ORDER NO. 25-198

ENTERED May 23, 2025

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG 519

In the Matter of AVISTA CORPORATION, dba AVISTA UTILITIES, Request for a General Rate Revision.	ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

This order addresses the request for a rate revision filed by Avista Corporation, dba Avista Utilities. We adopt an uncontested stipulation among Avista, Staff of the Oregon Public Utility Commission, the Oregon Citizens' Utility Board (CUB), the Alliance of Western Energy Consumers (AWEC) and Climate Solutions/Green Energy Institute at Lewis & Clark Law School (Environmental Intervenors) (collectively, stipulating parties) resolving all issues.

The stipulating parties agree to an increase to the revenue requirement of $4.195 million, or a 3.5 percent increase over current annual revenues. This represents a decrease of 46 percent from the company's initial request. Beginning September 1, 2025, a residential customer with an average monthly usage of 48 therms will experience a bill increase of approximately $1.36, or 2 percent per month.[1] The stipulation is attached to this order as Appendix A.

II. BACKGROUND AND PROCEDURAL HISTORY

On November 1, 2024, Avista filed an application for a general rate revision. The application included revised tariff schedules proposing a rate increase for Oregon customers of $7,822,000, or 6.6 percent, of its annual revenues on a billed basis. The filing was suspended on November 1, 2024, via Order No. 24-403, pending the

[1] Stipulation at 12, n 6.

investigation of Avista's request.[2] Staff, CUB, AWEC, and the Environmental Intervenors filed opening testimony on March 4 and 5, 2025. Settlement conferences were subsequently held to discuss all issues. All parties participated in the settlement discussions.

The stipulating parties submitted a stipulation on March 28, 2025, and filed joint testimony in support of the stipulation on April 4, 2025. The ALJ issued a ruling closing the record on May 1, 2025.

III. COMPANY FILING

In its application, Avista requested annual revenue increase of $7.8 million or 6.6 percent. Avista states that its request is due to increases in general business expenses and capital investments. Avista explains that that it continues to maintain, upgrade, and expand its natural gas distribution facilities to meet reliability requirements and capacity needs. Avista further explains that the need for capital investment is driven by several factors, including capacity constraints, the systematic replacement of assets that have reached the end of their useful lives, compliance with federal regulation or municipal requirements, connections of new customers, and the maintenance of supporting infrastructure and technology. In addition, Avista states it is continuing with its program to systematically remove and replace select portions of the Aldyl-A pipe within the company's natural gas distribution system. The company also points to increases in distribution, operation and maintenance, and administrative and general expenses for natural gas operations, compared to currently authorized levels. Additionally, the company proposed a rate of return (ROR) of 7.67 percent, with a capital structure common equity component of 50 percent, and a 10.4 percent return on equity (ROE).

IV. THE STIPULATION

The stipulation resolves all issues in this proceeding, including revenue requirement adjustments (cost of capital: capital structure, long-term debt cost and ROE), rate spread and rate design issues, Aldyl-A pipe replacement and non-pipe alternatives, low-income program, and other issues, as summarized below.

A. Revenue Requirement

The stipulating parties agree to numerous adjustments, set forth in Table 1 of the stipulation, resulting in an overall increase to Avista's revenue requirement of

[2] ORS 757.215(1).

$4.195 million.[3] This represents a decrease of $3.627 million from the company's requested increase of $7.822 million. This includes a reduction in the cost of capital, representing $2.4 million. The cost of capital adjustment reduces Avista's request to an overall cost of capital of 7.219 percent based on the following components: a capital structure consisting of 50 percent common stock equity and 50 percent long-term debt, an ROE of 9.5 percent, and a long-term debt cost of 4.938 percent.[4]

B. Rate spread, Rate Design, and Billing Determinants

The stipulating parties agree to a rate spread based on a percentage of the overall base margin.[5] The stipulating parties agree that the rate spread represents a compromise that fairly balances the interests of the stipulating parties, and results in rates that are fair, just and reasonable. The stipulating parties agree to use the billing determinants as provided in Staff workpapers for Schedule 411 with an equal increase in billing determinants applied to Schedule 410, the net effect of which results in no revenue adjustment.[6] The stipulating parties agree that the basic charge levels for Schedules 410 and 411 will remain at current levels.[7] The basic charge level for Schedule 456, the transportation service schedule, will increase from $325 to $380 per month. All other basic charge levels will be as proposed by Avista in its initial filing.[8]

C. Aldyl-A Pipe

The stipulating parties agree that the company will complete a study to determine where capping and pruning (*i.e.*, decommissioning and removal of identified sections of the system) may be an option for a targeted voluntary electrification (TVE) pilot as a cost-effective alternative to Aldyl-A pipeline replacement. Avista will discuss the scope, communication, and evaluation of the study with the parties from this rate case. The study will include a cost benefit analysis, taking into consideration avoided costs of the Aldyl-A pipeline replacement program and emissions compliance.[9] Avista agrees to file the study in this docket within 9 months of the effective date of this rate case. Based on study results, Avista will develop and implement a TVE pilot program, consistent with criteria set forth in provision 9 of the stipulation.

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[3] Stipulation at 3, Table No. 1 (Mar. 28, 2025).
[4] Stipulating Parties/100, Dlouhy-Garbarino-Bonfield-Jenks-Mullins-Apter/7, Table No. 2, Agreed Upon Cost of Capital.
[5] Stipulating Parties/100, Dlouhy-Garbarino-Bonfield-Jenks-Mullins-Apter/11, Table No. 3, Agreed Upon Rate Spread.
[6] Stipulation at 9.
[7] Schedule 410 is single family residential service and Schedule 411 is multi-family residential service.
[8] Stipulating Parties/100, Dlouhy-Garbarino-Bonfield-Jenks-Mullins-Apter/12.
[9] Stipulation at 8-9.

D. Non-pipe alternatives (NPA)

The stipulating parties agree to reduce the threshold for individual projects (or groups of projects) for when an NPA analysis is required from $1 million to $500,000. Avista agrees to complete an analysis on two capital projects regardless of meeting the threshold within 12 months of the rate effective date and submit a compliance filing in this docket with the results. If an NPA is cost-effective for either project analyzed, Avista will invest in the NPA and propose how costs of the NPA will be recovered within the compliance filing. For any systematic service pipe replacement plan, Avista will include an NPA analysis to determine whether such pipe replacement is cost-effective.[10]

E. Multi-family Rate Class

As a part of the stipulation, Avista commits to additional outreach to identify additional multi-family customers as addressed in CUB testimony. Any customers identified as multi-family will be moved to Schedule 411 immediately. The multi-family deferral will continue to ensure that the movement of additional existing customers to rate schedule 411 will be revenue neutral to Avista. The company will file an update six months after the conclusion of this case discussing the number of customers and other relevant data for customers moved to Schedule 411.

F. Low Income Programs

Avista commits to a discussion with its energy advisory group (EAG) to determine whether the current 20 percent health, safety and repair cap should be increased or eliminated. Any changes as a result of such discussions will be made to the Avista Oregon Low-Income Energy Efficiency Program (AOLIEE). The company agrees to additional discussion with EAG and other organizations regarding any unspent AOLIEE funds, in order to identify and address any spending barriers, and to determine how these funds may be spent in the future.

Avista agrees to contract an independent third party to complete a new low-income needs assessment and energy burden assessment (LINA/EBA) to be published in 2026. Avista will consult with certain stakeholders regarding the scope of the LINA/EBA. Costs of the assessment will be recovered through allocations in both the company's low-income rate assistance program and AOLIEE tariff riders. Finally, Avista commits to developing a payment survey for participants in the company's arrearage management program (AMP)

[10] Stipulating Parties/100, Dlouhy-Garbarino-Bonfield-Jenks-Mullins-Apter/13.

and to establish a process to alert AMP participants of a first missed payment more immediately.

G. Capital Attestations

The stipulating parties agree that Avista will file capital attestations for plant included in rate base in this proceeding, in a form consistent with those provided in Avista's last general rate case.[11] The company will provide individual attestations for any distinct non-programmatic projects over $1 million. Avista will file its attestations ten days before the rate effective date of September 1, 2025, to reflect actual gross transfers-to-plant available at time of filing. To the extent that the gross transfers-to-plant available prior to the rate effective date are less than that included in the revenue requirement in aggregate, Avista will reduce the overall revenue requirement to reflect the lower level of plant in service. Because the revenue requirement is predicated on a level of plant in service as of August 31, 2025, and the attestation pre-dates that date, the company may review the actual incremental gross transfers-to-plant through August 31, 2025, and defer the incremental revenue requirement associated with those plant additions up to the level of gross plant additions included in the stipulation. Any deferred revenue requirement would be recovered as a separate filing made during the annual purchased gas adjustment and summer rate adjustment filing season, with the balance to accrue at the modified blended Treasury rate plus one hundred basis points.

H. Amortizations

Under the stipulation, the company will return to customers an additional $5 million in a customer tax benefits resulting from a change in the tax accounting method associated with Industry Director Directive No. 5, deferred in UM 2124. The company will file a new tariff, Schedule 488, effective September 1, 2025, to amortize the additional $5 million over a 3-year period.[12] Avista will spread this tax customer credit based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin consistent with the rate spread previously approved in dockets UG 433[13] and UG 461.

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[11] *In the Matter of Avista Corporation, dba Avista Utilities, Request for a General Rate Revision,* Docket No. UG 461, Order No. 23-384, at 10 (Oct. 26, 2023).
[12] Stipulation, Attachment A at 3.
[13] *In the Matter of Avista Corporation dba Avista Utilities, Request for a General Rate Revision* Docket No. UG 433, Order No.22-291 at 6 (Aug. 2, 2022).

Additionally, the parties agree to the term of the Pro Formed Regulatory Amortizations as included in the company's initial filing.[14]

I. Decoupling

The stipulating parties support a new decoupling base effective September 1, 2025, as shown in Attachment B of the stipulation. The new decoupling base provides the "Monthly Allowed Customers" and "Monthly Decoupled Revenue per Customer" which incorporate the effects of the settlement revenue requirement and billing determinants discussed above.

V. RESOLUTION

Under OAR 860-001-0350, the Commission may adopt, reject, or propose to modify a stipulation. In reviewing a stipulation, we review to determine whether the overall result of the stipulation results in fair, reasonable, and just rates. To support the adoption of a settlement, the stipulating parties must present evidence that the stipulation is in accord with the public interest, and results in just and reasonable rates.

We have reviewed the terms of the stipulation and the joint testimony filed in support of the stipulation. The parties worked diligently to present their individual issues and work toward compromise in these proceedings. We find that the proposed adjustments and other terms are supported by sufficient evidence and appropriately resolve the issues in this case. We find that the stipulation results in just and reasonable rates and contributes to an overall settlement in the public interest. Accordingly, we adopt the stipulation in its entirety.

VI. ORDER

IT IS ORDERED that:

1. The stipulation between Avista Corporation dba Avista Utilities, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board, the Alliance of Western Energy Consumers and the joint intervenor Climate Solutions/Green Energy Institute at Lewis & Clark Law School filed on March 28, 2025, and attached as Appendix A, is adopted.

[14] Stipulation at 10 (citing Avista/500, Garbarino/34-36).

2. Advice No. 24-09-G filed on November 1, 2024, is permanently suspended.

3. Avista shall file new tariffs consistent with the terms of the stipulation.

Made, entered, and effective May 23 2025.

Letha Tawney	**Les Perkins**
Commissioner	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 519

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

This Settlement Stipulation ("Stipulation") is entered into for the purpose of resolving all issues in this Docket.

PARTIES

The Parties to this Stipulation are Avista Corporation ("Avista" or the "Company"), the Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), Alliance of Western Energy Consumers ("AWEC"), and the joint intervenor Climate Solutions/Green Energy Institute at Lewis & Clark Law School ("Environmental Intervenors") (collectively, "Parties"). These Parties represent all who intervened and appeared in this proceeding.

BACKGROUND

1. On November 1, 2024, Avista filed revised tariff schedules to implement a general rate increase for Oregon retail customers of $7,822,000, or 6.6% of its annual revenues on a billed basis. The filing was suspended by the Public Utility Commission of Oregon ("Commission") on November 1, 2024, per its Order No. 24-403.

2. Pursuant to Administrative Law Judge Sarah Spruce's Prehearing Conference Memorandum of December 4, 2024, Staff, CUB, AWEC, and Environmental Intervenors filed

Opening Testimony on March 4, 2025, in response to the Company's original filing on November 1, 2024.

3. On March 12, 2025 and March 17, 2025, virtual settlement conferences were held. All of the Parties participated in the settlement discussions.

4. As a result of the virtual settlement discussions, the Parties agree to settle all issues in this Docket, including all adjustments to revenue requirement, rate spread and rate design issues, Aldyl-A pipe, non-pipe alternatives (NPA), billing determinants, multi-family, low-income issues, capital attestation, and customer tax credits, based on the following terms, subject to the approval of the Commission.

TERMS OF SETTLEMENT STIPULATION

5. **Adjustments to Filed Revenue Requirement:**

The Parties support reducing Avista's requested revenue requirement to reflect the adjustments discussed below. The adjustments reached in this Stipulation through negotiation, which resolve all issues, amount to a total reduction in Avista's revenue requirement increase request from $7.822 million to a base revenue increase of $4.195 million. The Parties support the adjustments to Avista's revenue requirement request, as shown in Table No. 1 below:

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

	SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE ($000s of Dollars)		
		Revenue Requirement	**Rate Base**
	Settlement Stipulation Adjustments:	**$7,822**	**$389,378**
a	**Cost of Capital** Adjusts return on equity to 9.50%, long-term debt cost to 4.938%, with a common stock equity component of 50%, and overall Cost of Capital of 7.219%.	**(2,424)**	
b	**Interest Synchronization** This adjustment rounds cost of capital to 3 decimal places.	**(5)**	
c	**Property Taxes** This adjustment is related to a reduction in property tax expense.	**(75)**	
d	**Cost Allocations** Removes certain expenses that were directly assigned to Oregon.	**(81)**	
e	**Working Capital** Restate level of working capital rate base and related expense.	**(9)**	**(98)**
f	**Rate Base Related Expenses** This adjustment is a reduction to capital related expense. The Parties agree to the net plant/rate base as filed by the Company.	**(400)**	
g	**Wages & Salaries** This adjustment is related to reductions associated with the Company's overall increases for payroll, overtime, and associated payroll taxes.	**(54)**	
h	**Insurance Expense** This adjustment decreases expense to reflect expected insurance expense for the Test Year and reflects a sharing of 50/50 between shareholders and rate payers related to Oregon-allocated D&O insurance.	**(227)**	
i	**Membership & Dues** This adjustment removes certain AGA-NWGA expenses from the case.	**(89)**	
j	**Discretionary Expenses - O&M Non-Labor** This adjustments removes a percentage of certain non-labor expenses determined by Staff to be discretionary in nature.	**(77)**	
k	**Underground Storage Expense** This adjustment decreases Underground Storage O&M Expense to reflect a three year average of actual expense, escalated by CPI.	**(8)**	
l	**Oregon Corporate Activity Tax (CAT) Expense** This adjustment increases expense to reflect expected CAT expense in the Test Year.	**101**	
m	**FERC Account 923 - Base Year Expenses (legal fees)** This adjustment removes certain litigation costs related to the Climate Protection Program.	**(83)**	
n	**Misc. A&G and O&M Non-Labor Expenses** This adjustment is related to a reduction in miscellaneous A&G and O&M Non-Labor expenses.	**(44)**	
o	**Misc. Other Expense Reduction** This adjustment is related to transportation depreciation, Board of Director fees, and rate case expenses.	**(152)**	
	Total Adjustments:	**($3,627)**	**($98)**
	Adjusted Base Revenue Requirement & Rate Base after Settlement Stipulation:	**$4,195**	**$389,280**

The following information provides an explanation for each of the adjustments in Table No. 1 above. The numbers in parenthesis below represent the agreed-upon increase or decrease in revenue requirement associated with the item.

a) Rate of Return (ROR) (-$2,424,000): This adjustment reduces Avista's requested Cost of Capital to an overall Cost of Capital equal to 7.219 percent based on the following components: a Capital Structure consisting of 50 percent Common Stock Equity and 50 percent Long-Term Debt, Return on Equity (ROE) of 9.50 percent, and a Long-Term Debt cost of 4.938 percent. This combination of Capital Structure and Capital Costs is shown in Table No. 2 below.

Table No. 2 – Agreed-Upon Cost of Capital

AGREED-UPON COST OF CAPITAL			
	Capital Structure	**Cost**	**Weighted Cost**
Cost of Long-Term (LT) Debt	50.00%	4.938%	2.469%
Return on Common Equity (ROE)	50.00%	9.500%	4.750%
Total	100.00%		7.219%

b) Interest Synchronization/Coordination (-$5,000): Staff proposed an adjustment to round cost of debt to three decimal places. For settlement purposes, the Parties agree to the adjustment reducing the proposed revenue requirement by $5,000.

c) Property Tax Expense (-$75,000): Staff proposed an adjustment to reduce property tax expense in the Test Year.[1] For settlement purposes, the Parties agree to remove an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $75,000.

[1] In this case, "Test Year" is defined as the twelve months ending August 31, 2026.

d) Cost Allocations (-$81,000): Staff proposed an adjustment to remove costs assigned directly or allocated to Oregon. For settlement purposes, the Parties agree to remove an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $81,000.

e) Working Capital (-$9,000): Staff and AWEC proposed adjustments to reduce the level of working capital rate base and related expense. For settlement purposes, the Parties agree to accept the adjustment amounts proposed by Staff, reducing the proposed revenue requirement by $9,000 and rate base by $98,000.

f) Rate Base Related Expenses (-$400,000): Staff and AWEC proposed using different methodologies to calculate Test Year Rate Base, resulting in proposed adjustments to reduce Test Year Rate Base. For settlement purposes, the Parties agree to an adjustment reducing revenue requirement by $400,000. Additionally, in its next general rate case filing, the Company agrees to utilize either the most recent Commission-adopted methodology, or methodology set-forth by statute or rule.

g) Wages and Salaries (-$54,000): Staff and AWEC proposed adjustments to reduce the Company's overall increases for payroll, overtime, and associated payroll taxes in the Test Year. For settlement purposes, the Parties agree to remove an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $54,000.

h) Insurance Expense (-$227,000): Staff proposed an adjustment to reduce the level of insurance expense in the Test Year to reflect expected Test Year insurance expense as provided by the Company and a sharing of 50/50 between shareholders and ratepayers related to Oregon-allocated D&O insurance. For settlement purposes, the Parties agree to a reduction in the revenue requirement of $227,000.

i) Membership and Dues (-$89,000): Staff and Environmental Intervenors proposed adjustments to remove certain membership and dues expenses related to AGA and NWGA from the Test Year. For settlement purposes, the parties agree to reduce revenue requirement for those expenses by $89,000.

j) Discretionary O&M Non-Labor Expenses (-$77,000): Staff proposed to remove certain expenses related to meals and entertainment, and miscellaneous O&M expenses. For settlement purposes, the Parties agree to reduce the revenue requirement by $77,000.

k) Underground Storage Expenses (-$8,000): Staff proposed an adjustment to decrease the level of Underground Storage expenses to reflect a three-year average of historical actuals (2021 – 2023), escalated by the forecasted consumer price index. For settlement purposes, the Parties agree to reduce the revenue requirement by $8,000.

l) Oregon Corporate Activity Tax (CAT) Expense ($101,000): In testimony, Staff supported an increase in Test Year Oregon Corporate Activity Tax expense, as provided by the Company. For settlement purposes, the Parties agree to an increase in the proposed revenue requirement of $101,000.

m) FERC Account 923 – Base Year Expenses (legal fees) (-$83,000): AWEC and Environmental Intervenors proposed a reduction in certain legal expenses for Avista's challenges to Oregon's Climate Protection Program. For settlement purposes, the Parties agree to a reduction in the proposed revenue requirement of $83,000.

n) Miscellaneous A&G and O&M Non-Labor Expenses (-$44,000): Staff and AWEC proposed a reduction to miscellaneous administrative and general (A&G) and operation and maintenance (O&M) expenses. For settlement purposes, the Parties agree to a reduction in the proposed revenue requirement of $44,000.

o) Miscellaneous Other Expense Reduction (-$152,000): AWEC proposed a reduction related to transportation depreciation, Board of Director fees, and rate case expenses. For settlement purposes, the Parties agree to a reduction in the proposed revenue requirement of $152,000.

6. **Effective Date:** The rate effective date is September 1, 2025.

7. **Rate Spread:** The Parties agree that the rate spread will be applied on percentage of the overall base margin as shown in Table No. 3 below (and as provided on page 1 of Attachment A to this Stipulation):[2]

Table No. 3: Agreed-Upon Rate Spread

Type of Service	Schedule Number	Distribution Revenue Increase	**Distribution Revenue Percentage Increase**	Incremental Tax Customer Credit	**Total Billed Revenue Increase**	**Total Billed Revenue Percentage Increase**
Single-Family Residential	410	$2,651	**5.1%**	($1,163)	**$1,488**	**2.0%**
Multi-Family Residential	411	$32	**1.7%**	($49)	**-$17**	**-0.7%**
General Service	420	$1,315	**5.4%**	($379)	**$936**	**2.5%**
Large General Service	424/425	$42	**5.0%**	($11)	**$30**	**1.2%**
Interruptible Service	439/440	$74	**3.1%**	($31)	**$43**	**0.7%**
Seasonal Service	444	$1	**3.7%**	($0)	**$1**	**0.8%**
Transportation Service	456	$80	**3.1%**	($33)	**$47**	**1.6%**
Total		$4,195	**5.0%**	($1,667)	**$2,528**	**2.0%**

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

8. **Rate Design:** The Parties agree that the Basic Charge levels for Schedules 410 and 411 will remain at current levels. The Basic Charge level for Schedule 456 will increase from $325 to $380 per month. All other Basic Charge levels will be as proposed by Avista in its original

[2] For settlement purposes, Parties agree to use the billing determinants as described in Section 11 below.

filing.[3]

9. **Aldyl-A Pipe:**

a. Avista agrees to complete a study of its Aldyl-A pipeline replacement program to determine if and where capping, or pruning,[4] of its system may be an option for a targeted voluntary electrification (TVE) pilot as a cost effective alternative to Aldyl-A pipeline replacement. Avista will discuss the scope, communication, and evaluation of the study with the Parties from this rate case. The study shall include a cost benefit analysis that takes into consideration, at a minimum, the avoided costs of the Aldyl-A pipeline replacement program and CPP emissions compliance. Avista will file the study in this Docket within 9 months of the rate effective date of this rate case.

b. Avista agrees to implement a TVE pilot based on the study required in part a. above, with the following criteria:

i. Avista will engage its Equity Advisory Group to discuss equity considerations and design of the TVE pilot, including outreach to, and participation of, low-income customers.

ii. Avista will coordinate with the Implementing Organizations of its Avista Oregon Low Income Energy Efficiency (AOLIEE) Program to determine how AOLIEE and the TVE pilot can work together to provide the greatest potential benefit to income-qualified TVE pilot participants.

iii. Avista will work with the Parties from this rate case to develop the scope, cost, and evaluation plan of the TVE pilot prior to filing the tariff to implement the pilot.

iv. A programmatic tariff to implement the TVE pilot must be filed with the Commission no later than September 1, 2026, for an effective date of January 1, 2027.

v. The duration of the TVE pilot will be for at least two years.

vi. Avista will create a regulatory asset to defer all costs associated with implementing the TVE pilot. Interest will accrue on the unamortized balance at the Company's approved rate of return authorized in this case. Avista will

[3] Schedule 420 would see a $3 per month increase in the customer charge, from $19 per month to $22 per month. Schedules 424/425 would see a $15 per month increase in the customer charge, from $60 per month to $75 per month. Finally, Schedule 439/440 would see a $50 per month increase in the customer charge, from $75 per month to $125 per month.

[4] Capping or pruning is intended to mean identifying sections of the natural gas system that may be decommissioned or removed.

amortize the regulatory asset including interest at the modified blended treasury rate, after the conclusion of the TVE pilot.

vii. Avista will file an annual evaluation report within 3 months of the conclusion of Year 1 of the TVE pilot and a final evaluation report within 3 months of the conclusion of the pilot.

10. **Non-Pipe Alternatives (NPA):**

a. Avista agrees to reduce the current threshold of $1 million for individual projects or groups of projects for when an NPA analysis is required as defined by past relevant Commission Orders and Stipulations,[5] to $500,000 for individual projects or groups of projects.

b. In addition to the Aldyl-A study and TVE pilot discussed above, Avista agrees to complete an NPA analysis on two capital projects regardless of whether the projects exceed the $500,000 threshold. Avista will complete the NPA analyses within 12 months of the rate effective date of this rate case. Avista will submit a compliance filing in this docket with the results of the NPA analyses. If an NPA is cost-effective for either project analyzed, Avista must invest in the NPA and propose how it will recover the costs of the NPA within the compliance filing.

c. If Avista launches a plan to systemically replace service pipes, the Company will include an NPA analysis to determine whether the pipeline replacement is cost-effective.

11. **Billing Determinants:** Parties agree that the billing determinants are those provided in Staff Testimony workpapers (Stevens 1300) for Rate Schedule 411 with an equal increase in billing determinants applied to Rate Schedule 410, the net effect of which would result in no revenue adjustment.

[5] Docket UG-461, Order No 23-384, provision 21, and Docket LC-81, Order No. 24-156.

12. **Multi-Family:** Avista commits to additional outreach to identify additional multi-family customers as specifically identified in CUB testimony. Any customers identified as multi-family will be moved to rate Schedule 411 immediately. The Parties agree to continue the multi-family deferral to ensure that the movement of additional existing customers to rate Schedule 411 will be revenue neutral to the Company. Avista will file an update 6 months after the conclusion of this case discussing the number of customers and other relevant data for those moved to Schedule 411.

13. **Long Run Incremental Cost Study (LRIC):** No Party agrees or adopts the LRIC methodologies proposed by any party in this proceeding.

14. **Low-Income Issues:**

a. Avista Oregon Low-Income Energy Efficiency (AOLIEE) Program
    i. Avista agrees to discuss with its Equity Advisory Group (EAG) and Implementing Organizations the 20% health, safety, and repair (HSR) expenditures cap. If the discussions result in the conclusion that the cap should be increased or eliminated, Avista will revise its AOLIEE tariff to effectuate such changes.
    ii. Avista will continue to discuss with its EAG and Implementing Organizations how all available AOLIEE funding may be spent. If available funding is not fully spent, Avista's annual AOLIEE report will explain any barriers that prevented the funding from being spent and plans for how to overcome those barriers.

b. Low-Income Needs Assessment (LINA)/Energy Burden Assessment (EBA)
    i. Avista agrees to contract an independent 3rd-party to complete a new LINA/EBA published in 2026. Prior to beginning the LINA/EBA, Avista will consult with the UM 2211 stakeholder group regarding the scope of the LINA/EBA. Costs for the LINA/EBA will be recovered through allocations in both the Company's Low Income Rate Assistance Program (LIRAP) and AOLIEE tariff riders.

c. Arrearage Management Program (AMP)
    i. Avista Agrees to establish a process to alert AMP participants of a first missed payment more immediately.
    ii. Avista agrees to develop a survey for AMP participants (or include questions within its existing annual customer survey) regarding reasons why customers are unable to meet AMP payment requirements.

d. Any agreements in this settlement do not bar any further discussions on these issues in other dockets.

15. **Capital Attestation:** Parties agree that Avista will file a capital attestation, which would take the form of that provided in Avista's last GRC (UG-461), however any distinct non-programmatic projects over $1 million would be individually attested to. Avista would file its attestation ten days before the rate effective date to reflect actual gross transfers-to-plant available at time of filing. To the extent that gross transfers-to-plant available, prior to the rate effective date, are less than that included in the revenue requirement, in aggregate, Avista would reduce the overall revenue requirement to reflect a lower level of plant in service. Because the revenue requirement is predicated on a level of plant in service as of August 31, 2025, yet the attestation pre-dates that date, the Company may review the actual incremental gross transfers-to-plant through August 31, 2025, and defer the incremental revenue requirement associated with those plant additions up to the level of gross plant additions included in the settlement agreement. Any deferred revenue requirement would be recovered as a separate filing made during the annual PGA and summer rate adjustment filing season, with the balance to accrue at the modified blended Treasury rate plus 100 basis points.

16. **Customer Tax Credits:** Parties agree to return to customers an additional $5.0 million customer credit amortization related to IDD #5 and Meters beginning September 1, 2025. Page 3 of Attachment A to the Stipulation provides the updated amortization rates.

i. With its Compliance filing in this case, Avista will file a new tariff, Schedule 488, to amortize Oregon's tax credit balance of $5.0 million over a 3-year amortization period (September 1, 2025 through August 31, 2028, or 36 months).

ii. Avista will continue to spread this tax customer credit as approved in UG- 433 and UG-461, based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin.

17. **Decoupling:** Attachment B to the Stipulation reflects the new decoupling base effective September 1, 2025, that is supported by the Parties. The new decoupling base provides

the "Monthly Allowed Customers" and "Monthly Decoupled Revenue per Customer" which incorporate the effects of the settlement revenue requirement and billing determinants discussed above.

18. **Pro Formed Regulatory Amortizations:** Parties agree to the terms regarding the Pro Formed Regulatory Amortizations as included in the Company's initial filing, Avista/500 at Garbarino/34-36. Without Commission authorization, the Company would be unable to amortize or depreciate these balances.

19. **Residential Bill Change:** For the revenue requirement included in this Stipulation, based on an average usage level of 48 therms per month, the average bill for a Schedule 410 residential customer, which includes both base and adder schedules[6], would increase $1.36 per month, or 2.0 percent, from $69.55 to $70.91.

20. **Conclusion:** The Parties agree that this Stipulation is in the public interest and results in an overall fair, just and reasonable outcome.

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

[6] "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.

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

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

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

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

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

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

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

29. This stipulation does not create any presumptions about prudence or the reasonableness of cost recovery.

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

AVISTA CORPORATION

By: */s/ David J. Meyer*
David J. Meyer

Date: 3/27/2025

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: */s/ Stephanie Andrus*
Stephanie Andrus

Date: 3/27/2025

ALLIANCE OF WESTERN ENERGY CONSUMERS

By:______________________
Chad M. Stokes

Date: ______________________

OREGON CITIZENS' UTILITY BOARD

By: */s/ Claire Valentine-Fossum*
Claire Valentine-Fossum

Date: 3/27/2025

GREEN ENERGY INSTITUTE / CLIMATE SOLUTIONS

By: Alex Houston
Alex Houston

Date: 3/27/2025

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AVISTA CORPORATION

By:______________________
David J. Meyer

Date: ____________________

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: ______________________
Stephanie Andrus

Date: ____________________

ALLIANCE OF WESTERN ENERGY CONSUMERS

By:______________________
Chad M. Stokes

Date: 3/25/25

OREGON CITIZENS' UTILITY BOARD

By: ______________________
Claire Valentine-Fossum

Date: ____________________

GREEN ENERGY INSTITUTE / CLIMATE SOLUTIONS

By: ______________________
Alex Houston

Date: ____________________

Avista Utilities
Proposed Revenue Increase by Schedule
Oregon - Gas
Pro Forma 12 Months Ended December 31, 2024
(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	Schedule 488 Tax Credit	Billed Revenue Under Proposed Rates	**Billed Revenue Percentage Increase**
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		(j)	(k)
1	Single-Family Residential	410	$52,500	$2,651	$55,151	52,532	**5.1%**	$76,067	$2,651	($1,163)	$77,555	**2.0%**
2	Multi-Family Residential	411	$1,841	$32	$1,873	1,688	**1.7%**	$2,599	$32	($49)	$2,582	**-0.7%**
3	General Service	420	$24,570	$1,315	$25,885	30,135	**5.4%**	$36,905	$1,315	($379)	$37,841	**2.5%**
4	Large General Service	424	$842	$42	$884	5,439	**5.0%**	$2,609	$42	($11)	$2,639	**1.2%**
5	Interruptible Service	440	$2,369	$74	$2,443	20,101	**3.1%**	$5,895	$74	($31)	$5,938	**0.7%**
6	Seasonal Service	444	$31	$1	$32	175	**3.7%**	$88	$1	($0)	$89	**0.8%**
7	Transportation Service	456	$2,550	$80	$2,630	29,838	**3.1%**	$2,844	$80	($33)	$2,891	**1.6%**
8	Total		$84,703	$4,195	$88,898	139,908	**5.0%**	$127,006	$4,195	($1,667)	$129,534	**2.0%**

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

Present Base Rates	Base Tariff Change	Proposed Base Rates
Residential Service Schedule 410		
$11.25 Customer Charge	$0.00/month	$11.25 Customer Charge
All Therms - $0.76603/Therm	$0.05047/therm	All Therms - $0.81650/Therm
Multi-family Residential Service Schedule 411		
$9.75 Customer Charge	$0.00/month	$9.75 Customer Charge
All Therms - $0.76603/Therm	$0.01891/therm	All Therms - $0.78494/Therm
General Service Schedule 420		
$19.00 Customer Charge	$3.00/month	$22.00 Customer Charge
All Therms - $0.72455/Therm	$0.02931/therm	All Therms - $0.75386/Therm
Large General Service Schedule 424/425		
$60.00 Customer Charge	$15.00/month	$75.00 Customer Charge
All Therms - $0.14174/Therm	$0.00440/therm	All Therms - $0.14614/Therm
Interruptible Service Schedule 439/440		
$75.00 Customer Charge	$50.00/month	$125.00 Customer Charge
All Therms - $0.11578/Therm	$0.00229/therm	All Therms - $0.11807/Therm
Seasonal Service Schedule 444		
All Therms - $0.17403/Therm	$0.00646/therm	All Therms - $0.18049/Therm
Seasonal Minimum Charge: $ 5,894.92		Seasonal Minimum Charge: $ 6,113.74
Transportation Service Schedule 456		
$325.00 Customer Charge	$55.00/month	$380.00 Customer Charge
1st 10,000 Therms - $0.15980/Therm	$0.00392/therm	1st 10,000 Therms - $0.16372/Therm
Next 20,000 Therms - $0.09617/Therm	$0.00236/therm	Next 20,000 Therms - $0.09853/Therm
Next 20,000 Therms - $0.07904/Therm	$0.00194/therm	Next 20,000 Therms - $0.08098/Therm
Next 200,000 Therms - $0.06187/Therm	$0.00152/therm	Next 200,000 Therms - $0.06339/Therm
Over 250,000 Therms - $0.03139/Therm	$0.00077/therm	Over 250,000 Therms - $0.03216/Therm
Schedule 456 Monthly Minimum Charge: $ 2,764.44		Schedule 456 Monthly Minimum Charge: $ 3,314.35

Avista Utilities
Tax Customer Credit
Schedule 488

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Annual Customers	Meters Customer Allocation	IDD#5 Percentage of Base Revenue	Sch. 488 Tax Customer Credit Allocation	Billing Determinants	Proposed Per Therm Rate
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
					35%	**65%**			
1	Residential - Single-Family	410	$52,500	90,809	84.3%	62.0%	$ 1,163	52,532,072	**$ 0.02215**
3	Residential - Multi-Family	411	$1,841	4,687	4.4%	2.2%	$ 49	1,687,926	**$ 0.02900**
4	General Service	420	$24,570	11,996	11.1%	29.0%	$ 379	30,135,310	**$ 0.01258**
5	Large General Service	424/425	$842	99	0.1%	1.0%	$ 11	5,438,862	**$ 0.00208**
6	Interruptible Service	439/440	$2,369	46	0.0%	2.8%	$ 31	20,101,002	**$ 0.00152**
7	Seasonal Service	444	$31	2	0.0%	0.0%	$ 0	175,379	**$ 0.00228**
8	Transportation Service	456	$2,550	30	0.0%	3.0%	$ 33	29,837,658	
9	1st 10,000 Therms								**$ 0.00219**
10	Next 20,000 Therms								**$ 0.00132**
11	Next 20,000 Therms								**$ 0.00108**
10	Next 200,000 Therms								**$ 0.00085**
11	Over 250,000 Therms								**$ 0.00041**
12	Total		$84,703	107,669			$ 1,667		

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue by Rate Schedule - Natural Gas
Docket No. UG-519 Rates Effective September 1, 2025

	TOTAL	RESIDENTIAL SCHEDULE 410	RESIDENTIAL MULTI-FAMILY SCHEDULE 411	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 Margin Revenue	$ 84,703,000	$ 52,500,000	$ 1,841,000	$ 24,570,000	$ 842,000	$ 2,369,000	$ 31,000	$ 2,550,000
2 Settlement Margin Revenue Increase	$ 4,195,000	$ 2,651,000	$ 32,000	$ 1,315,000	$ 42,000	$ 74,000	$ 1,000	$ 80,000
3 Total Delivery Revenue (Ln 1 + Ln 2)	$ 88,898,000	$ 55,151,000	$ 1,873,000	$ 25,885,000	$ 884,000	$ 2,443,000	$ 32,000	$ 2,630,000
4 Customer Bills	1,292,029	1,089,713	56,240	143,953	1,184	558	21	360
5 Proposed Basic Charges		$11.25	$9.75	$22.00	$75.00	$125.00	$0.00	$380.00
6 Basic Charge Revenue (Ln 4 * Ln 5)	$ 16,269,879	$ 12,259,271	$ 548,340	$ 3,166,973	$ 88,774	$ 69,721	$ -	$ 136,800
7 Decoupled Revenue (Ln 6 - Ln 3)	$ 72,628,121	$ 42,891,729	$ 1,324,660	$ 22,718,027	$ 795,226	$ 2,373,279	$ 32,000	$ 2,493,200
8 Normalized Therms	139,908,208	52,532,072	1,687,926	30,135,310	5,438,862	20,101,002	175,379	29,837,658
		Residential		Non-Residential Group				Exempt from
9 Average Number of Customers (Line 8 / 12 mos.)		95,496		12,143				Decoupling
10 Annual Therms		54,219,998		55,850,552				Mechanism
11 Basic Charge Revenues		$ 12,807,611		$ 3,325,468				
12 Customer Bills		1,145,953		145,716				
13 Average Basic Charge		$11.18		$22.82				

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-519 Rates Effective September 1, 2025

Line No.		Source	Residential*	Non-Residential Schedules**
	(a)	(b)	(c)	(d)
1	Decoupled Revenue	Page 1	$ 44,216,389	$ 25,918,532
2	Test Year Number of Customers	Revenue Data	95,496	12,143
3	Decoupled Revenue Per Customer	(1) / (2)	$ 463.02	$ 2,134.45

*Schedules 410 and 411
**Schedules 420, 424, 425, 439, 440, and 444

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Monthly Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-519 Rates Effective September 1, 2025

Line No.		Source	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1															
2	**Natural Gas Delivery Volume**														
3	*Residential**														
4	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	9,162,890	7,238,342	6,244,030	4,303,465	2,515,217	1,541,813	1,171,069	1,246,028	1,369,056	3,304,922	6,869,888	9,253,280	54,219,998
5	- % of Annual Total	% of Total	16.90%	13.35%	11.52%	7.94%	4.64%	2.84%	2.16%	2.30%	2.53%	6.10%	12.67%	17.07%	100.00%
6															
7	*Non-Residential Sales***														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	7,196,789	6,065,685	5,359,081	4,164,218	2,986,761	2,485,047	2,436,417	2,850,984	2,919,142	4,855,666	6,879,319	7,651,441	55,850,552
9	- % of Annual Total	% of Total	12.89%	10.86%	9.60%	7.46%	5.35%	4.45%	4.36%	5.10%	5.23%	8.69%	12.32%	13.70%	100.00%
10															
11	**Monthly Decoupled Revenue Per Customer ("RPC")**														
12	*Residential*														
13	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 463.02
14	- Monthly Decoupled Revenue per Customer	(5) x (13)	$ 78.25	$ 61.81	$ 53.32	$ 36.75	$ 21.48	$ 13.17	$ 10.00	$ 10.64	$ 11.69	$ 28.22	$ 58.67	$ 79.02	$ 463.02
15	- Monthly Allowed Customers		95,847	95,880	95,876	95,772	95,667	95,501	95,361	95,171	94,835	95,081	95,287	95,675	
16	*Non-Residential Sales**														
17	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 2,134.45
18	- Monthly Decoupled Revenue per Customer	(9) x (17)	$ 275.04	$ 231.81	$ 204.81	$ 159.14	$ 114.15	$ 94.97	$ 93.11	$ 108.96	$ 111.56	$ 185.57	$ 262.91	$ 292.42	$ 2,134.45
19	- Monthly Allowed Customers		12,184	12,195	12,189	12,172	12,163	12,157	12,122	12,110	12,082	12,087	12,098	12,156	
20	*Schedules 410 and 411.														
21	**Schedules 420, 424, 425, 439, 440, and 444.														