ORDER NO. 19-331

ENTERED Oct 8, 2019

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG 366

In the Matter of AVISTA CORPORATION, DBA AVISTA UTILITIES, Application for a General Rate Revision.	ORDER

DISPOSITION: FIRST AND SECOND PARTIAL STIPULATIONS ADOPTED; APPLICATION FOR GENERAL RATE REVISION APPROVED AS REVISED

I. SUMMARY

This order addresses the request of Avista Corporation, dba Avista Utilities, for a general rate revision. Overall, we approve an increase to Avista's revenue requirement by $3,616,000, representing a 4.2 percent increase over the company's previous rates. In its initial filing, Avista sought an increase of $6,677,000, or 7.8 percent. Effective January 15, 2020, customer bills will increase by an average of $2.19 (or 4.5 percent) for residential customers, $7.24 (or 4.1 percent) for small commercial and industrial customers, and $441.30 (or 6.1 percent) for transportation customers.

II. BACKGROUND AND PROCEDURAL HISTORY

On March 15, 2019, Avista filed Advice No. 19-02-G to effect a general rate increase for its Oregon retail customers. In Order No. 19-092, we suspended Avista's filing until January 15, 2020, in order to investigate the propriety and reasonableness of the proposed tariffs. Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC) all participated as parties to the proceeding. During the course of the investigation, the parties filed testimony and exhibits. Following settlement discussions on July 3, 2019, the parties filed a partial settlement stipulation (first partial stipulation) with supporting testimony resolving certain issues in this docket. The first partial stipulation is attached as Appendix A. On August 14, 2019, the parties filed a second partial settlement stipulation (second partial stipulation), resolving the remaining contested issues. The second partial stipulation is attached as Appendix B. On August 21, 2019, the parties filed joint testimony in support of the second partial stipulation. The stipulating parties jointly

responded to bench requests on September 18, 2019. The administrative law judge issued a ruling closing the record on September 20, 2019.

III. COMPANY FILING

In its initial filing, Avista proposed to increase the company's revenue requirement by $6,677,000, or 7.8 percent. According to the company, approximately $6,100,000 of the company's total requested increase resulted from rate base and associated cost of capital adjustments, with the remaining $600,000 associated with increased operating costs. The proposed rate base additions included the Aldyl-A pipe replacement program,[1] gas meter replacement, customer-facing technology projects, compliance with municipal requirements regarding roadway relocation, and the replacement of aging infrastructure.

Avista proposed a rate of return of 7.55 percent, based on a capital structure of 50 percent equity, 50 percent debt with a 9.90 percent return on equity (ROE) and 5.20 percent cost of debt. The company's filing is based on a forecasted test year for the 2020 calendar year. Under Avista's proposed rates, the average residential customer using 47 therms per month would experience a bill increase of $3.91 or 8.0 percent.

IV. FIRST AND SECOND PARTIAL STIPULATIONS

In the first partial stipulation, the parties agreed to reduce the revenue requirement increase by $1,316,000 to $5,361,000. The reduction reflects adjustments to the company's cost of capital, certain O&M expenses,[2] and miscellaneous revenue. The first stipulation provides for a rate of return of 7.24 percent, based on a capital structure of 50 percent equity, 50 percent debt with a 9.40 percent ROE and 5.07 percent cost of debt. Staff provided a detailed analysis supporting the agreed-upon cost of debt of 5.07 percent that is based on incorporating planned debt issuances in 2019 and 2020, excluding maturing debt, and accounting for hedging losses and gains, and debt issuance costs.[3] In its testimony, Staff addressed how Staff's modeling supports the compromise reached by the parties regarding ROE.[4] The stipulating parties state that the agreed-upon capital structure and return on equity are a continuation of the levels previously approved, and represent a negotiated rate that the stipulating parties find reasonable.

Additionally, the first partial stipulation provides for an independent third-party review of Avista's interest rate risk management plan (hedging plan).[5] The review will examine the mechanics and objectives of the plan, whether the hedging plan benefits customers,

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[1] Representing the continuation of the company's 20-year program, commenced in 2012, to systematically replace portions of the DuPont Aldyl-A pipe in its distribution system.
[2] First Partial Stipulation at 2-4; Joint Testimony/100, Gardner-Smith-Jenks-Mullins/7(Jul 3, 2019).
[3] Staff/1110, Muldoon-Enright/38-42.
[4] *Id*. at 2, 5-7, 11.
[5] Joint Testimony/100, Gardner-Smith-Jenks-Mullins/8; First Partial Stipulation at 4 & Attachment A.

and whether any modifications are warranted. Under the first partial stipulation, the development of a request for proposals (RFP) and selection of the third-party auditor shall be by consensus of the stipulating parties. The stipulating parties agree to issue the RFP no later than March 1, 2020, with the final audit report provided to the Commission and all parties by December 31, 2020. The costs associated with the audit, subject to an agreed-upon cap, will be recovered from customers through base rates over a period of five years. After consultation with the stipulating parties and at the company's discretion, Avista agrees to consider the final audit report in determining whether to modify or discontinue the hedging plan no later than April 30, 2021.[6]

In the second partial stipulation, addressing all remaining issues, the stipulating parties agree to a further reduction of the revenue requirement increase by $1,750,000 to $3,611,000, based on adjustments to rate base,[7] an updated test year load forecast,[8] and numerous categories of O&M expenses.[9] Additionally, the stipulating parties agree to remove deferrals associated with Allowance for Funds Used During Construction, pending resolution of the accounting method applicable to these deferrals in docket UM 1993. The second partial stipulation provides a base revenue increase of 5.8 percent for residential, general service, and transportation service customers, with no increase to large general service, interruptible, or seasonal customers. The stipulating parties state that while they did not agree on the long run incremental cost studies, the studies conducted by the company and Staff demonstrated that large general service, interruptible, and seasonal customers were providing revenues in excess of their cost of service while residential, general service, and transportation service customers were providing revenues at or below their cost of service. The stipulating parties explain that by applying the increase to residential, general service, and transportation service customers, all schedules will move closer to their respective costs of service, without rate reductions for some customers but rate increases for others, consistent with the findings in Order No. 16-109. The stipulating parties agree that the company will apply the rate increase to volumetric charges only, with the monthly customer charge remaining at current levels for all customers.

The stipulating parties also agree that the company's decoupling mechanism will be modified to accrue interest at the modified blended treasury rate, rather than the authorized rate of return. The company agrees to consult with the other parties in

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[6] First Partial Stipulation, Attachment A at 2; Staff/1100, Muldoon-Enright/46.
[7] Second Partial Stipulation at 5, 6-10 (Aug 14, 2019).
[8] *Id.* at 10; Joint Response to Bench Request 2 at 3 n. 1 (Sep 18, 2019). Avista relied upon its June 2018 load forecast in preparing its initial filing, and provided an updated forecast to the parties in June 2019, based on the same forecasting principles but with more recent data. The company has historically updated its load forecast annually, but indicates that it will update the forecast semi-annually going forward.
[9] Second Partial Stipulation at 4-5 (Aug 14, 2019).

modifying its decoupling mechanism tariff, Schedule 475, to implement these changes as part of Avista's compliance filing to this order.

Finally, in the second partial stipulation, AWEC agrees to address the issues it raised regarding Avista's depreciation reserve imbalances in the company's next depreciation study, rather than this proceeding.

V. COMMISSION RESOLUTION

We have reviewed the first and second partial stipulations and testimony submitted by the parties. We find the terms of the two stipulations are supported by sufficient evidence, appropriately resolve the issues in this case, and will result in fair, just, and reasonable rates. We acknowledge that the parties do not necessarily agree on the various methodologies used to support the adjustments contained in the stipulation. Nonetheless, we find that the stipulations as a whole represent a reasonable resolution of the identified issues and contribute to an overall settlement in the public interest. Accordingly, we adopt the first and second partial stipulations in their entirety. The company shall file new tariffs consistent with this order, to be effective January 15, 2020. Additionally, we note that the capital costs associated with Schedule 495 have been included in base rates, and as a result, Schedule 495 will be canceled effective January 15, 2020, when the new rates go into effect.[10]

The initial testimonies of the individual parties and Staff's testimony in support of the first partial stipulation provided the robust record needed to evaluate the stipulations. Specifically, in their individual testimonies and supporting exhibits, the parties provided descriptions and explanations of the issues raised during this proceeding. Additionally, Staff filed detailed testimony and exhibits in support of the first partial stipulation regarding the agreed-upon capital structure, cost of debt, and cost of capital. Without these, the joint testimony in support of the first and second partial stipulations would not have provided a sufficiently detailed discussion of the settled issues for us to evaluate the stipulations. We recognize that because a stipulation includes adjustments that each party would not necessarily support on an individual basis, the development of joint testimony can be challenging. However, we reiterate that parties should continue to ensure that the record is sufficient to evaluate any stipulations in future proceedings, whether through initial testimony of the individual parties, or joint testimony where feasible.

In response to a bench request, the stipulating parties provided average billing comparisons based on the rates under the stipulations.[11] Monthly billing comparisons for each rate class are important to ensuring a complete understanding of the rate impact on customers. Accordingly, for any stipulation that includes a change in rates, the

[10] *Id.* at 12 n.3.
[11] Joint Response to Bench Request 1 at 3 (Sep 18, 2019).

accompanying testimony should include average monthly billing comparisons for each rate class. For any rate change including a significant change to rate design, more comprehensive bill impacts showing the impact at different usage levels may be appropriate.

VI. ORDER

IT IS ORDERED that:

1. The first partial stipulation between Avista Corporation, dba Avista Utilities, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board, and the Alliance of Western Energy Consumers, filed on July 3, 2019, attached as Appendix A, is adopted.
2. The second partial stipulation between Avista Corporation, dba Avista Utilities, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board, and the Alliance of Western Energy Consumers, filed on August 14, 2019, attached as Appendix B, is adopted.
3. Advice No. 19-02-G filed on March 15, 2019, is permanently suspended.
4. Avista Corporation, dba Avista Utilities, must file new tariffs consistent with this order, to be effective January 15, 2020.

Made, entered, and effective Oct 08 2019.

Megan W. Decker
Chair

Stephen M. Bloom
Commissioner

Letha Tawney
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 366

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

This Partial Settlement Stipulation ("Stipulation") is entered into for the purpose of resolving several, but not 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"), and the Alliance of Western Energy Consumers ("AWEC") (collectively, "Parties"). These Parties represent all who intervened and appeared in this proceeding.

BACKGROUND

1. On March 15, 2019, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of $6,677,000, or 7.8% of its annual revenues. The filing was suspended by the Commission on March 15, 2019, per its Order No. 19-092.

2. Pursuant to Administrative Law Judge Traci Kirkpatrick's Prehearing Conference Memorandum of May 2, 2019, a settlement conference was held on June 11, 2019, and on June 18, 2019, an additional settlement conference was held telephonically.

3. As a result of the settlement discussions, the Parties have agreed to settle the following issues in this Docket, including adjustments to the revenue requirement and an agreement on a

Third-Party Review of Interest Rate Hedging, on the following terms, and subject to the approval of the Commission.

TERMS OF PARTIAL SETTLEMENT STIPULATON

4. **Adjustments to Revenue Requirement:**

The Parties support reducing Avista's requested revenue requirement to reflect the adjustments discussed below. The adjustments reached in this partial settlement amount to a total reduction in Avista's revenue requirement increase request from $6.677 million to a base revenue increase request of $5.361 million, however, the new base revenue increase request is subject to further adjustment.

This Stipulation represents the settlement of some, but not all, revenue requirement issues in the Company's filing. The Parties support the adjustments to Avista's revenue requirement request 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
Amount as filed:		**$6,677**	**$287,338**
Adjustments:			
a	**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 Rate of Return of 7.24%.	**(1,247)**	**-**
b	**Interest Synchronization** Includes the flow through of the federal and state tax impact on rate base adjustments due to the change in the cost of debt.	**63**	**-**
c	**Medical Benefits** Includes a reduction to medical expenses to an agreed-upon level.	**(115)**	**-**
d	**Membership & Dues** Reduces the Company's membership and dues expense to an agreed-upon level.	**(2)**	**-**
e	**Other Revenues - Miscellaneous Revenue** Reduces the Company's other revenues to an agreed-upon level.	**(13)**	**-**
f	**Advertising** Reduces advertising and marketing expenses to an agreed-upon level.	**(2)**	**-**
	Total Adjustments:	**($1,316)**	**$0**
	Adjusted Base Revenue Requirement & Rate Base:	**$5,361**	**$287,338**

1

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

4 a. Rate of Return (-$1,247,000): This adjustment reduces Avista's requested cost of
5 capital to an overall cost of capital equal to 7.24% based on the following components: a capital
6 structure consisting of 50% common stock equity and 50% long-term debt, return on equity of
7 9.40%, and a long-term debt cost of 5.07%. This combination of capital structure and capital costs
8 is shown in the schedule below.[1]

9 AGREED-UPON COST OF CAPITAL

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	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%

11

12

13 b. Interest Synchronization (+$63,000): This adjustment includes the flow through of
14 the federal and state tax impact on proposed rate base adjustments due to the change in the cost of
15 debt.

16 c. Medical Benefits (-$115,000): This adjustment reduces medical benefits expense to
17 an agreed-upon level.

18 d. Membership & Dues (-$2,000): This adjustment reduces membership and dues
19 expense to an agreed-upon level.

20 e. Other Revenues – Miscellaneous Revenue (-$13,000): This adjustment includes
21 updates to the Company's other revenues to an agreed-upon level.

[1] The agreed-upon capital structure (50/50) and cost of equity (9.4%) represent a continuation of currently-approved levels; the cost of debt, however, has been reduced from the current authorized level of 5.30% to 5.07%, based on lowered borrowing costs.

1 f. Advertising (-$2,000): This adjustment reduces membership and dues expense to an
2 agreed-upon level.
3 5. The Parties have also agreed to an Independent Third-Party Review of Avista's
4 Interest Rate Hedging practices. The terms of this agreement have been provided in Attachment
5 A to this Stipulation.
6 6. The Parties agree that this Stipulation is in the public interest and results in an overall
7 fair, just and reasonable outcome, and will serve to reduce the number of contested adjustments in
8 this case.
9 7. The Parties agree that this Stipulation represents a compromise in the positions of the
10 Parties. Without the written consent of all Parties, evidence of conduct or statements, including
11 but not limited to term sheets or other documents created solely for use in settlement conferences
12 in this Docket, are not admissible in the instant or any subsequent proceeding unless independently
13 discoverable or offered for other purposes allowed under ORS 40.190. Nothing in this paragraph
14 precludes a party from stating as a factual matter what the Parties agreed to in this Stipulation or
15 in the Parties' testimony supporting the stipulation.
16 8. Further, this Stipulation sets forth the entire agreement between the Parties and
17 supersedes any and all prior communications, understandings, or agreements, oral or written,
18 between the Parties pertaining to the subject matter of this Stipulation.
19 9. This Stipulation will be offered into the record in this proceeding as evidence
20 pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this
21 proceeding and any appeal. The Parties further agree to provide witnesses to sponsor the
22 Stipulation at any hearing held, or, in a Party's discretion, to provide a representative at the hearing
23 authorized to respond to the Commission's questions on the Party's position as may be appropriate.

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

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

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

16 13. This Stipulation may be executed in counterparts and each signed counterpart shall
17 constitute an original document. The Parties further agree that any facsimile copy of a Party's
18 signature is valid and binding to the same extent as an original signature.

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

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

AVISTA CORPORATION

By: _____
David J. Meyer

Date: July 3, 2019

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: Kaylie Klein
Kaylie E. Klein

Date: 7/3/19

ALLIANCE OF WESTERN ENERGY CONSUMERS

By: _____
Chad M. Stokes

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____
Michael P. Goetz

Date: _____

AVISTA CORPORATION

By: _____
David J. Meyer

Date: July 3, 2019

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: _____
Kaylie E. Klein

Date: _____

ALLIANCE OF WESTERN ENERGY CONSUMERS

By: _____
Chad M. Stokes

Date: 7/3/19

OREGON CITIZENS' UTILITY BOARD

By: _____
Michael P. Goetz

Date: _____

AVISTA CORPORATION

By: _____
David J. Meyer

Date: July 2, 2019

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: _____
Kaylie E. Klein

Date: _____

ALLIANCE OF WESTERN ENERGY CONSUMERS

By: _____
Chad M. Stokes

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____
Michael P. Goetz

Date: 7/3/19

Avista Docket Number UG-366

Independent Third-Party Review of Interest Rate Hedging by Avista

The Parties to the Settlement Stipulation filed on July 3, 2019, in this docket, agree to the following with respect to Avista's Interest Rate Risk Management Plan ("Hedging Plan" or "Plan"), as now in effect (See Exh. AVA/202):

- An Independent Third-Party shall be selected to review and report on Avista's existing Hedging Plan, including the mechanics of the Plan (including the use of dynamic hedge windows, risk responsive hedging, etc.), whether the objectives of the Plan are being met (as set forth in Exh. AVA/202) and whether those objectives are still appropriate in the current interest rate environment, whether the Plan benefits customers, and whether any proposed changes and/or modifications are recommended.

- The selection of the Independent Third-Party shall reflect the consensus of all Parties to this Settlement; likewise, the Request for Proposals (RFP) from Interested Third Parties shall reflect the consensus of all Parties, as to the nature and scope of the engagement. While each Party may also suggest specific requirements to be included in the RFP, the final version shall reflect the consensus of all Parties.

- The agreed-upon RFP shall issue no later than March 1, 2020 and the final Report from the Independent Third-Party shall be filed with the Commission and provided to all Parties no later than December 31, 2020. The Commission is not expected to approve the final Report, only acknowledge its filing and receipt of comments filed by any interested party within thirty (30) days of its filing.

- Failure of the Parties to this Settlement to reach consensus on either the form of the RFP or the selection of an Independent Third-Party, shall result in referral of the dispute to the Administrative Law Judge (ALJ) presiding in this case, or a successor appointed for this purpose. Each Party shall have an opportunity to present written and oral comments to the ALJ. The ALJ may consult with the Commissioners in reaching a decision.

- Avista will nominally contract with and, in the first instance, pay for the services of the selected Independent Third-Party, doing so on behalf of all Parties; and such payments shall be recovered from Avista's customers through general rates and shall not exceed the cap reached by the Parties. The cap on Report costs will be identified in confidential testimony in support of this Settlement, but will not be provided in the RFP process. Allowable Report costs will be spread on an equal percent of margin basis across all customer classes, shown as miscellaneous charges in the Commission's final order in this general rate case, and be amortized over a five-year period.

- The recommendations based on the results and findings in the final Report shall only apply prospectively, and shall not apply to any prior Avista interest rate hedging activity. Avista, at its discretion, agrees to use the final Report to make modifications to, or to discontinue, its Hedging Plan after consultation with the Parties, effective no later than April 30, 2021. If there is a dispute regarding Avista's implementation or failure to implement any recommendations in the final Report, any Party may seek resolution from the Commission. The recommendations of the final Report shall not be binding on any Party, but such Party shall have the burden of proof in any subsequent proceeding at which interest rate hedging is at issue, to demonstrate why the final Report recommendations are unreasonable.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG 366

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

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

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 15, 2019, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of $6,677,000, or 7.8% of its annual revenues. The filing was suspended by the Commission on March 15, 2019, per its Order No. 19-092.

[1] The Parties previously entered into a Partial Settlement on Cost of Capital, Interest Rate Hedging, and miscellaneous revenue requirement issues, which was filed on July 3, 2019.

2. Pursuant to Administrative Law Judge Traci Kirkpatrick's Prehearing Conference Memorandum of May 2, 2019, a settlement conference was held on June 11, 2019, and on June 18, 2019, an additional settlement conference was held telephonically.

3. As a result of the settlement discussions held on June 11 and 18, 2019, the Parties arrived at a Partial Settlement Stipulation that was filed with the Commission on July 3, 2019. That Partial Settlement Stipulation resolved some issues in this Docket, including adjustments to the proposed cost-of-capital, an agreement on a Third-party review of interest rate hedging, and miscellaneous revenue requirement adjustments described therein.

4. Staff, CUB, and AWEC filed Opening Testimony on July 16, 2019, in response to the Company's original filing on March 15, 2019. On July 23, 2019, a settlement conference was held, and attended by all Parties.

5. As a result of the settlement discussions held on July 23, 2019, the Parties have agreed to settle all remaining issues in this Docket, including adjustments to the revenue requirement, decoupling mechanism, and rate spread and rate design issues, on the following terms, subject to the approval of the Commission.

SUMMARY OF FIRST PARTIAL SETTLEMENT STIPULATON

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

The adjustments reached in the first Partial Settlement amounted to a total reduction in Avista's revenue requirement increase request from $6.677 million to a base revenue increase request of $5.361 million. The adjustments to Avista's revenue requirement reflected in the first Partial Settlement Stipulation are shown in Table No. 1 below:

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

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE ($000s of Dollars)			
		Revenue Requirement	Rate Base
Amount as filed:		**$6,677**	**$287,338**
Adjustments:			
a	**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%.	**(1,247)**	**-**
b	**Interest Synchronization** Includes the flow through of the federal and state tax impact on rate base adjustments due to the change in the cost of debt.	**63**	**-**
c	**Medical Benefits** Includes a reduction to medical expenses to an agreed-upon level.	**(115)**	**-**
d	**Membership & Dues** Reduces the Company's membership and dues expense to an agreed-upon level.	**(2)**	**-**
e	**Other Revenues - Miscellaneous Revenue** Reduces the Company's other revenues to an agreed-upon level.	**(13)**	**-**
f	**Advertising** Reduces advertising and marketing expenses to an agreed-upon level.	**(2)**	**-**
	Total Adjustments:	**($1,316)**	**$0**
	Adjusted Base Revenue Requirement & Rate Base after Partial Settlement Stipulation:	**$5,361**	**$287,338**

TERMS OF SECOND SETTLEMENT STIPULATON

7. **Adjustments to Revenue Requirement:**

The Parties support further reductions to Avista's requested revenue requirement to reflect the additional adjustments discussed below. Although the Parties discussed different adjustments and took different positions on how to justify the revenue requirement increase, the adjustments reached in this Second Stipulation, which resolve all remaining issues, amount to a further reduction in Avista's revenue requirement increase request from $5.361 million (as shown above) to a base revenue increase request of $3.616 million. The Parties support the further adjustments to Avista's revenue requirement request, as shown in Table No. 2 below:

Table No. 2 – Summary of Adjustments to Revenue Requirement and Rate Base (Second Stipulation)

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE ($000s of Dollars)			
		Revenue Requirement	Rate Base
	Results of Partial Settlement Stipulation:	$5,361	$287,338
Second Settlement Stipulation Adjustments:			
a	**Working Capital** Removes the additional working capital rate base adjustment to include only materials and supplies.	(261)	(2,842)
b	**Property Tax** Adjusts property tax expense to an agreed-upon level.	(200)	-
c	**Wages & Salaries** This adjustment reduces wages and salaries expense to an agreed-upon level for an updated CPI and restricted stock units.	(198)	(30)
d	**Miscellaneous O&M** This adjustment reflects a reduction to O&M expense to an agreed-upon level.	(100)	-
e	**D&O Insurance** This adjustment reduces the Company's D&O insurance to exclude 50% of various D&O insurance layers.	(40)	-
f	**Aircraft Lease Expense** This adjustment reduces O&M expense for prepaid lease expense for the Company aircraft.	(22)	-
g	**IT Efficiency Savings** This adjustment reduces the level of O&M expense to reflect IT Efficiency Savings.	(100)	-
h	**Plant Investment - Microwave Refresh** This adjustment reduces capital additions to exclude the Microwave Refresh project from capital additions in this case.	(51)	(559)
i	**Plant Investment - AMA Calculation** This adjustment reflects a correction to the AMA calculation used in calculating capital additions in this case.	109	1,192
j	**Plant Investment - Dollar Road** This adjustment reflects a correction to remove Dollar Road project from capital additions in this case.	(168)	(1,830)
k	**Plant Investment - Meters, Regulators, and ERTs** This adjustment reduces forecasted capital additions in this case to exclude an agreed-upon level.	(161)	(1,748)
l	**Plant Investment - Jackson Prairie Allocation Factor** This adjustment reflects a correction to the allocation factor calculation used in calculating Jackson Prairie capital additions in this case.	(41)	(443)
m	**Plant Investment - Retirements** This adjustment reflects an adjustment to estimated capital asset retirements in this case.	(1)	(11)
n	**Plant Investment - Physical Security Model Office** This adjustment reflects a correction to remove a Physical Security Model Office project from capital additions in this case.	(3)	(29)

Table No. 2 – Summary of Adjustments to Revenue Requirement and Rate Base (Second Stipulation) (continued)

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE ($000s of Dollars)			
	Second Settlement Stipulation Adjustments:	**Revenue Requirement**	**Rate Base**
o	**Plant Investment - Miscellaneous** This adjustment reduces the level of capital additions included in this case, related to enterprise technology projects.	**(25)**	**(267)**
p	**Plant Investment - Gas Distribution** This adjustment reduces capital additions to exclude the a single natural gas distribution project from capital additions in this case.	**(1)**	**(8)**
q	**Income Tax Amortization** This adjustment reflects an appropriate level of rate base and expense as a result of federal tax reform.	**(94)**	**157**
r	**Non-Labor A&G** This adjustment removes miscellaneous non-labor A&G expenses to an agreed-upon level.	**(74)**	**-**
s	**AFUDC** This adjustment removes deferrals associated with AFUDC.	**(165)**	**3**
t	**Various A&G Expenses** Revises the Company's expected administrative and general expenses related to meals and other expenses.	**(50)**	**-**
u	**Accumulated Depreciation & Depreciation Expense** This adjusts accumulated depreciation and depreciation expense to account for various corrections and adjustments to capital additions identified above.	**(91)**	**4,827**
v	**Allocation Factor** This adjustment reflection a correction to the filed Allocation Factor adjustment.	**114**	**-**
w	**Labor Reclassification** This adjustment reclassifies executive labor from utility to non-utility.	**(125)**	**-**
x	**Pension** This adjustment reduces the level of pension expense.	**(354)**	**(2,610)**
y	**Revenue Load Forecast** This adjustment accounts for an updated load forecast.	**444**	**-**
z	**Corporate Aircraft and Hangar** This adjustment removes costs associated with the corporate aircraft and hangar to an agreed-upon level in this case.	**(25)**	**-**
aa	**Revenue Sensitive - Oregon Excise Tax Apportionment Rate** Revises the Oregon Excise Tax Rate to factor in an agreed-upon rate. This change impacts the Conversion Factor.	**(67)**	**-**
	Total Adjustments:	**($1,750)**	**($4,198)**
	Adjusted Base Revenue Requirement & Rate Base after Second Settlement Stipulation:	**$3,611**	**$283,140**

The following information provides an explanation for each of the adjustments in Table No. 2 above.

a. Working Capital (-$261,000): In the Company's direct filing, the Company proposed a working capital rate base adjustment, excluding materials and supplies, using the Investor Supplied Working Capital methodology. For settlement purposes, the Parties accept Staff's proposal to remove the working capital rate base adjustment in this case, thereby reducing the proposed revenue requirement by $261,000. This adjustment reduces rate base by $2,842,000.

b. Property Tax (-$200,000): Staff proposed an adjustment to property tax expense to reflect the use of a three-year average of the property tax levy rate, which was applied to the agreed-upon level of rate base. For settlement purposes, the Parties agreed-upon a lower level of property tax expense, thereby reducing the proposed revenue requirement by $200,000.

c. Wages & Salaries (-$198,000): Staff proposed an adjustment to the Company's Wages and Salaries expense for reductions associated with the Company's overall wages and salaries increases related to overtime, full-time employee equivalents (FTE), associated payroll taxes, and Restricted Stock Units. CUB also proposed an adjustment to the Company's Wages and Salaries expense for Restricted Stock Units. For settlement purposes the Parties agree to reductions to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $198,000. The adjustment also reduces rate base by $30,000.

d. Miscellaneous Operations & Maintenance (O&M) Adjustment (-$100,000): Staff proposed an adjustment based on a three year trend analysis scaled up by Urban CPI. For settlement purposes the Parties agree to reductions to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $100,000.

e. D&O Insurance (-$40,000): Staff proposed adjustments to the Company's medical benefits expense, as well as proposing a 50 percent sharing of all layers of Directors' and Officers'

(D&O) Insurance expense. For settlement purposes the Parties agree to reductions to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $40,000.

f. Aircraft Lease Expense (-$22,000): Staff proposed an adjustment to remove three months of lease expense for the Company aircraft. This adjustment reduces the revenue requirement associated with O&M lease expense by $22,000.

g. IT Efficiency Savings (-$100,000): Staff proposed to remove O&M and A&G expenses associated with operational savings as a result of Information Technology Investment. For settlement purposes the Parties agree to reductions to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $100,000.

h. Plant Investment – Microwave Refresh (-$51,000): Staff proposed an adjustment to remove the Microwave Refresh project from rate base in this case as this project was incorrectly allocated to Oregon. For settlement purposes, the Parties agree to a reduction in rate base of $559,000, which decreases the revenue requirement by $51,000.

i. Plant Investment – AMA Calculation ($110,000): The Company identified a formula error in the application of the average of monthly averages (AMA) calculation. This adjustment increases rate base by $1,192,000 and increases the revenue requirement by $110,000.

j. Plant Investment – Dollar Road (-$168,000): The Company incorrectly included this project in the 2019 forecasted transfers-to-plant. This adjustment decreases forecasted rate base by $1,830,000 and reduces the revenue requirement by $168,000.

k. Plant Investment – Meters, Regulators, and ERTs (-$161,000): Staff's testimony proposed reductions to rate base for forecasted natural gas utility plant in service. For settlement purposes, the Parties agree to a reduction to rate base of $1,748,000 for natural gas utility plant in

this case (e.g., Meters, Regulators, and ERTs). This adjustment reduces the revenue requirement associated with natural gas rate base by $161,000.

l. Plant Investment – Jackson Prairie Allocation Factor ($41,000): Staff proposed an adjustment to correct the allocation factor used to calculate the transfers-to-plant for a Jackson Prairie rate base project. The Company agrees that the incorrect allocation factor was used in the calculation for the forecasted transfers-to-plant. This adjustment decreases rate base by $443,000 and reduces the revenue requirement by $41,000.

m. Plant Investment – Retirements (-$1,000): The Company inadvertently omitted retirements gross plant retirements from its 2020 calculation. This adjustment decreases rate base by $11,000 in this case and reduces the revenue requirement by $1,000.

n. Plant Investment – Physical Security Model Office (-$3,000): Staff proposed an adjustment to remove a "Physical Security Model Office" project from rate base, on the basis that it is not presently used to provide utility service to Oregon customers. For settlement purposes, the Parties agree to a reduction in rate base of $29,000 in this case, which decreases the revenue requirement by $3,000.

o. Plant Investment – Miscellaneous (-$25,000): Staff proposed an adjustment to remove various enterprise technology projects from rate base, on the basis that they do not provide a benefit to Oregon customers. For settlement purposes, the Parties agree to a reduction in rate base of $267,000 in this case, which decreases the revenue requirement by $25,000.

p. Plant Investment – Gas Distribution (-$1,000): The Company incorrectly included this project in the 2019 forecasted transfers-to-plant. This adjustment decreases rate base by $8,000 in this case and reduces the revenue requirement by $1,000.

q. Income Tax Amortization (-$94,000): Staff's testimony proposed an adjustment to reflect the average projected Excess Deferred Income Tax ("EDIT") using the average Rate Assumption Method ("ARAM") as a result of federal tax reform. This adjustment reduces the associated revenue requirement by $94,000. This is reflected by a decrease in O&M expense of $105,000 related to amortization and an increase in rate base in this case by $157,000.

r. Non-Labor A&G (-$74,000): Staff proposed to remove miscellaneous non-labor A&G expenses that solely proved benefits to the Company and shareholders. For settlement purposes the Parties agree to reductions to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $74,000.

s. AFUDC (-$165,000): Staff proposed an adjustment to remove various deferrals associated with Allowance for Funds Used During Construction ("AFUDC"). The accounting method by with the Company records these deferrals will be resolved in Docket No. UM 1993, Avista's deferral application, which has not yet been resolved. For settlement purposes, the Parties agree to remove the deferrals associated with AFUDC, hereby resulting in a decrease to rate base of $3,000 and a decrease to revenue requirement of $165,000.

t. Various A&G Expenses (-$50,000): Staff proposed to remove 50 percent of miscellaneous A&G expenses, including those for employee business meals, airfare, lodging, vehicle and transportation, office supplies, and other miscellaneous expenses. For settlement purposes, the Parties agree to remove 50 percent of the miscellaneous A&G expenses identified above, thereby resulting in a decrease to revenue requirement by $50,000.

u. Accumulated Depreciation & Depreciation Expense (-$91,000): For settlement purposes, the Parties agree to an adjustment to accumulated depreciation and depreciation expense associated with the adjustments to Utility Plant Investment in Service adjustments discussed in

items h. – p. above. This adjustment increases rate base by $4,827,000 and decreases revenue requirement by $91,000.

v. Allocation Factor ($114,000): Staff noted an error in the Company's initially filed allocation factor adjustment. This adjustment reflects the correction to the Company's filed allocation factor adjustment and the proposed revenue requirement for a corrected level of expense, which increases the revenue requirement by $114,000.

w. Labor Reclassification (-$125,000): Staff's proposed an adjustment to reclassify Executive Labor from utility to non-utility for the purpose of excluding pro formed labor costs related to the failed Avista-Hydro One merger. For settlement purposes the Parties agree to reductions to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $125,000.

x. Pension (-$354,000): Staff proposed an adjustment to reflect an Expected Return on Assets (EROA) on pensions and post-retirement medical benefits of 6.6 percent, as recommended by Commission Staff and as approved by the Commission in Docket UG-288, OPUC Order No. 16-109. This adjustment also includes a correction to remove specific pension and medical assets and liabilities that were inadvertently included in the Company's working capital calculation. For settlement purposes, the Parties agreed to this adjustment which reduces rate base $2,610,000, and reduces the proposed revenue requirement by $354,000.

y. Revenue Load Forecast ($444,000): The Company presented an updated load forecast, for the test year. For settlement purposes, the Parties agreed to use the revised forecast which increases the filed revenue requirement by $444,000.

z. Corporate Aircraft and Hangar (-$25,000): AWEC proposed an adjustment to remove costs associated with the corporate aircraft and hangar. For settlement purposes the Parties

agree to reductions to an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $25,000.

aa. Revenue Sensitive – Oregon Excise Tax Rate (-$67,000): CUB proposed an adjustment to the Oregon excise tax apportionment rate used in the conversion factor. CUB proposed to calculate the tax apportionment factor using the weighted average of the property, payroll, and sales tax factors. For settlement purposes, the Parties agree to CUB's calculation of the Oregon excise tax rate, which changed the overall Conversion Factor. This adjustment reduces revenue requirement by $67,000.

8. **Proposed Effective Date:** The proposed rate effective date is January 15, 2020. Upon approval of this Second Stipulation, Avista will file revised rate schedules reflecting rates as agreed-upon in this Second Stipulation as a compliance filing, effective January 15, 2020.

9. **Rate Spread:** The Parties support the spread of the January 15, 2020, overall billed revenue increase of $3.611 million, or 4.2 percent, to the Company's service schedules as follows (and as shown in Attachment B to the Second Stipulation):

Table No. 4: Agreed-Upon Rate Spread

Schedule Description	Rate Schedule	Revenue Increase ($000s)	% Increase in Base Revenue	% Increase in Billed Revenue*
Residential	410	$2,408	5.8%	4.5%
General Service	420	$1,033	5.8%	4.1%
Large General Service	424	$0	0.0%	0.0%
Interruptible Service	440	$0	0.0%	0.0%
Seasonal Service	444	$0	0.0%	0.0%
Transportation Service	456	$170	5.8%	6.1%
Total		**$3,611**	**5.6%**	**4.2%**

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

10. **Rate Design:** The Parties support the following rate design: The revenue increase to the individual rate schedules will be applied solely to the volumetric charges. The monthly customer basic charge for all rate schedules will remain at current levels.[2] Attachment C to the Second Stipulation provides the agreed-upon base rates.[3]

11. **Residential Bill Change:** Based on an average usage level of 47 therms per month, the average bill for a Schedule 410 residential customer, which includes both base and adder schedules[4], would increase $2.19 per month, or 4.5 percent, from $48.94 to $51.13.

12. **Decoupling:** See Attachment D to the Second Stipulation reflects the new decoupling base effective January 15, 2020 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

[2] The agreed-upon billing determinants reflect Avista's updated load adjustment as discussed in Section 7 item y. above.

[3] As described in the testimony of Company witness Mr. Miller, the capital costs associated with Schedule 495 (Capital Project Costs) will be included in base rates and Schedule 495 will be canceled when new base rates take effect on January 15, 2020.

[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.

determinants. In this proceeding, CUB proposed to change the Company's decoupling mechanism from a deferred account that accrues interest at the Company's Authorized Rate of Return, to a mechanism that accrues interest at the Modified Blended Treasury Rate (MBTR). Through settlement, Avista accepted CUB's position on the MBTR as presented in CUB's testimony. As a part of the Compliance Filing required after the Commission's decision in this case, Avista agrees to include modifications to Schedule 475 effectuating the agreed-upon modification, and will consult with the Parties as to the final form of the tariff modification(s) before filing.

13. **Depreciation Reserve Imbalances:** AWEC proposed an adjustment to reflect Avista's depreciation reserve imbalances. As part of the settlement, AWEC agreed to raise this issue in Avista's next depreciation study rather than in this proceeding.

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

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

16. Further, this Second 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.

17. This Second Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Second Stipulation throughout this proceeding and any appeal. The Parties further agree to provide witnesses to sponsor the Second 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.

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

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

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

agreed that any provision of this Second Stipulation is appropriate for resolving the issues in any other proceeding.

21. This Second Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document. The Parties further agree that any facsimile copy of a Party's signature is valid and binding to the same extent as an original signature.

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

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

AVISTA CORPORATION

By: _____
David J. Meyer

Date: 8/14/19

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: Kaylie Klein
Kaylie E. Klein

Date: 8/13/19

ALLIANCE OF WESTERN ENERGY CONSUMERS

By: _____
Chad M. Stokes

Date: August 13, 2019

OREGON CITIZENS' UTILITY BOARD

By: _____
Michael P. Goetz

Date: _____

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Chad M. Stokes

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____
Michael P. Goetz

Date: Aug. 13, 2019

Avista Utilities
Proposed Revenue Increase by Schedule
Oregon - Gas
Pro Forma 12 Months Ended December 31, 2020
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates (1)	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	$41,663	$2,408	$44,071	51,582	**5.8%**	$53,824	$2,408	$56,232	**4.5%**
2	General Service	420	$17,877	$1,033	$18,910	28,234	**5.8%**	$24,949	$1,033	$25,982	**4.1%**
3	Large General Service	424	$675	$0	$675	4,465	**0.0%**	$1,835	$0	$1,835	**0.0%**
4	Interruptible Service	440	$976	$0	$976	8,380	**0.0%**	$1,769	$0	$1,769	**0.0%**
5	Seasonal Service	444	$37	$0	$37	214	**0.0%**	$92	$0	$92	**0.0%**
6	Transportation Service	456	$2,950	$170	$3,120	37,285	**5.8%**	$2,802	$170	$2,972	**6.1%**
7	Special Contract	447	$175	$0	$175	5,501	**0.0%**	$175	$0	$175	**0.0%**
8	Total		$64,353	$3,611	$67,964	135,662	**5.6%**	$85,446	$3,611	$89,057	**4.2%**

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

Present Base Rates	Present Schedule 495	Revised Present Base Rates	Base Tariff Change	Proposed Schedule 495 Change	Proposed Base Rates
Residential Service Schedule 410					
$10.00 Customer Charge			$0.00/month		$10.00 Customer Charge
All Therms - $0.58399/Therm	All Therms - $0.00876/Therm	All Therms - $0.59275/Therm	$0.05544/therm	-$0.00876/therm	All Therms - $0.63943/Therm
General Service Schedule 420					
$17.00 Customer Charge			$0.00/month		$17.00 Customer Charge
All Therms - $0.53005/Therm	All Therms - $0.01720/Therm	All Therms - $0.54725/Therm	$0.05377/therm	-$0.01720/therm	All Therms - $0.58382/Therm
Large General Service Schedule 424					
$50.00 Customer Charge			$0.00/month		$50.00 Customer Charge
All Therms - $0.13887/Therm	All Therms - $0.00000/Therm	All Therms - $0.13887/Therm	$0.00000/therm		All Therms - $0.13887/Therm
Interruptible Service Schedule 440					
All Therms - $0.11652/Therm	All Therms - $0.00000/Therm	All Therms - $0.11652/Therm	$0.00000/therm		All Therms - $0.11652/Therm
Seasonal Service Schedule 444					
All Therms - $0.17155/Therm	All Therms - $0.00000/Therm	All Therms - $0.17155/Therm	$0.00000/therm		All Therms - $0.17155/Therm
Seasonal Minimum Charge:					Seasonal Minimum Charge:
$ 5,810.92					$ 5,810.92
Transportation Service Schedule 456					
$275.00 Customer Charge			$0.00/month		$275.00 Customer Charge
1st 10,000 Therms - $0.14978/Therm	All Therms - $0.00000/Therm	1st 10,000 Therms - $0.14978/Therm	$0.00898/therm		1st 10,000 Therms - $0.15876/Therm
Next 20,000 Therms - $0.09014/Therm	All Therms - $0.00000/Therm	1st 10,000 Therms - $0.09014/Therm	$0.00541/therm		Next 20,000 Therms - $0.09555/Therm
Next 20,000 Therms - $0.07409/Therm	All Therms - $0.00000/Therm	1st 10,000 Therms - $0.07409/Therm	$0.00444/therm		Next 20,000 Therms - $0.07853/Therm
Next 200,000 Therms - $0.05799/Therm	All Therms - $0.00000/Therm	1st 10,000 Therms - $0.05799/Therm	$0.00348/therm		Next 200,000 Therms - $0.06147/Therm
Over 250,000 Therms - $0.02942/Therm	All Therms - $0.00000/Therm	1st 10,000 Therms - $0.02942/Therm	$0.00176/therm		Over 250,000 Therms - $0.03118/Therm
Schedule 456 Monthly Minimum Charge					Schedule 456 Monthly Minimum Charge
$ 1,354.30					$ 2,698.69

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue by Rate Schedule - Natural Gas
Docket No. UG-366 Rates Effective January 15, 2020

		TOTAL	RESIDENTIAL SCHEDULE 410	SM COMMERCIAL & INDUSTRIAL SCH. 420	LG COMMERCIAL & INDUSTRIAL SCH. 424	INTERRUPTIBLE SCH 440	SEASONAL SCH 444	TRANSPORTATION SCH 456/447
1	Total Normalized 2020 Margin Revenue	$ 64,353,000	$ 41,663,000	$ 17,877,000	$ 675,000	$ 976,000	$ 37,000	$ 3,125,000
2	Settlement Margin Revenue Increase	$ 3,611,000	$ 2,408,000	$ 1,033,000	$ -	$ -	$ -	$ 170,000
3	Total Delivery Revenue (2020 Test Year) (Ln 1 + Ln 2)	$ 67,964,000	$ 44,071,000	$ 18,910,000	$ 675,000	$ 976,000	$ 37,000	$ 3,295,000
4	Customer Bills (2020 Test Year)	1,253,511	1,108,734	142,715	1,107	485	51	419
5	Proposed Basic Charges		$10.00	$17.00	$50.00	$0.00	$0.00	$275.00
6	Basic Charge Revenue (Ln 4 * Ln 5)	$ 13,684,052	$ 11,087,340	$ 2,426,153	$ 55,334	$ -	$ -	$ 115,225
7	Decoupled Revenue (Ln 6 - Ln 3)	$ 54,279,948	$ 32,983,660	$ 16,483,847	$ 619,666	$ 976,000	$ 37,000	$ 3,179,775
8	Normalized Therms (2020 Test Year)	135,661,815	51,582,426	28,234,136	4,465,431	8,380,129	213,922	42,785,770

		Residential	Non-Residential Group	Exempt from Decoupling Mechanism
9	Average Number of Customers (Line 8 / 12 mos.)	92,395	12,030	
10	Annual Therms	51,582,426	41,293,619	
11	Basic Charge Revenues	$ 11,087,340	$ 2,481,487	
12	Customer Bills	1,108,734	144,358	
13	Average Basic Charge	$10.00	$17.19	

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-366 Rates Effective January 15, 2020

Line No.		Source	Residential	Non-Residential Schedules*
	(a)	(b)	(c)	(d)
1	Decoupled Revenue	Page 1	$ 32,983,660	$ 18,116,513
2	Test Year Number of Customers 2020	Revenue Data	92,395	12,030
3	Decoupled Revenue Per Customer	(1) / (2)	$ 356.99	$ 1,505.97

*Schedules 420, 424, 440, and 444

Avista Utilities
Natural Gas Decoupling Mechanism (Oregon)
Development of Monthly Decoupled Revenue Per Customer - Natural Gas
Docket No. UG-366 Rates Effective January 15, 2020

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	9,084,686	6,751,459	5,766,214	3,970,883	2,304,127	1,569,272	1,337,218	1,281,878	1,387,741	3,004,858	6,137,625	8,986,466	51,582,426
5	- % of Annual Total	% of Total	17.61%	13.09%	11.18%	7.70%	4.47%	3.04%	2.59%	2.49%	2.69%	5.83%	11.90%	17.42%	100.00%
6															
7	*Non-Residential Sales**														
8	- Weather-Normalized Therm Delivery Volume	Monthly Rate Year	6,144,891	4,717,509	4,083,341	2,960,057	1,950,619	1,706,669	1,789,534	1,863,502	2,079,984	3,189,425	4,718,095	6,089,992	41,293,619
9	- % of Annual Total	% of Total	14.88%	11.42%	9.89%	7.17%	4.72%	4.13%	4.33%	4.51%	5.04%	7.72%	11.43%	14.75%	100.00%
10															
11	**Monthly Decoupled Revenue Per Customer ("RPC")**														
12	*Residential*														
13	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 356.99
14	- Monthly Decoupled Revenue per Customer	(5) x (13)	$ 62.87	$ 46.73	$ 39.91	$ 27.48	$ 15.95	$ 10.86	$ 9.25	$ 8.87	$ 9.60	$ 20.80	$ 42.48	$ 62.19	$ 356.99
15	- Monthly Allowed Customers		92,581	92,446	92,179	91,863	91,641	91,631	92,152	92,846	93,449	92,646	92,645	92,655	
16	*Non-Residential Sales**														
17	- Decoupled Revenue per Customer	Page 2 - Decoupled RPC													$ 1,505.97
18	- Monthly Decoupled Revenue per Customer	(9) x (17)	$ 224.10	$ 172.05	$ 148.92	$ 107.95	$ 71.14	$ 62.24	$ 65.26	$ 67.96	$ 75.86	$ 116.32	$ 172.07	$ 222.10	$ 1,505.97
19	- Monthly Allowed Customers		12,057	12,092	12,083	12,057	12,040	12,019	11,978	11,962	11,954	11,971	12,035	12,111	

20 *Schedules 420, 424, 440, and 444.