Testimony/200, Gardner – Brandon – Miller – Gehrke – Mullins/20-21.

equal monthly payments. Under normal billing service, Avista's residential gas bills are based on volumetric usage. This means that, during the winter heating seasons, residential customers tend to experience their highest monthly bills. In its opening testimony, CUB asked Avista to promote its CLB program in communications with Oregon residential customers and loosen requirements to enter the Comfort Level Billing program in Oregon.¹⁷ As noted in the second partial settlement stipulation, Avista agrees to further promote its CLB program to customers via bill inserts, social media, its website, and when customers call in to Avista's call center with financial hardship. Avista also agrees to add language to its website that promotes CLB to inform Oregon customers that those customers with past due balances are eligible for levelized payments plans or equal pay arrearage plans per OAR 860-021-0415 and directs those customers to contact the company.¹⁸

Commission Resolution. We adopt the parties' agreed-upon language and Avista's responses and find that these steps contribute to the provision of safe and reliable service at fair, just, and reasonable rates.

C. Third Partial Settlement Stipulation

On August 18, 2020, Avista filed reply testimony that addressed the issue of working capital. On August 20, 2020, the parties participated in a workshop addressing working capital and the components of Avista's proposed lead/lag study. On August 24, 2020, the parties held a third settlement discussion and were able to agree on the treatment of working capital, forming the basis of the third partial settlement stipulation.¹⁹ The parties agree that Avista should be provided an additional \$155,000 increase related to working capital, resulting in an increase from the second partial settlement stipulation of \$4.212 million to a final base revenue increase of \$4.367 million. The parties also agree to increase rate base from the second partial settlement stipulation of \$303.3 million to \$305.0 million. The net impact of these adjustments is as follows:²⁰

¹⁷ CUB/100, Gehrke/12.

¹⁸ Joint Testimony/200, Gardner – Brandon – Miller – Gehrke – Mullins/21.

¹⁹ Joint Testimony/300, Gardner – Brandon – Miller – Gehrke – Mullins/4.

²⁰ *Id.* at 7.

	Revenue <u>Requirement</u>	<u>Rate Base</u>
Second Partial Settlement Stipulation	\$4,212,000	\$303,326,000
Miscellaneous Adjustments This adjustment reflects the impact of the lead/lag study on Working Capital. For Settlement purposes, the Parties agree to a working cash factor of 2.5% resulting in an \$155,000 additional revenue requirement and \$1,700,000 increase in rate base	155,000	1,700,000
Total Adjustments: Third Partial Settlement Stipulation	<u>\$155,000</u> \$4,367,000	<u>\$1,700,000</u> \$305,026,000

In addition to reaching an agreement with respect to the impact of the adjustment to working capital on the revenue requirement and rate base, including the use of a 2.5 percent working cash factor as noted above, the parties also agree to resolve other issues related to the calculation of working capital in future rate proceedings.²¹

Commission Resolution. We adopt the parties' agreement on working capital as a reasonable one in accord with the public interest in providing reliable service at fair, just, and reasonable rates.

IV. CONCLUSION

We have reviewed the terms of the partial settlement stipulation, second partial settlement stipulation, and third partial settlement stipulation, and the supporting joint testimony of the parties. We find that the terms of the stipulations are reasonable and that the stipulations were freely entered into by the parties. We further find that the proposed changes to the company's tariffs and conditions described therein will result in fair, just, and reasonable rates, and further the public interest.

²¹ Third Partial Settlement Stipulation at 5-6. The parties specifically acknowledged that the Third Partial Settlement Stipulation "does not address any effects of the utility's and ratepayers' actions in response to the COVID-19 pandemic, and that any such efforts may be addressed separately from this stipulation."

V. ORDER

IT IS ORDERED that:

1. The partial settlement stipulation, second partial settlement stipulation, and third partial settlement stipulation between Avista Corporation, Staff of Public Utility Commission of Oregon, Oregon Citizens' Utility Board, and the Alliance of Western Energy Consumers, attached as Appendices A, B, and C, are adopted.
2. Prior to the rate effective date, Avista Corporation shall file an officer attestation confirming that all projects included in rate base in this case have been completed and placed in service, including the actual cost of each such project.
3. Advice No. 20-02-G filed on March 16, 2020, is permanently suspended.
4. Avista Corporation shall file tariffs consistent with this order with an effective date of January 16, 2021.

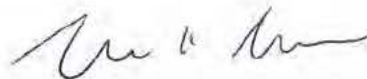
Made, entered, and effective Dec 10 2020.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Mark R. Thompson
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 389

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

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

PARTIES

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

BACKGROUND

19 1. On March 13, 2020, Avista filed revised tariff schedules to effect a general rate
20 increase for Oregon retail customers of \$6,777,000, or 6.8% of its annual revenues. The filing was
21 suspended by the Commission on March 16, 2020, per its Order No. 20-086.

22 2. Pursuant to Administrative Law Judge Allen J. Arlow’s Prehearing Conference
23 Notice of Telephone Prehearing Conference Memorandum of April 3, 2020, a telephonic
24 settlement conference was held on May 7, 2020.

1 Rate of Return (-\$1,092,000): This adjustment reduces Avista's requested cost of
 2 capital to an overall cost of capital equal to 7.24% based on the following components: a capital
 3 structure consisting of 50% common stock equity and 50% long-term debt, return on equity of
 4 9.40%, and a long-term debt cost of 5.07%. This combination of capital structure and capital costs
 5 is shown in the schedule below.¹

AGREED-UPON COST OF CAPITAL			
	Capital Structure	Debt Cost	Weighted Cost
Long Term Debt	50.00%	5.07%	2.54%
Common Equity	50.00%	9.40%	4.70%
Total	100.00%		7.24%

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

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

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

¹ The agreed-upon capital structure (50/50) and cost of equity (9.4%) represent a continuation of currently-approved levels approved in UG-366.

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

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

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

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

21 12. This Stipulation may be executed in counterparts and each signed counterpart shall
22 constitute an original document. Given the circumstances surrounding physical access to facsimile
23 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
8 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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

By: _____
Johanna Riemenschneider

14
15 Date: May 18, 2020

Date: _____

17
18 ALLIANCE OF WESTERN ENERGY
19 CONSUMERS

OREGON CITIZENS' UTILITY BOARD

20
21 By: _____
22 Chad M. Stokes

By: _____
Michael P. Goetz

23
24 Date: _____

Date: _____

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STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

9
10
11
12 By: _____
13 David J. Meyer

By: /s/ Johanna Riemenschneider
Johanna Riemenschneider

14
15 Date: _____

Date: May 15, 2020

16
17
18 ALLIANCE OF WESTERN ENERGY
19 CONSUMERS

OREGON CITIZENS' UTILITY BOARD

20
21 By: _____
22 Chad M. Stokes

By: _____
Michael P. Goetz

23
24 Date: _____

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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.

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8 AVISTA CORPORATION
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12 By: _____
13 David J. Meyer

14
15 Date: _____
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18 ALLIANCE OF WESTERN ENERGY
19 CONSUMERS
20
21 By: _____
22 Chad M. Stokes

23
24 Date: _____

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: _____
Johanna Riemenschneider

Date: _____

OREGON CITIZENS' UTILITY BOARD

By:  _____
Michael P. Goetz

Date: May 15, 2020

1 electronically-generated Party signatures are valid and binding to the same extent as an original
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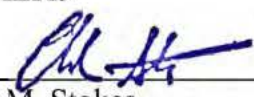
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By: _____
Johanna Riemenschneider

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Date: _____

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21 By:  _____
22 Chad M. Stokes

OREGON CITIZENS' UTILITY BOARD

By: _____
Michael P. Goetz

23
24 Date: May 15, 2020 _____

Date: _____

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG 389

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

This Second Partial Settlement Stipulation (“Second Stipulation”) is entered into for the purpose of resolving all remaining issues in this Docket, with the exception of Working Capital.

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”), 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 March 13, 2020, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of \$6,777,000, or 6.8% of its annual revenues. The filing was suspended by the Commission on March 16, 2020, per its Order No. 20-086.

¹ The Parties previously entered into a Partial Settlement on Cost of Capital, which was filed on May 18, 2020.

1 2. Pursuant to Administrative Law Judge Allen J. Arlow's Prehearing Conference
2 Notice of Telephone Prehearing Conference Memorandum of April 3, 2020, the first settlement
3 conference, held telephonically, occurred on May 7, 2020.

4 3. As a result of that first settlement discussion, the Parties agreed to settle all issues in
5 this Docket concerning the Cost of Capital, including Capital Structure, Long-Term Debt Cost and
6 Return on Equity, subject to the approval of the Commission, which was filed on May 18, 2020.

7 4. Staff, CUB, and AWEC filed Opening Testimony on July 21, 2020, in response to
8 the Company's original filing on March 13, 2020. On August 3, 2020, a second telephonic
9 settlement conference was held, and was attended by all Parties.

10 5. As a result of the settlement discussion held on August 3, 2020, the Parties have
11 agreed to settle all remaining issues in this Docket, except Working Capital. This includes
12 adjustments to the revenue requirement, rate spread and rate design issues, Allowance for Funds
13 Used During Construction (AFUDC) accounting treatment, changes in customer deposit
14 requirements, and modifications to the language regarding the Comfort Level Billing program,
15 based on the following terms, subject to the approval of the Commission. The issue of Working
16 Capital will continue to be reviewed by the Parties under the existing Procedural Schedule.

17 **SUMMARY OF THE FIRST PARTIAL SETTLEMENT STIPULATION**

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

19 The adjustments reached in the first Partial Settlement amounted to a total reduction in
20 Avista's revenue requirement increase request from \$6.777 million to a base revenue increase
21 request of \$5.685 million. The adjustments to Avista's revenue requirement reflected in the first
22 Partial Settlement Stipulation are shown in Table No. 1 below:

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

	Revenue Requirement	Rate Base
	\$6,777	\$304,664
Cost of Capital		
Adjusts return on equity to 9.40%, long-term debt cost to 5.07%, with a common stock equity component of 50%, and overall Cost of Capital of 7.24%.	(1,092)	-
Total Adjustments:	(\$1,092)	\$0
	\$5,685	\$304,664

This adjustment reduces Avista's requested cost of capital to an overall cost of capital equal to 7.24% based on the following components: a capital structure consisting of 50% common stock equity and 50% long-term debt, return on equity of 9.40%, and a long-term debt cost of 5.07%. 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	Debt Cost	Weighted Cost
Long Term Debt	50.00%	5.07%	2.54%
Common Equity	50.00%	9.40%	4.70%
Total	100.00%		7.24%

² The agreed-upon capital structure (50/50) and cost of equity (9.4%) represent a continuation of currently approved levels approved in Docket No. UG-366.

1 **TERMS OF THE SECOND SETTLEMENT STIPULATION**

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

3 The Parties support further reductions to Avista’s requested revenue requirement to reflect
4 the additional adjustments discussed below. The adjustments reached in this Second Stipulation
5 through negotiation, which resolve all remaining issues with the exception of Working Capital,
6 amount to a further reduction in Avista’s revenue requirement increase request from \$5.685
7 million (as shown above) to a base revenue increase request of \$4.212 million. The Parties support
8 the further adjustments to Avista’s revenue requirement request, as shown in Table No. 3 below:

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

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE (\$000s of Dollars)		
	Revenue Requirement	Rate Base
Results of Partial Settlement Stipulation:	\$5,685	\$304,664
Second Settlement Stipulation Adjustments:		
a Wages & Salaries This adjustment is related to reductions associated with the Company’s overall increases related to overtime, full-time employee equivalents (FTE), and associated payroll taxes, as well as expenses related to Executive Officer salaries.	(239)	(58)
b Advertising Expense This adjustment removes the impact of certain Category A advertising expenses not applicable to Oregon operations.	(4)	
c Customer Accounts & Services This adjustment decreases Customer Accounts & Services to reflect the most recent (June 2020) All-Urban CPI.	(10)	
d Operation and Maintenance (O&M) expense This adjustment reduces the level of O&M expense based on a three-year trend analysis scaled up by All Urban CPI, among other items.	(350)	
e Administrative and General (A&G) expense This adjustment reduces the level of A&G expense based on a three-year trend analysis scaled up by All Urban CPI, among other items.	(31)	

	Second Settlement Stipulation Adjustments (Continued):	Revenue Requirement	Rate Base
1	f Atmospheric Testing		
2	This adjustment updates the escalation factor to the June 2020 All-Urban CPI.	(3)	
3	g Rate Case Expense		
4	This adjustment updates the escalation factor to the June 2020 All-Urban CPI.	(1)	
5	h Plant in Service		
6	This adjustment reduces the overall level of 2020 pro forma capital additions.	(100)	(1,092)
7	i O&M Offset		
8	This adjustment reflects O&M offsets related to efficiencies resulting from the implementation of several Enterprise Technology projects to an agreed-upon level.	(90)	
9	j 2020 Capital (Average Depreciation)		
10	This adjustment reduces the level of depreciation expense related to 2020 pro forma capital additions.	(70)	
11	k 2020 Capital (Net Salvage)		
12	This adjustment is related to negative net salvage associated with plant retirements.	(13)	
13	l Medical Benefit Expense		
14	This adjustment is related to a 5% increase in medical benefit expense over 2019 test period levels.	70	
15	m Pension Benefit Expense		
16	This adjustment decreases pension benefit expense to an agreed-upon level.	(256)	
17	n Other Gas Expense		
18	This adjustment reduces the level of Other Gas expense to reflect a three-year trend analysis scaled up by All-Urban CPI.	(6)	
19	o Taxes Other Than Income - Property		
20	This adjustment reflects an adjustment based on a three year average property tax rate.	(7)	
21	p Director and Officer (D&O) Insurance		
22	This adjustment reflects a sharing of 50/50 between shareholders and rate payers related to Oregon-allocated D&O insurance.	(44)	
23	q Load and Revenue Forecast		
24	This adjustment is related to an updated load forecast for the test year.	(6)	
25	r Other Revenue		
26	This adjustment reflects an increase in Other Revenue due to customer growth.	(5)	
27	s Allocations		
28	This adjustment reflects the correction/removal of certain expenses related to depreciation and amortization expenses inadvertently included in the original case.	(492)	
29	t Depreciation Expense		
30	This adjustment reflects a correction for a formula error related to transportation depreciation expense.	177	(188)
31	u Meals, Entertainment, and Miscellaneous O&M Expenses		
32	This adjustment is related to a removal of certain expenses related to meals, entertainment and miscellaneous O&M expense.	(31)	
33	v Miscellaneous Restating		
34	This adjustment removes the impact of an AFUDC deferral which was put in base rates in Docket No. UG 366 on January 15, 2020.	163	
35	w Legal Expense		
36	This adjustment is related to a reduction in certain legal expenses.	(15)	
37	x Miscellaneous Operations & Maintenance (O&M)		
38	This adjustment is related to a reduction to miscellaneous O&M expenses.	(76)	
39	y Tax Apportionment		
40	This adjustment is related to the weighted average approach to calculating the Oregon Tax Apportionment.	(34)	
41		Total Adjustments:	(1,473) (1,338)
42	Adjusted Base Revenue Requirement & Rate Base after Second Settlement Stipulation:	\$4,212	\$303,326

1 The following information provides an explanation for each of the adjustments in Table No. 2
2 above. Attachment A summarizes the Company's filed rate case and the stipulated adjustments.
3 The numbers in parenthesis below represent the agreed-upon increase or decrease in revenue
4 requirement associated with the item.

5 a) Wages and Salaries (-\$239,000): Staff proposed an adjustment to the Company's
6 Wages and Salaries expense for reductions associated with overtime, full-time
7 employee equivalents (FTE), and associated payroll taxes. AWEC proposed an
8 adjustment to the Company's Wages and Salaries expense for Executive Officer
9 salaries. For settlement purposes the Parties agree to reductions to an agreed-upon level
10 of expense, thereby reducing the proposed revenue requirement by \$239,000. The
11 adjustment also reduces rate base by \$58,000.

12 b) Advertising Expense (-\$4,000): Staff proposed an adjustment to remove the impact of
13 certain Category A expenses they believed were not applicable to Oregon operations.
14 For settlement purposes, the Parties agreed-upon a lower level of advertising expense,
15 thereby reducing the proposed revenue requirement by \$4,000.

16 c) Customer Accounts & Services (-\$10,000): Staff proposed an adjustment to Customer
17 Accounts & Services to reflect the most recent (June 2020) All-Urban CPI. For
18 settlement purposes the Parties agree to reductions to an agreed-upon level of expense,
19 thereby reducing the proposed revenue requirement by \$10,000.

20 d) Operations & Maintenance (O&M) Adjustment (-\$350,000): Staff proposed an
21 adjustment based on a three-year trend analysis scaled up by All Urban CPI, among
22 other items. For settlement purposes the Parties agree to reductions to an agreed-upon
23 level of expense, thereby reducing the proposed revenue requirement by \$350,000.

- 1 e) Administrative and General (A&G) Adjustment (-\$31,000): Staff proposed an
2 adjustment based on a three-year trend analysis scaled up by All Urban CPI, among
3 other items. For settlement purposes the Parties agree to reductions to an agreed-upon
4 level of expense, thereby reducing the proposed revenue requirement by \$31,000.
- 5 f) Atmospheric Testing (-\$3,000): Staff proposed an adjustment to update the escalation
6 factor to the most recent (June 2020) All-Urban CPI. For settlement purposes the
7 Parties agree to reductions to an agreed-upon level of expense, thereby reducing the
8 revenue requirement by \$3,000.
- 9 g) Rate Case Expense (-\$1,000): Staff proposed an adjustment to update the escalation
10 factor to the most recent (June 2020) All-Urban CPI. For settlement purposes the
11 Parties agree to reductions to an agreed-upon level of expense, thereby reducing the
12 revenue requirement by \$1,000.
- 13 h) Plant in Service (-\$100,000): In their testimony, Staff proposed a number of proposed
14 adjustments to the plant additions included in the Company's original filing. These
15 related to, among other items, certain Enterprise Technology projects as well as the
16 overall level of 2020 pro forma capital additions. For its part, AWEC also proposed in
17 testimony a number of adjustments to plant and plant-related items (discussed in ¶17
18 and ¶18 below). For settlement purposes, the Parties agreed to a reduction in revenue
19 requirement of \$100,000. The adjustment also reduces rate base by \$1.1 million. In
20 addition, Avista agrees to provide an Officer Attestation, prior to the rate effective date,
21 to the fact that Enterprise Technology and natural gas distribution projects above
22 \$250,000 are in-service for Oregon customers as of December 31, 2020 and describe
23 the actual costs for those projects for review by the Parties. If these projects are not

1 complete and in service by December 31, 2020, the revenue requirement associated
2 with the projects will be removed from the test year rate base and the January 15, 2021
3 base rate change.

4 i) O&M Offset (-\$90,000): Staff proposed an adjustment to reflect O&M offsets related
5 to efficiencies resulting from the implementation of several Enterprise Technology
6 projects. For settlement purposes, the Parties agree to reductions to an agreed-upon
7 level of expense, thereby reducing the proposed revenue requirement by \$90,000.

8 j) 2020 Capital (Average Depreciation) (-\$70,000): AWEC proposed an adjustment to
9 reflect depreciation expense on an “average of monthly average” basis, rather than on
10 an “end of period” basis, for 2020 pro forma capital additions. For settlement purposes,
11 the Parties agree to a reduction to the level of depreciation expense, resulting in a
12 decrease to the revenue requirement of \$70,000.

13 k) 2020 Capital (Net Salvage) (-\$13,000): AWEC proposed a reduction related to
14 negative net salvage associated with plant retirements. For settlement purposes, the
15 Parties agree to a \$13,000 reduction in revenue requirement.

16 l) Medical Benefit Expense (+\$70,000): The Parties agreed to a 5% increase in medical
17 benefit expense over 2019 test period levels, for settlement purposes. The result
18 increases revenue requirement by \$70,000.

19 m) Pension Benefit Expense (-\$256,000): In testimony, Staff proposed the use of the
20 actual 2019 base year discount rate as the basis for calculating the pension expense.
21 For settlement purposes, the Parties agree to a decrease in pension benefit expense,
22 resulting in a reduction in the revenue requirement of \$256,000.

- 1 n) Other Gas Expense (-\$6,000): Staff proposed an adjustment based on a three-year trend
2 analysis scaled up by All Urban CPI. For settlement purposes, the Parties agree to a
3 reduction in Other Gas Expense, resulting in a decrease in the revenue requirement of
4 \$6,000.
- 5 o) Taxes Other Than Income - Property (-\$7,000): Staff proposed an adjustment based
6 on a three year average property tax rate. For settlement purposes, the Parties agree to
7 a reduction in the revenue requirement of \$7,000.
- 8 p) Director and Officer (D&O) Insurance (-\$44,000): In testimony, Staff proposed a
9 sharing of 50/50 between shareholders and rate payers related to the Oregon-allocated
10 D&O insurance. For settlement purposes, the Parties agree to a reduction in the
11 revenue requirement of \$44,000.
- 12 q) Load and Revenue Forecast (-\$6,000): The Company presented an updated load
13 forecast for the test year. For settlement purposes, the Parties agreed to use the revised
14 forecast for Rate Schedules 424, 440, 444, and 456. This adjustment decreases the
15 proposed revenue requirement by \$6,000.
- 16 r) Other Revenue (-\$5,000): For settlement purposes the Parties agreed to reflect an
17 increase in Other Revenue due to customer growth. This adjustment decreases the
18 proposed revenue requirement by \$5,000.
- 19 s) Allocations (-\$492,000): This adjustment reflects the correction/removal of certain
20 expenses related to depreciation and amortization expenses inadvertently included in
21 the original case. The Parties agree in this Stipulation to correct for that error, which
22 results in a decrease to the revenue requirement of \$492,000.

- 1 t) Depreciation Expense (+\$177,000): This adjustment reflects the correction for a
2 formula related to depreciation transportation expense inadvertently included in the
3 Company's original filing. The Parties agree in this Stipulation to correct for that error,
4 which results in an increase to the revenue requirement of \$177,000.
- 5 u) Meals, Entertainment, and Miscellaneous O&M Expenses (-\$31,000): Staff proposed
6 to remove certain expenses related to meals and entertainment expenses, and
7 miscellaneous O&M expenses. For settlement purposes, the Parties agree to reduce the
8 revenue requirement by \$31,000.
- 9 v) Miscellaneous Restating (+\$163,000): This adjustment removes the impact of an
10 AFUDC deferral which was inadvertently included in the Company's filed case. This
11 deferral was put in base rates in Docket No. UG 366 on January 15, 2020. This
12 adjustment increases the proposed revenue requirement by \$163,000.
- 13 w) Legal Expense (-\$15,000): In testimony, Staff proposed a reduction in certain legal
14 expenses. For settlement purposes the Parties agree to a reduction in the proposed
15 revenue requirement of \$15,000.
- 16 x) Miscellaneous Operations and Maintenance (O&M) (-\$76,000): In testimony, AWEC
17 proposed a reduction to miscellaneous O&M expenses. For settlement purposes, the
18 Parties agreed to a reduction in the proposed revenue requirement of \$76,000.
- 19 y) Tax Apportionment (-\$34,000): In testimony, CUB proposed that a weighted average
20 approach to calculating the Oregon Tax Apportionment. For settlement purposes, the
21 Parties agreed to CUB's adjustment which reduces the proposed revenue requirement
22 by \$34,000.
- 23 8. **Proposed Effective Date:** The proposed rate effective date is January 15, 2021.

1 9. **Rate Spread:** The Parties support the spread of the January 15, 2021, overall billed
 2 revenue increase of \$4.212 million, or 4.2 percent, to the Company’s service schedules as shown
 3 in Table No. 4 below (and as shown in Attachment B to the Second Stipulation). The agreed-upon
 4 rate spread was based on a discrete customer impact offset (“CIO”) adjustment to the cost of
 5 service results, as described by AWEC witness Mr. Mullins in his opening testimony, with two
 6 modifications. The first modification changed the CIO adjustment cap from 150% of the average
 7 rate increase to 125%. The second modification changed the CIO adjustment floor from 0.0% to
 8 0.5%.

9 **Table No. 4: Agreed-Upon Rate Spread**

<u>Schedule Description</u>	<u>Rate Schedule</u>	<u>Revenue Increase (\$000s)</u>	<u>% Increase in Base Revenue</u>	<u>% Increase in Billed Revenue*</u>
Residential	410	\$2,709	6.0%	4.3%
General Service	420	\$1,481	7.6%	5.2%
Large General Service	424	\$2	0.5%	0.2%
Interruptible Service	440	\$8	0.5%	0.2%
Seasonal Service	444	\$0	0.5%	0.2%
Transportation Service	456	<u>\$12</u>	<u>0.5%</u>	<u>0.5%</u>
Total		<u>\$4,212</u>	<u>6.1%</u>	<u>4.2%</u>

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

18 The revenue requirement shown in Table No. 4 above does not reflect the final
 19 determination related to Working Capital, which is still at issue among the Parties. In its testimony
 20 set to be filed on or about August 18, 2020, the Company will provide the proposed rate spread
 21 which includes the effects of the Working Capital along with the revenue requirement agreed to in
 22 this Stipulation.

1 10. **Rate Design:** The Parties support the following rate design: The Schedule 410
2 customer charge will increase from \$10.00 to \$10.50, and Schedule 420 will remain unchanged at
3 \$17.00. To address Parties concerns related to recovering customer related costs under
4 Interruptible Schedule 440 the Parties agree to a customer charge of \$75.00 per month.³ All other
5 rate design components are as proposed by the Company in its original filing. Attachment C to the
6 Settlement Stipulation provides the agreed-upon base rates.⁴

7 11. **Residential Bill Change:** For the revenue requirement included in this Stipulation,
8 based on an average usage level of 47 therms per month, the average bill for a Schedule 410
9 residential customer, which includes both base and adder schedules⁵, would increase \$2.42 per
10 month, or 4.3 percent, from \$56.40 to \$58.82. This bill change does not include the Working
11 Capital adjustment, previously discussed.

12 12. **Decoupling:** Attachment D to the Second Stipulation reflects the new decoupling
13 base effective January 15, 2021 that is supported by the Parties. The new decoupling base provides
14 the “Monthly Allowed Customers” and “Monthly Decoupled Revenue per Customer” which
15 incorporate the effects of the settlement revenue requirement and billing determinants discussed
16 above. In its testimony set to be filed on or about August 18, 2020, the Company will provide the
17 proposed decoupling base which includes the effects of the Working Capital along with the
18 revenue requirement agreed to in this Stipulation.

19 13. **Transportation Rate Schedules:** The Parties agree to add new transportation
20 Schedules 425 and 439 as described by Company witness Mr. Miller in his pre-filed testimony.

³ The Company contends that the average cost per month for Meter Reading, Billing, Meters and Services is \$181.99 based on the Company’s filed LRIC Study.

⁴ The agreed-upon billing determinants reflect the updated load adjustments as discussed in Section 7 item q above.

⁵ “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.

1 To address concern regarding possible future cost shift, the new transportation Schedules 425 and
2 439 will be limited to ten customers on each rate schedule. If either of these Schedules are to reach
3 the ten-customer limit, the Company will, in a subsequent general rate case, address the concern
4 in order to adjust the limit on customers.

5 14. **Curtailment Penalties:** Avista agrees that all entitlement and curtailment
6 penalties are, and will be, returned to core customers in the annual PGA filings. Avista will make
7 a housekeeping filing to correct the updated curtailment penalty amount specified in Rule 20 from
8 \$1 to \$10.

9 15. **Allowance for Funds Used During Construction (AFUDC):** Due to
10 recommendations made by the Federal Energy Regulatory Commission (FERC) in a recent audit
11 of Avista, the Parties agree that the Company would defer the AFUDC difference calculated
12 between using the State AFUDC rate and the FERC AFUDC rate as a regulatory asset (i.e. FERC
13 Account No. 182.3), which is included in rate base, and amortize this regulatory asset over the
14 composite remaining life of the plant-in-service.

15 16. **Customer Deposits:** Avista agrees to temporarily suspend the collection of
16 residential customer deposits for two years from the rate effective date in this proceeding.

17 17. **Comfort Level Billing (CLB) Program:** Avista agrees to further promote its CLB
18 program to customers via bill inserts, social media, its website, and when customer's call in to the
19 Call Center with financial hardship. Avista also agrees to add language to its website that promotes
20 CLB to inform Oregon customers that those customers with past due balances are eligible for
21 levelized payments plans or equal pay arrearage plans per OAR 860-021-0415, and directing those
22 customers to contact the Company.

1 18. The Parties agree that this Second Stipulation is in the public interest and results in
2 an overall fair, just and reasonable outcome, and will serve to reduce the number of contested
3 adjustments in this case.

4 19. The Parties agree that this Second Stipulation represents a compromise in the
5 positions of the Parties. Without the written consent of all Parties, evidence of conduct or
6 statements, including but not limited to term sheets or other documents created solely for use in
7 settlement conferences in this Docket, are not admissible in the instant or any subsequent
8 proceeding unless independently discoverable or offered for other purposes allowed under ORS
9 40.190. Nothing in this paragraph precludes a party from stating as a factual matter what the
10 Parties agreed to in this Second Stipulation or in the Parties' testimony supporting the stipulation.

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

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

20 22. If this Second Stipulation is challenged by any other party to this proceeding, the
21 Parties to this Second Stipulation reserve the right to cross-examine witnesses and put on such case
22 as they deem appropriate to respond fully to the issues presented, including the right to raise issues
23 that are incorporated in the settlement embodied in this Second Stipulation. Notwithstanding this

1 reservation of rights, the Parties agree that they will continue to support the Commission’s
2 adoption of the terms of this Second Stipulation.

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

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

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

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

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19 signature.

20 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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24 By: /s/ David J. Meyer
25 David J. Meyer

By: _____
Johanna Riemenschneider

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27 Date: August 13, 2020

Date: _____

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20 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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24 By: _____
25 David J. Meyer

By: /s/ Johanna Riemenschneider

Johanna Riemenschneider

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27 Date: _____

Date: August 13, 2020

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ALLIANCE OF WESTERN ENERGY
CONSUMERS

OREGON CITIZENS' UTILITY BOARD

By:  _____
Chad M. Stokes

By: _____
Michael P. Goetz

Date: 08-13-2020

Date: _____

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ALLIANCE OF WESTERN ENERGY
CONSUMERS

OREGON CITIZENS' UTILITY BOARD

By: _____
Chad M. Stokes

By:  _____
Michael P. Goetz

Date: _____

Date: 8/13/20

Avista Utilities
UG 389
Twelve Months Ended 12.31.2021
(\$000)

PRESENT RATES

SUMMARY SHEET	Base Period Results Per Company Filing 12 ME 12,31,19 (1)	Company Adjustments to Base Period (2)	Restated Company 12 ME 12.31.2021 Test Year (1) + (2) (3)	Company Proposed incremental Rev. requirement (4)	Company Filed 12,31,2021 Results at Reasonable Return (3) + (4) (5)	Staff Adjustments to Company 12.31.2021 Results Test Year (6)	Staff Adjusted 12.31.2021 Company Results (3) + (6) (7)	Staff Required Change for Reasonable Return (8)	Staff Results at Reasonable Return (7) + (8) (9)
Operating Revenues									
General Business	\$88,988	(\$23,005)	\$65,983	\$6,777	\$72,760	\$6	\$65,989	\$4,212	\$70,201
Transportation	\$2,951	\$3	\$2,954	\$0	\$2,954	\$0	\$2,954	\$0	\$2,954
Other Revenues	\$52,794	(\$52,611)	\$183	\$0	\$183	\$5	\$188	\$0	\$188
Total Operating Revenues	\$144,733	(\$75,613)	\$69,120	\$6,777	\$75,897	\$11	\$69,131	\$4,212	\$73,343
Operating Expenses									
Gas Purchased	\$87,176	(\$87,176)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPUC Fees	\$612	(\$289)	\$323	\$32	\$355	\$0	\$323	\$20	\$343
Franchise Fees	\$1,966	(\$426)	\$1,540	\$151	\$1,691	\$0	\$1,541	\$94	\$1,635
Uncollectibles	\$56	\$259	\$315	\$23	\$338	\$0	\$315	\$14	\$330
General Operations & Maintenance	\$4,746	\$3,831	\$8,577	\$0	\$8,577	(\$174)	\$8,403	\$0	\$8,403
Admin & General Expenses	\$16,335	\$458	\$16,793	\$0	\$16,793	(\$1,327)	\$15,466	\$0	\$15,466
Total Operating & Maintenance	\$110,891	(\$83,342)	\$27,549	\$206	\$27,755	(\$1,500)	\$26,048	\$128	\$26,176
Depreciation	\$11,083	\$3,987	\$15,070	\$0	\$15,070	\$92	\$15,162	\$0	\$15,162
Amortization	\$249	\$0	\$249	\$0	\$249	\$158	\$407	\$0	\$407
Taxes Other than Income	\$6,131	(\$612)	\$5,519	\$0	\$5,519	(\$16)	\$5,503	\$0	\$5,503
Income Taxes	\$1,194	\$1,559	\$2,753	\$1,701	\$4,454	\$323	\$3,076	\$1,057	\$4,133
Total Operating Expenses	\$129,548	(\$78,408)	\$51,140	\$1,907	\$53,047	(\$944)	\$50,196	\$1,185	\$51,382
Net Operating Revenues	\$15,185	\$2,795	\$17,980	\$4,870	\$22,850	\$954	\$18,934	\$3,026	\$21,961
Average Rate Base									
Utility Plant in Service	\$474,210	\$49,626	\$523,836	\$0	\$523,836	(\$1,150)	\$522,686	\$0	\$522,686
Less: Accumulated Depreciation & Amortization	(\$135,955)	(\$14,544)	(\$150,499)	\$0	(\$150,499)	(\$188)	(\$150,687)	\$0	(\$150,687)
Accumulated Deferred Income Taxes	(\$72,787)	(\$1,735)	(\$74,522)	\$0	(\$74,522)	\$0	(\$74,522)	\$0	(\$74,522)
Accumulated Deferred Inv. Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Utility Plant	\$265,468	\$33,347	\$298,815	\$0	\$298,815	(\$1,338)	\$297,477	\$0	\$297,477
Plant Held for Future Use	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Acquisition Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Working Capital	\$3,656	\$159	\$3,815	\$0	\$3,815	\$0	\$3,815	\$0	\$3,815
Fuel Stock	\$2,377	\$0	\$2,377	\$0	\$2,377	\$0	\$2,377	\$0	\$2,377
Materials & Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Customer Advances for Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Weatherization Loans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepayments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc. Deferred Debits & Credits	(\$343)	\$0	(\$343)	\$0	(\$343)	\$0	(\$343)	\$0	(\$343)
Misc. Rate Base Additions/(Deductions)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Average Rate Base	\$271,158	\$33,506	\$304,664	\$0	\$304,664	(\$1,338)	\$303,326	\$0	\$303,326
Rate of Return	5.60%		5.90%		7.50%		6.24%		7.24%
Implied Return on Equity	6.100%		6.100%		9.900%		7.404%		9.400%

Avista Utilities
Proposed Revenue Increase by Schedule
Oregon - Natural Gas
Pro Forma 12 Months Ended December 31, 2021
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Proposed GRC Increase	Distribution Revenue Under Proposed Rates	Therms (000s)	Distribution Revenue Percentage Increase	Billed Revenue Under Present Rates	Proposed GRC Increase	Billed Revenue Under Proposed Rates	Billed Revenue Percentage Increase
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Residential	410	\$44,931	\$2,709	\$47,640	52,670	6.0%	\$63,250	\$2,709	\$65,959	4.3%
2	General Service	420	\$19,385	\$1,481	\$20,866	29,002	7.6%	\$28,609	\$1,481	\$30,089	5.2%
3	Large General Service	424/425	\$496	\$2	\$498	3,264	0.5%	\$1,565	\$2	\$1,567	0.2%
4	Interruptible Service	439/440	\$1,623	\$8	\$1,631	13,929	0.5%	\$3,743	\$8	\$3,751	0.2%
5	Seasonal Service	444	\$34	\$0	\$34	199	0.5%	\$99	\$0	\$99	0.2%
6	Transportation Service	456	\$2,299	\$12	\$2,311	27,049	0.5%	\$2,218	\$12	\$2,230	0.5%
7	Special Contract	447	\$175	\$0	\$175	5,856	0.0%	\$175	\$0	\$175	0.0%
8	Total		\$68,943	\$4,212	\$73,155	131,968	6.1%	\$99,658	\$4,212	\$103,871	4.2%

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

<u>Present Base Rates</u>	<u>Base Tariff Change</u>	<u>Proposed Base Rates</u>
Residential Service Schedule 410		
\$10.00 Customer Charge	\$0.50/month	\$10.50 Customer Charge
All Therms - \$0.63943/Therm	\$0.04076/therm	All Therms - \$0.68019/Therm
General Service Schedule 420		
\$17.00 Customer Charge	\$0.00/month	\$17.00 Customer Charge
All Therms - \$0.58382/Therm	\$0.05104/therm	All Therms - \$0.63486/Therm
Large General Service Schedule 424 and 425		
\$50.00 Customer Charge	\$5.00/month	\$55.00 Customer Charge
All Therms - \$0.13887/Therm	-\$0.00055/therm	All Therms - \$0.13832/Therm
Interruptible Service Schedule 439 and 440		
\$0.00 Customer Charge	\$75.00/month	\$75.00 Customer Charge
All Therms - \$0.11652/Therm	-\$0.00184/therm	All Therms - \$0.11468/Therm
Seasonal Service Schedule 444		
All Therms - \$0.17155/Therm	\$0.00086/therm	All Therms - \$0.17241/Therm
Seasonal Minimum Charge:		Seasonal Minimum Charge:
\$ 5,810.92		\$ 5,840.04
Transportation Service Schedule 456		
\$275.00 Customer Charge	\$25.00/month	\$300.00 Customer Charge
1st 10,000 Therms - \$0.15876/Therm	\$0.00014/therm	1st 10,000 Therms - \$0.15890/Therm
Next 20,000 Therms - \$0.09555/Therm	\$0.00008/therm	Next 20,000 Therms - \$0.09563/Therm
Next 20,000 Therms - \$0.07853/Therm	\$0.00007/therm	Next 20,000 Therms - \$0.07860/Therm
Next 200,000 Therms - \$0.06147/Therm	\$0.00005/therm	Next 200,000 Therms - \$0.06152/Therm
Over 250,000 Therms - \$0.03118/Therm	\$0.00003/therm	Over 250,000 Therms - \$0.03121/Therm
<u>Schedule 456 Monthly Minimum Charge</u>		<u>Schedule 456 Monthly Minimum Charge</u>
\$ 2,698.69		\$ 2,725.78

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue by Rate Schedule - Natural Gas
Docket No. UG-389 Rates Effective January 15, 2021

	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 2021 Margin Revenue	\$ 68,943,000	\$ 44,931,000	\$ 19,385,000	\$ 496,000	\$ 1,623,000	\$ 34,000	\$ 2,474,000
2 Settlement Margin Revenue Increase	\$ 4,212,000	\$ 2,709,000	\$ 1,481,000	\$ 2,000	\$ 8,000	\$ -	\$ 12,000
3 Total Delivery Revenue (2021 Test Year) (Ln 1 + Ln 2)	\$ 73,155,000	\$ 47,640,000	\$ 20,866,000	\$ 498,000	\$ 1,631,000	\$ 34,000	\$ 2,486,000
4 Customer Bills (2021 Test Year)	1,271,356	1,125,295	144,309	857	450	37	408
5 Proposed Basic Charges		\$10.50	\$17.00	\$55.00	\$75.00	\$0.00	\$300.00
6 Basic Charge Revenue (Ln 4 * Ln 5)	\$ 14,464,960	\$ 11,815,598	\$ 2,453,253	\$ 47,129	\$ 33,780	\$ -	\$ 115,200
7 Decoupled Revenue (Ln 6 - Ln 3)	\$ 58,690,040	\$ 35,824,403	\$ 18,412,747	\$ 450,871	\$ 1,597,220	\$ 34,000	\$ 2,370,800
8 Normalized Therms (2021 Test Year)	131,968,306	52,669,603	29,002,292	3,264,235	13,929,025	198,830	32,904,321
9 Average Number of Customers (Line 8 / 12 mos.)		Residential 93,775	Non-Residential Group 12,138				Exempt from Decoupling Mechanism
10 Annual Therms		52,669,603	46,394,382				
11 Basic Charge Revenues	\$	\$ 11,815,598	\$ 2,534,162				
12 Customer Bills		1,125,295	145,653				
13 Average Basic Charge		\$10.50	\$17.40				

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-389 Rates Effective January 15, 2021

Line No.	Source	Residential	Non-Residential Schedules*
(a)	(b)	(c)	(d)
1	Decoupled Revenue	Page 1	
		\$ 35,824,403	\$ 20,494,838
2	Test Year Number of Customers 2021	Revenue Data	
		93,775	12,138
3	Decoupled Revenue Per Customer	(1) / (2)	
		\$ 382.03	\$ 1,688.52

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

ORDER NO. 20-468

Avista Utilities
 Natural Gas Decoupling Mechanism (Oregon)
 Development of Monthly Decoupled Revenue Per Customer - Natural Gas
 Docket No. UG-389 Rates Effective January 15, 2021

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	<i>Residential</i>														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	8,676,502	6,962,438	6,276,681	4,433,535	2,529,145	1,683,573	1,404,461	1,359,425	1,369,522	3,004,514	6,118,531	8,851,276	52,669,603
5	- % of Annual Total	% of Total	16.47%	13.22%	11.92%	8.42%	4.80%	3.20%	2.67%	2.58%	2.60%	5.70%	11.62%	16.81%	100.00%
6															
7	<i>Non-Residential Sales*</i>														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	6,056,803	5,233,025	4,778,562	3,650,474	2,460,876	2,136,004	2,232,358	2,293,829	2,458,385	3,658,899	5,194,291	6,240,876	46,394,382
9	- % of Annual Total	% of Total	13.06%	11.28%	10.30%	7.87%	5.30%	4.60%	4.81%	4.94%	5.30%	7.89%	11.20%	13.45%	100.00%
10															
11	Monthly Decoupled Revenue Per Customer ("RPC")														
12	<i>Residential</i>														
13	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													\$ 382.03
14	- Monthly Decoupled Revenue per Customer	(5) x (13)	\$ 62.93	\$ 50.50	\$ 45.53	\$ 32.16	\$ 18.34	\$ 12.21	\$ 10.19	\$ 9.86	\$ 9.93	\$ 21.79	\$ 44.38	\$ 64.20	\$ 382.03
15	- Monthly Allowed Customers		94,058	94,061	94,074	93,970	93,808	93,521	93,213	93,012	93,005	93,534	94,222	94,817	
16	<i>Non-Residential Sales*</i>														
17	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													\$ 1,688.52
18	- Monthly Decoupled Revenue per Customer	(9) x (17)	\$ 220.44	\$ 190.46	\$ 173.92	\$ 132.86	\$ 89.56	\$ 77.74	\$ 81.25	\$ 83.48	\$ 89.47	\$ 133.17	\$ 189.05	\$ 227.14	\$ 1,688.52
19	- Monthly Allowed Customers		12,173	12,194	12,189	12,161	12,147	12,127	12,087	12,069	12,059	12,082	12,143	12,221	
20	*Schedules 420, 424, 425, 439, 440, and 444.														

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 389

In the Matter of)	
)	
AVISTA CORPORATION, dba AVISTA)	THIRD PARTIAL SETTLEMENT
UTILITIES)	STIPULATION
)	
Request for a General Rate Revision)	

This Third Partial Settlement Stipulation (“Third Stipulation”) is entered into for the purpose of resolving the remaining issue in this proceeding, the treatment of Working Capital.

PARTIES

The Parties to this Third 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 March 13, 2020, Avista filed revised tariff schedules to affect a general rate increase for Oregon retail customers of \$6,777,000, or 6.8% of its annual revenues or 9.8% margin increase. The filing was suspended by the Commission on March 16, 2020, per its Order No. 20-086.

¹ The Parties previously entered into a Partial Settlement on Cost of Capital, which was filed on May 18, 2020 and a Second Partial Settlement which settled all remaining issues in this Docket, except for Working Capital, filed on August 13, 2020.

1 2. Pursuant to Administrative Law Judge Allan J. Arlow's Prehearing Conference
2 Notice of Telephone Prehearing Conference Memorandum of April 3, 2020, the first settlement
3 conference, held telephonically, occurred on May 7, 2020.

4 3. As a result of that first settlement discussion, the Parties agreed to settle all issues in
5 this Docket concerning the Cost of Capital, including Capital Structure, Long-Term Debt Cost and
6 Return on Equity, subject to the approval of the Commission, which was filed on May 18, 2020.

7 4. Staff, CUB, and AWEC filed Opening Testimony on July 21, 2020, in response to
8 the Company's original filing on March 13, 2020.

9 5. On August 3, 2020 the Parties held a second telephonic settlement discussion and
10 agreed to settle all remaining issues in this Docket, except the issue of Working Capital. The
11 settled items include adjustments to the revenue requirement, rate spread and rate design issues,
12 Allowance for Funds Used During Construction (AFUDC) accounting treatment, changes in
13 customer deposit requirements, and modifications to the language regarding the Comfort Level
14 Billing program, subject to the approval of the Commission. The Second Partial Settlement
15 Stipulation was filed on August 13, 2020. The issue of Working Capital was to be further reviewed
16 by the Parties under the existing Procedural Schedule.

17 6. On August 18, 2020 the Company filed reply testimony, sponsored by Company
18 witness Ms. Pluth, which addressed the issue of Working Capital. On August 20, 2020 the Parties
19 participated in a telephonic workshop addressing Working Capital and the components of the
20 Company's proposed lead/lag study. On August 24, 2020, a third telephonic settlement discussion
21 was held, for purposes of resolving the final issue of Working Capital. Both the workshop and the
22 settlement discussion were attended by all Parties. The third telephonic settlement discussion
23 resulted in agreement on the treatment of Working Capital and is the basis of this Third Stipulation.

1 **SUMMARY OF THE FIRST PARTIAL SETTLEMENT STIPULATION**

2 **7. Adjustments to Filed Revenue Requirement:**

3 The adjustments reached in the First Partial Settlement Stipulation amounted to a total
4 reduction in Avista's revenue requirement increase request from \$6.777 million to a base revenue
5 increase request of \$5.685 million. The adjustments to Avista's revenue requirement reflected in
6 the first Partial Settlement Stipulation are shown in Table No. 1 below:

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

	Revenue Requirement	Rate Base
	\$6,777	\$304,664
Cost of Capital		
Adjusts return on equity to 9.40%, long-term debt cost to 5.07%, with a common stock equity component of 50%, and overall Cost of Capital of 7.24%.	(1,092)	-
Total Adjustments:	(\$1,092)	\$0
	\$5,685	\$304,664

14 8. This adjustment reduces Avista's requested cost of capital to an overall cost of capital
15 equal to 7.24% based on the following components: a capital structure consisting of 50% common
16 stock equity and 50% long-term debt, return on equity of 9.40%, and a long-term debt cost of
17 5.07%. This combination of capital structure and capital costs is shown in the Table No. 2 below.²

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

AGREED-UPON COST OF CAPITAL			
	Capital Structure	Debt Cost	Weighted Cost
Long Term Debt	50.00%	5.07%	2.54%
Common Equity	50.00%	9.40%	4.70%
Total	100.00%		7.24%

23
² The agreed-upon capital structure (50/50) and cost of equity (9.4%) represent a continuation of currently approved levels approved in Docket No. UG-366.

1 **SUMMARY OF THE SECOND PARTIAL SETTLEMENT STIPULATION**

2 9. The adjustments reached in the Second Partial Settlement Stipulation resolved all
3 remaining issues in this Docket, with the exception of Working Capital. This resulted in a further
4 reduction to Avista's proposed increase from the First Partial Settlement Stipulation of \$5.685
5 million (as shown in Table No. 1 above) to a base revenue increase request of \$4.212 million. In
6 addition, the Parties agreed to reduce rate base from the First Partial Settlement Stipulation of
7 \$304.7 million to \$303.3 million. The net impact of these adjustments is shown in Table No. 3
8 below:

9 **Table No. 3 – Summary of Adjustments to Revenue Requirement and Rate Base (Second**
10 **Partial Settlement)**

	Revenue Requirement	Rate Base
First Partial Settlement Stipulation	\$5,685	\$304,664
Miscellaneous Adjustments		
These adjustments resolve all issues in this Docket, with the exception of Working Capital	(1,473)	(1,338)
Total Adjustments:	(\$1,473)	(\$1,338)
Second Partial Settlement Stipulation Final	\$4,212	\$303,326

16
17 **SUMMARY OF THE THIRD PARTIAL SETTLEMENT STIPULATION**

18 10. The adjustment reached in this Third Stipulation resolved the final outstanding issue
19 of Working Capital. Company witness Ms. Pluth provided detailed testimony on August 18, 2020
20 related to the genesis and calculation of Avista's Working Capital adjustment. With this
21 adjustment, the Parties have now addressed all issues in this Docket. The Parties agreed that Avista
22 should be provided an additional \$0.155 million increase related to Working Capital. This results
23 in an increase to Avista's revenue requirement increase request from the Second Partial Settlement
24 Stipulation of \$4.212 million (as shown in Table No. 3 above) to a final base revenue increase

request of \$4.367 million. In addition, the Parties agreed to increase rate base from the Second Partial Settlement Stipulation of \$303.3 million to \$305.0 million. The net impact of these adjustments is shown in Table No. 4 below:

Table No. 4 – Summary of Adjustments to Revenue Requirement and Rate Base (Third Stipulation)

	Revenue Requirement	Rate Base
Second Partial Settlement Stipulation	\$4,212	\$303,326
Miscellaneous Adjustments This adjustment reflects the impact of the lead/lag study on Working Capital. For Settlement purposes the Parties agree to a working cash factor of 2.5% resulting in an \$155,000 of additional revenue requirement and \$1,700,000 increase in rate base.	155	1,700
Total Adjustments:	\$155	\$1,700
Third Partial Settlement Stipulation	\$4,367	\$305,026

In addition to the change in revenue requirement and rate base, the Parties agreed to the following as it relates to Working Capital:

- a. The Parties agree to include a working cash factor of 2.5 percent, resulting in \$155,000 of additional revenue requirement in UG 389 rates for cash working capital (as discussed above).
- b. Avista agrees to conduct a new lead/lag study that is robust and designed consistent with industry standards prior to the filing of its next rate case that includes cash working capital in revenue requirement.
- c. The Parties agree that measurements used in the new lead/lag study may include but are not limited to statistical sampling, 100 percent sampling, mathematical formula, and segregation of data by type (e.g. customer class, fuel type, or maintenance type).
- d. Avista agrees to provide, in supporting testimony for its next rate case that includes cash working capital, a description and supporting documentation for its method of measuring lead or lag for each study component that establishes the validity and appropriateness of the measurement used.
- e. Avista agrees to perform sufficient analysis to ensure there is no double-counting between working cash and rate base and will review and document its treatment of vacation accrual, purchase gas and materials and supplies in supporting testimony for its next rate case.

f. The Parties acknowledge this Stipulation does not address any effects of the utility’s and ratepayers’ actions in response to the COVID-19 pandemic, and that any such effects may be addressed separately from this stipulation.

11. For the ease of the Commission, Attachment A to this Stipulation provides the final agreed-upon revenue requirement, incorporating all of the agreements reached in the three Stipulations. Further, Attachments B-D also include the net effect of all of the items agreed to in the three Stipulations related to rate spread, rate design, and decoupling, and are discussed further below.

12. **Proposed Effective Date:** The proposed rate effective date is January 15, 2021, consistent with the Second Partial Settlement Stipulation.

13. **Rate Spread:** The Parties support the spread of the January 15, 2021, overall billed revenue increase of \$4.367 million, or 4.4 percent, to the Company’s service schedules as shown in Table No. 4 below (and as shown in Attachment B to this Stipulation), including the impact of the Working Capital adjustment agreed to in this Stipulation. This reflects all agreements reached in all three Settlement Stipulations.

Table No. 5: Agreed-Upon Rate Spread

<u>Schedule Description</u>	<u>Rate Schedule</u>	<u>Revenue Increase (\$000s)</u>	<u>% Increase in Base Revenue</u>	<u>% Increase in Billed Revenue*</u>
Residential	410	\$2,810	6.3%	4.4%
General Service	420	\$1,535	7.9%	5.4%
Large General Service	424	\$2	0.5%	0.2%
Interruptible Service	440	\$8	0.5%	0.2%
Seasonal Service	444	\$0	0.5%	0.2%
Transportation Service	456	<u>\$12</u>	<u>0.5%</u>	<u>0.5%</u>
Total		<u>\$4,367</u>	<u>6.3%</u>	<u>4.4%</u>

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

1 14. **Rate Design:** The Parties support the rate design contained in the Second Partial
2 Settlement Stipulation. Attachment C to this Stipulation provides the agreed-upon base rates,
3 reflecting the additional increase related to Working Capital.³

4 15. **Residential Bill Change:** For the revenue requirement included in this Stipulation,
5 based on an average usage level of 47 therms per month, the average bill for a Schedule 410
6 residential customer, which includes both base and adder schedules⁴, would increase \$2.51 per
7 month, or 4.4 percent, from \$56.40 to \$58.91. This bill change includes the Working Capital
8 adjustment, previously discussed.

9 16. **Decoupling:** Attachment D to the Third Stipulation reflects the new decoupling base,
10 incorporating the impacts of the Working Capital adjustment, effective January 15, 2021 that is
11 supported by the Parties. The new decoupling base provides the “Monthly Allowed Customers”
12 and “Monthly Decoupled Revenue per Customer” which incorporate the effects of the settlement
13 revenue requirement discussed earlier.⁵

14 17. The Parties agree that this Third Stipulation is in the public interest and results in an
15 overall fair, just, and reasonable outcome, and will serve to reduce the number of contested
16 adjustments in this case.

17 18. The Parties agree that this Third Stipulation represents a compromise in the positions
18 of the Parties. Without the written consent of all Parties, evidence of conduct or statements,
19 including but not limited to term sheets or other documents created solely for use in settlement
20 conferences in this Docket, are not admissible in the instant or any subsequent proceeding unless

³ The agreed-upon billing determinants reflect the updated load adjustments as discussed in Section 7 item q in the Second Partial Settlement Stipulation.

⁴ “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.

⁵ See footnote 4.

1 independently discoverable or offered for other purposes allowed under ORS 40.190. Nothing in
2 this paragraph precludes a party from stating as a factual matter what the Parties agreed to in this
3 Third Stipulation or in the Parties' testimony supporting the stipulation.

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

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

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

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

1 23. By entering into this Third Stipulation, no Party shall be deemed to have approved,
2 admitted, or consented to the facts, principles, methods, or theories employed by any other Party
3 in arriving at the terms of this Third Stipulation. No Party shall be deemed to have agreed that any
4 provision of this Third Stipulation is appropriate for resolving the issues in any other proceeding.

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

8 25. This Third Stipulation may not be modified or amended except by written agreement
9 among all Parties who have executed it.

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

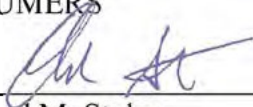
12 AVISTA CORPORATION
13
14
15
16 By: /s/ David J. Meyer
17 David J. Meyer

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: _____
Johanna Riemenschneider

19 Date: September 3, 2020

Date: _____

22 ALLIANCE OF WESTERN ENERGY
23 CONSUMERS
24
25 By: 
26 Chad M. Stokes

OREGON CITIZENS' UTILITY BOARD

By: _____
Michael P. Goetz

27 Date: 09-03-2020
28

Date: _____

Avista Utilities
UG 389
Twelve Months Ended 12.31.2021
(\$000)

PRESENT RATES

SUMMARY SHEET	Base Period Results Per Company Filing 12 ME 12,31,19 (1)	Company Adjustments to Base Period (2)	Restated Company 12 ME 12.31.2021 Test Year (1) + (2) (3)	Company Proposed incremental Rev. requirement (4)	Company Filed 12,31,2021 Results at Reasonable Return (3) + (4) (5)	Staff Adjustments to Company 12.31.2021 Results Test Year (6)	Staff Adjusted 12.31.2021 Company Results (3) + (6) (7)	Staff Required Change for Reasonable Return (8)	Staff Results at Reasonable Return (7) + (8) (9)
Operating Revenues									
General Business	\$88,988	(\$23,005)	\$65,983	\$6,777	\$72,760	\$6	\$65,989	\$4,368	\$70,357
Transportation	\$2,951	\$3	\$2,954	\$0	\$2,954	\$0	\$2,954	\$0	\$2,954
Other Revenues	\$52,794	(\$52,611)	\$183	\$0	\$183	\$5	\$188	\$0	\$188
Total Operating Revenues	\$144,733	(\$75,613)	\$69,120	\$6,777	\$75,897	\$11	\$69,131	\$4,368	\$73,498
Operating Expenses									
Gas Purchased	\$87,176	(\$87,176)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OPUC Fees	\$612	(\$289)	\$323	\$32	\$355	\$0	\$323	\$20	\$343
Franchise Fees	\$1,966	(\$426)	\$1,540	\$151	\$1,691	\$0	\$1,541	\$97	\$1,638
Uncollectibles	\$56	\$259	\$315	\$23	\$338	\$0	\$315	\$15	\$330
General Operations & Maintenance	\$4,746	\$3,831	\$8,577	\$0	\$8,577	(\$174)	\$8,403	\$0	\$8,403
Admin & General Expenses	\$16,335	\$458	\$16,793	\$0	\$16,793	(\$1,327)	\$15,466	\$0	\$15,466
Total Operating & Maintenance	\$110,891	(\$83,342)	\$27,549	\$206	\$27,755	(\$1,500)	\$26,048	\$133	\$26,181
Depreciation	\$11,083	\$3,987	\$15,070	\$0	\$15,070	\$92	\$15,162	\$0	\$15,162
Amortization	\$249	\$0	\$249	\$0	\$249	\$158	\$407	\$0	\$407
Taxes Other than Income	\$6,131	(\$612)	\$5,519	\$0	\$5,519	(\$16)	\$5,503	\$0	\$5,503
Income Taxes	\$1,194	\$1,559	\$2,753	\$1,701	\$4,454	\$312	\$3,065	\$1,097	\$4,161
Total Operating Expenses	\$129,548	(\$78,408)	\$51,140	\$1,907	\$53,047	(\$955)	\$50,185	\$1,229	\$51,414
Net Operating Revenues	\$15,185	\$2,795	\$17,980	\$4,870	\$22,850	\$965	\$18,946	\$3,138	\$22,084
Average Rate Base									
Utility Plant in Service	\$474,210	\$49,626	\$523,836	\$0	\$523,836	(\$1,150)	\$522,686	\$0	\$522,686
Less: Accumulated Depreciation & Amortization	(\$135,955)	(\$14,544)	(\$150,499)	\$0	(\$150,499)	(\$188)	(\$150,687)	\$0	(\$150,687)
Accumulated Deferred Income Taxes	(\$72,787)	(\$1,735)	(\$74,522)	\$0	(\$74,522)	\$0	(\$74,522)	\$0	(\$74,522)
Accumulated Deferred Inv. Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Utility Plant	\$265,468	\$33,347	\$298,815	\$0	\$298,815	(\$1,338)	\$297,477	\$0	\$297,477
Plant Held for Future Use	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Acquisition Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Working Capital	\$0	\$0	\$0	\$0	\$0	\$1,700	\$1,700	\$0	\$1,700
Fuel Stock	\$2,377	\$0	\$2,377	\$0	\$2,377	\$0	\$2,377	\$0	\$2,377
Materials & Supplies	\$3,656	\$159	\$3,815	\$0	\$3,815	\$0	\$3,815	\$0	\$3,815
Customer Advances for Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Weatherization Loans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepayments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc. Deferred Debits & Credits	(\$343)	\$0	(\$343)	\$0	(\$343)	\$0	(\$343)	\$0	(\$343)
Misc. Rate Base Additions/(Deductions)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Average Rate Base	\$271,158	\$33,506	\$304,664	\$0	\$304,664	\$362	\$305,026	\$0	\$305,026
Rate of Return	5.60%		5.90%		7.50%		6.21%		7.24%
Implied Return on Equity	6.100%		6.100%		9.900%		7.342%		9.400%

* includes \$1 rounding difference

Avista Utilities
Proposed Revenue Increase by Schedule
Oregon - Natural Gas
Pro Forma 12 Months Ended December 31, 2021
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Proposed GRC Increase	Distribution Revenue Under Proposed Rates	Therms (000s)	Distribution Revenue Percentage Increase	Billed Revenue Under Present Rates	Proposed GRC Increase	Billed Revenue Under Proposed Rates	Billed Revenue Percentage Increase
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Residential	410	\$44,931	\$2,810	\$47,741	52,670	6.3%	\$63,250	\$2,810	\$66,060	4.4%
2	General Service	420	\$19,385	\$1,535	\$20,920	29,002	7.9%	\$28,609	\$1,535	\$30,143	5.4%
3	Large General Service	424/425	\$496	\$2	\$498	3,264	0.5%	\$1,565	\$2	\$1,567	0.2%
4	Interruptible Service	439/440	\$1,623	\$8	\$1,631	13,929	0.5%	\$3,743	\$8	\$3,751	0.2%
5	Seasonal Service	444	\$34	\$0	\$34	199	0.5%	\$99	\$0	\$99	0.2%
6	Transportation Service	456	\$2,299	\$12	\$2,311	27,049	0.5%	\$2,218	\$12	\$2,230	0.5%
7	Special Contract	447	\$175	\$0	\$175	5,856	0.0%	\$175	\$0	\$175	0.0%
8	Total		\$68,943	\$4,367	\$73,310	131,968	6.3%	\$99,658	\$4,367	\$104,026	4.4%

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

<u>Present Base Rates</u>	<u>Base Tariff Change</u>	<u>Proposed Base Rates</u>
Residential Service Schedule 410		
\$10.00 Customer Charge	\$0.50/month	\$10.50 Customer Charge
All Therms - \$0.63943/Therm	\$0.04267/therm	All Therms - \$0.68210/Therm
General Service Schedule 420		
\$17.00 Customer Charge	\$0.00/month	\$17.00 Customer Charge
All Therms - \$0.58382/Therm	\$0.05291/therm	All Therms - \$0.63673/Therm
Large General Service Schedule 424 and 425		
\$50.00 Customer Charge	\$5.00/month	\$55.00 Customer Charge
All Therms - \$0.13887/Therm	-\$0.00055/therm	All Therms - \$0.13832/Therm
Interruptible Service Schedule 439 and 440		
\$0.00 Customer Charge	\$75.00/month	\$75.00 Customer Charge
All Therms - \$0.11652/Therm	-\$0.00184/therm	All Therms - \$0.11468/Therm
Seasonal Service Schedule 444		
All Therms - \$0.17155/Therm	\$0.00086/therm	All Therms - \$0.17241/Therm
Seasonal Minimum Charge:		Seasonal Minimum Charge:
\$ 5,810.92		\$ 5,840.04
Transportation Service Schedule 456		
\$275.00 Customer Charge	\$25.00/month	\$300.00 Customer Charge
1st 10,000 Therms - \$0.15876/Therm	\$0.00014/therm	1st 10,000 Therms - \$0.15890/Therm
Next 20,000 Therms - \$0.09555/Therm	\$0.00008/therm	Next 20,000 Therms - \$0.09563/Therm
Next 20,000 Therms - \$0.07853/Therm	\$0.00007/therm	Next 20,000 Therms - \$0.07860/Therm
Next 200,000 Therms - \$0.06147/Therm	\$0.00005/therm	Next 200,000 Therms - \$0.06152/Therm
Over 250,000 Therms - \$0.03118/Therm	\$0.00003/therm	Over 250,000 Therms - \$0.03121/Therm
<u>Schedule 456 Monthly Minimum Charge</u>		<u>Schedule 456 Monthly Minimum Charge</u>
\$ 2,698.69		\$ 2,725.78

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue by Rate Schedule - Natural Gas
Docket No. UG-389 Rates Effective January 15, 2021

	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 2021 Margin Revenue	\$ 68,943,000	\$ 44,931,000	\$ 19,385,000	\$ 496,000	\$ 1,623,000	\$ 34,000	\$ 2,474,000
2 Settlement Margin Revenue Increase	\$ 4,367,000	\$ 2,810,000	\$ 1,535,000	\$ 2,000	\$ 8,000	\$ -	\$ 12,000
3 Total Delivery Revenue (2021 Test Year) (Ln 1 + Ln 2)	\$ 73,310,000	\$ 47,741,000	\$ 20,920,000	\$ 498,000	\$ 1,631,000	\$ 34,000	\$ 2,486,000
4 Customer Bills (2021 Test Year)	1,271,356	1,125,295	144,309	857	450	37	408
5 Proposed Basic Charges		\$10.50	\$17.00	\$55.00	\$75.00	\$0.00	\$300.00
6 Basic Charge Revenue (Ln 4 * Ln 5)	\$ 14,464,960	\$ 11,815,598	\$ 2,453,253	\$ 47,129	\$ 33,780	\$ -	\$ 115,200
7 Decoupled Revenue (Ln 6 - Ln 3)	\$ 58,845,040	\$ 35,925,403	\$ 18,466,747	\$ 450,871	\$ 1,597,220	\$ 34,000	\$ 2,370,800
8 Normalized Therms (2021 Test Year)	131,968,306	52,669,603	29,002,292	3,264,235	13,929,025	198,830	32,904,321
9 Average Number of Customers (Line 8 / 12 mos.)		Residential 93,775	Non-Residential Group 12,138				Exempt from Decoupling Mechanism
10 Annual Therms		52,669,603	46,394,382				
11 Basic Charge Revenues	\$	\$ 11,815,598	\$ 2,534,162				
12 Customer Bills		1,125,295	145,653				
13 Average Basic Charge		\$10.50	\$17.40				

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-389 Rates Effective January 15, 2021

Line No.	Source	Residential	Non-Residential Schedules*
	(a)	(c)	(d)
1	Decoupled Revenue	\$ 35,925,403	\$ 20,548,838
2	Test Year Number of Customers 2021	93,775	12,138
3	Decoupled Revenue Per Customer	\$ 383.10	\$ 1,692.97

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

ORDER NO. 20-468

Avista Utilities
 Natural Gas Decoupling Mechanism (Oregon)
 Development of Monthly Decoupled Revenue Per Customer - Natural Gas
 Docket No. UG-389 Rates Effective January 15, 2021

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	<i>Residential</i>														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	8,676,502	6,962,438	6,276,681	4,433,535	2,529,145	1,683,573	1,404,461	1,359,425	1,369,522	3,004,514	6,118,531	8,851,276	52,669,603
5	- % of Annual Total	% of Total	16.47%	13.22%	11.92%	8.42%	4.80%	3.20%	2.67%	2.58%	2.60%	5.70%	11.62%	16.81%	100.00%
6															
7	<i>Non-Residential Sales*</i>														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	6,056,803	5,233,025	4,778,562	3,650,474	2,460,876	2,136,004	2,232,358	2,293,829	2,458,385	3,658,899	5,194,291	6,240,876	46,394,382
9	- % of Annual Total	% of Total	13.06%	11.28%	10.30%	7.87%	5.30%	4.60%	4.81%	4.94%	5.30%	7.89%	11.20%	13.45%	100.00%
10															
11	Monthly Decoupled Revenue Per Customer ("RPC")														
12	<i>Residential</i>														
13	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													\$ 383.10
14	- Monthly Decoupled Revenue per Customer	(5) x (13)	\$ 63.11	\$ 50.64	\$ 45.65	\$ 32.25	\$ 18.40	\$ 12.25	\$ 10.22	\$ 9.89	\$ 9.96	\$ 21.85	\$ 44.50	\$ 64.38	\$ 383.10
15	- Monthly Allowed Customers		94,058	94,061	94,074	93,970	93,808	93,521	93,213	93,012	93,005	93,534	94,222	94,817	
16	<i>Non-Residential Sales*</i>														
17	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													\$ 1,692.97
18	- Monthly Decoupled Revenue per Customer	(9) x (17)	\$ 221.02	\$ 190.96	\$ 174.37	\$ 133.21	\$ 89.80	\$ 77.94	\$ 81.46	\$ 83.70	\$ 89.71	\$ 133.52	\$ 189.54	\$ 227.73	\$ 1,692.97
19	- Monthly Allowed Customers		12,173	12,194	12,189	12,161	12,147	12,127	12,087	12,069	12,059	12,082	12,143	12,221	
20	*Schedules 420, 424, 425, 439, 440, and 444.														