

Avista Corp.
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March 6, 2015

Public Utility Commission of Oregon
3930 Fairview Industrial Dr SE
Salem, OR 97302-1166

Attention: Filing Center

Via Electronic and Overnight Mail

RE: Docket No. UG-284 – Amended Settlement Stipulation and Motion

Avista Corporation, dba Avista Utilities, hereby encloses the following documents for filing with the Commission:

- The original plus 5 copies of the Amended Settlement Stipulation & Attachments
- The original plus 5 copies of the Testimony in Support of the Amended Settlement Stipulation
- The original plus 2 copies of the Motion To Admit Stipulation

The original documents have been sent via overnight mail. Please direct any questions related to the transmission of this filing to me at 509.495.8620 or via email at pat.ehrbar@avistacorp.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ehrbar", with a long horizontal line extending to the right.

Patrick Ehrbar
Manager, Rates & Tariffs

Enclosure

cc: See attached service list

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the Amended Settlement Stipulation, Joint Testimony, and Motion to Admit, in the Oregon Natural Gas General Rate Case Filing of Avista Utilities, a division of Avista Corporation, Docket UG 284, upon the parties listed below by mailing a copy thereof, postage prepaid and/or by electronic mail.

Judy Johnson
Public Utility Commission of Oregon
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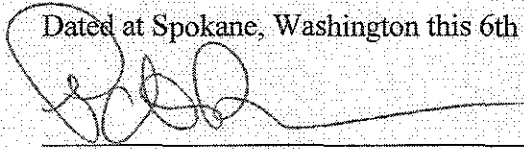
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Michael T. Weirich
Department of Justice
1162 Court St. NE
Salem, OR 97301-4096
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I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 6th day of March 2015.



Patrick Ehrbar
Manager, Rates & Tariffs

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG 284

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

MOTION TO ADMIT AMENDED
STIPULATION

Pursuant to OAR 860-001-0350(7)(b), Staff of the Public Utility Commission of Oregon, Citizens' Utility Board of Oregon, Northwest Industrial Gas Users, and Avista Corporation ("the Parties") offer the Amended Stipulation, and the Joint Testimony in Support of the Amended Stipulation, filed on March 6, 2015.

DATED: March 6, 2015

AVISTA CORPORATION

Dated: March 6, 2015

By: David Meyer
Print name

Signed: [Signature]

1 **BEFORE THE PUBLIC UTILITY COMMISSION**

2 **OF OREGON**

3 UG 284

4 In the Matter of)
5 AVISTA CORPORATION, dba AVISTA) AMENDED STIPULATION RESOLVING
6 ALL UTILITIES) ISSUES
7)
8 Request for a General Rate Revision.)

9
10 This Amended Stipulation is entered into for the purpose of resolving all issues in this
11 Docket. As such, this Amended Stipulation resolves all revenue requirement issues, including
12 cost of capital issues, as well as rate spread and rate design.

13
14 **PARTIES**

15 The Parties to this Amended Stipulation are Avista Corporation (“Avista” or the
16 “Company”), the Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens’
17 Utility Board of Oregon (“CUB”), and the Northwest Industrial Gas Users (“NWIGU”)
18 (collectively, “Parties”). These Parties represent all who intervened and appeared in this
19 proceeding.

20
21 **BACKGROUND**

22 1. On September 2, 2014, Avista filed revised tariff schedules to effect a general rate
23 increase for Oregon retail customers of \$9,140,000, or 9.1 percent of its annual revenues. The
24 filing was suspended by the Commission on September 8, 2014, in Order No. 14-311.

1 2. On January 5, 2015, Staff served on all of the Parties its report of issues and
2 proposed adjustments to Avista's revenue requirement filing. Staff's report was provided for
3 settlement purposes only.

4 3. Pursuant to Administrative Law Judge Patrick Power's Prehearing Conference
5 Memorandum of September 24, 2014, settlement conferences were held on December 15, 2014,
6 and January 13, 2015.

7 4. On January 21, 2015, the Parties filed a Stipulation resolving all issues among
8 themselves in this Docket. Joint Testimony was subsequently filed on January 28, 2015, in
9 support of the Stipulation. In addition, separate testimony was filed by Staff on January 29,
10 2015.

11 5. On February 23, 2015, the Commission issued an Order rejecting the Stipulation
12 and ordering further proceedings. In doing so, the Commission expressed concerns over the
13 early rate implementation credit, rate spread, and the customer count tracking mechanism. See
14 Order No. 15-054 at page 1.

15 6. The Parties have again conferred and, by means of this Amended Stipulation, have
16 agreed to settle all issues in this Docket, addressing concerns raised by the Commission in its
17 Order rejecting the original settlement Stipulation by eliminating both the "early rate
18 implementation credit," and the "customer count tracking mechanism." The Parties have also
19 proposed a rate spread which eliminates any revenue reductions contained in the original
20 Stipulation to any rate schedules, while otherwise increasing rates to others. Additional support
21 has been provided in the accompanying Joint Testimony for the revised spread of the settlement
22 rates in the Amended Stipulation. Finally, the proposed effective date has been moved from
23 March 1, 2015 to April 16, 2015.

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AGREEMENT

7. **Revenue Requirement:** The Parties support reducing Avista's requested revenue requirement to reflect the adjustments discussed below. The adjustments amount to a reduction in Avista's revenue requirement increase originally requested from \$9.140 million to a base revenue increase of \$5.262 million, with the new rates effective on April 16, 2015.¹ The implementation date remains an integral part of this Amended Stipulation. To establish the \$5.262 million base rate increase, rate base and property taxes were the two categories of costs that were revised downward from the prior stipulation.

Included in the \$5.262 million base revenue increase is the revenue requirement of \$0.262 million related to Aldyl A Pipe Replacement. This revenue requirement was approved for recovery in Phase 2 of Avista's last general rate case, UG-246. Currently, the revenue requirement for Phase 2 Aldyl A Pipe Replacement Costs is being recovered through tariff Schedule 497. Consistent with the provisions of Schedule 497, the energy rates charged in that schedule will end at such time as the costs associated with the Phase 2 Aldyl A Pipe Replacement are included in base rates in this general rate case. Accordingly, the rates under Schedule 497 will be set at \$0.00/therm on the effective date of the tariffs filed in compliance with the Commission order in this docket.

¹ Per the directive of Administrative Law Judge Patrick Power on page 2 of the Prehearing Conference Memorandum dated September 24, 2014, in this Docket, with new rates effective earlier than the end of the statutory suspension period, the calculation of additional net revenue, or value, to the Company from implementing a base revenue increase of \$5.262 million on April 16, 2015 instead of July 3, 2015, is approximately \$730,000. (The previously agreed-upon March 1, 2015 implementation date would have provided additional net revenue of approximately \$1.5 million.) The April 16, 2015 effective date is prior to the expiration of the statutory suspension period (July 3, 2015), but after most of the heating season (which reduces the value of early implementation). Each party, in developing their respective positions, has already taken the impact of an early implementation into consideration when agreeing to the base revenue increase of \$5.262 million. In addition, it should be noted that the permanent rate decrease has been reduced, from the prior stipulated amount of \$6.112 million, to \$5.262 million.

1 This Amended Stipulation represents the settlement of all revenue requirement issues in
2 the Company's filing. The Parties support the adjustments to Avista's revenue requirement
3 request shown in Table No. 1 below:

TABLE No. 1: SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE		
(\$000s of Dollars)		
	Revenue Requirement	Rate Base
Amount as filed:	\$9,140	\$198,448
Adjustments:		
a Rate of Return		
Adjusts return on equity to 9.50%, long-term debt cost to 5.452%, with a common stock equity component of 51%, and overall Cost of Capital of 7.516%.	(853)	-
b Revenue Sensitive - uncollectible rate and state tax rate		
Revises the State Income Tax (SIT) rate to factor in future use of SIT credits. These changes impact the Conversion Factor and adjustment "f" below.	(147)	-
c Uncollectibles		
Reduces the Company's uncollectible expense by adjusting the 3-year historical average.	(39)	-
d Working Cash		
Removes the additional working capital rate base adjustment to include only materials and supplies.	(501)	(4,641)
e 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.	61	-
f State Taxes		
Revises level of SIT to an agreed-upon level.	(317)	-
g Escalation		
Reduces non-labor expense based on a lower forecasted inflation factor (CPI) for calendar years 2014 and 2015 expenses.	(97)	-
h Advertising and Marketing		
This reduces advertising and marketing expenses based on lower inflation factors for 2014 and 2015 expenses.	(40)	-
i D&O Insurance		
This reduces the Company's D&O insurance to exclude 50% of various D&O layers.	(31)	-
j Various A&G Expenses		
Revises the Company's expected administrative and general expenses related to meals and other expenses.	(44)	-
k Capital Additions		
Adjusts capital additions to remove a vehicle included in Oregon plant additions in error.	(4)	(37)
l Distribution O&M		
Reduces the Company's Atmospheric Testing expense and adjusts for revised CPI.	(602)	-
m Other Gas Supply Expense		
Reduces the Company's natural gas supply expense to an agreed-upon level.	(60)	-
n Memberships and Dues		
Reduces the Company's membership and dues expense to an agreed-upon level.	(3)	-
o Regulatory Commission Expense		
Reduces the Company's regulatory commission expense to an agreed-upon level.	(76)	-
p Allocation Factors		
Includes a reduction in allocated expense to an agreed-upon level.	(100)	-
q Incentives		
Includes reduction to incentives to agreed-upon level.	(11)	(76)
r Wages & Salaries		
Revises wages and salaries related to overtime, full-time employee equivalents (FTE), associated payroll taxes, and applicable depreciation expense related to the reduction to rate base and an update to CPI.	(108)	-
s Medical Benefits		
Includes a reduction to medical expenses to an agreed-upon level.	(170)	-
t Pensions		
Removes the Company's net prepaid pension asset from rate base and revises the Company's pension expense to an agreed-upon level.	(282)	(4,318)
u Property Tax		
Adjusts property tax expense to an agreed-upon level.	(426)	-
v Insurance		
Includes updates to the Company's insurance expense.	(28)	
Total Adjustments:	(\$3,878)	(\$9,072)
Adjusted Base Revenue Requirement & Rate Base - Effective April 16, 2015:	\$5,262	\$189,376
Expiration of Schedule 497	(\$262)	
Net Revenue Increase Effective April 16, 2015	\$5,000	\$189,376

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

5 a. Rate of Return -- (-\$853,000) This adjustment reduces Avista's requested cost of
 6 capital to an overall cost of capital equal to 7.516% based on the following components: a capital
 7 structure consisting of 51% common stock equity and 49% long-term debt, return on equity of
 8 9.50%, and a long-term debt cost of 5.452%. This combination of capital structure and capital
 9 costs is shown in the schedule below:

Agreed-upon Cost of Capital			
	<u>Percent of</u>	<u>Cost</u>	<u>Component</u>
	<u>Total Capital</u>		
Long-term Debt	49.0%	5.452%	2.671%
Common Equity	51.0%	9.500%	4.845%
Total	100.0%		7.516%

15 b. Revenue Sensitive – uncollectible rate and state tax rate – (-\$147,000) Revises the
 16 State Income Tax (SIT) rate to factor in future use of SIT credits. The adjustment also revises the
 17 uncollectible rate to 0.5313 percent calculated on a three-year historical average. These changes
 18 impact the Conversion Factor and adjustment "f" below.

19 c. Uncollectibles – (-\$39,000) Reduces the Company's uncollectible expense by
 20 adjusting the three -year historical average.

21 d. Working Capital – (-\$501,000) Removes the additional working capital rate base
 22 adjustment to include only materials and supplies. This adjustment reduces rate base \$4,641,000.

- 1 e. Interest Synchronization – (+\$61,000) This adjustment includes the flow through of
2 the federal and state tax impact on rate base adjustments due to the change in the cost of debt.
- 3 f. State Taxes – (-\$317,000) – This adjustment reduces the level of SIT to an agreed-
4 upon level.
- 5 g. Expense Escalation – (-\$97,000) This adjustment reduces non-labor expenses based
6 on a lower forecasted inflation factor (Consumer Price Index or CPI) for calendar years 2014 and
7 2015.
- 8 h. Advertising and Marketing – (-\$40,000) This reduces advertising and marketing
9 expenses based on lower inflation factors for 2014 and 2015 expenses.
- 10 i. Directors & Officers (D&O) Insurance – (-\$31,000) This reduces the Company's
11 D&O insurance to exclude 50% of various D&O insurance layers.
- 12 j. Various Administrative & General (A&G) Expenses – (-\$44,000) This adjustment
13 revises the Company's expected administrative and general expenses related to meals and other
14 expenses.
- 15 k. Capital Additions – (-\$4,000) This adjustment revises capital additions to remove a
16 vehicle included in Oregon plant additions in error. This adjustment decreases rate base \$37,000.
- 17 l. Distribution Operating & Maintenance (O&M) Expenses – (-\$602,000) This
18 adjustment reduces the Company's Atmospheric Testing expense to reflect expected rate period
19 levels and adjusts for revised CPI.
- 20 m. Other Gas Supply Expense – (-\$60,000) Reduces the Company's natural gas supply
21 expense to an agreed-upon level.
- 22 n. Memberships & Dues – (-\$3,000) This adjustment reduces the Company's
23 membership and dues expense to an agreed-upon level.

1 o. Regulatory Commission Expense – (-\$76,000) Reduces the Company's regulatory
2 commission expense to an agreed-upon level.

3 p. Allocation Factors – (-\$100,000) This adjustment includes a reduction in allocated
4 expenses to an agreed-upon level.

5 q. Incentive Compensation – (-\$11,000) This adjustment includes a reduction to
6 incentives to an agreed-upon level. This adjustment reduces rate base \$76,000.

7 r. Wages and Salaries – (-\$108,000) This adjustment revises wages and salaries
8 related to overtime, full-time employee equivalents (FTE), associated payroll taxes, and
9 applicable depreciation expense related to the reduction to rate base and an update to CPI.

10 s. Medical Benefits – (-\$170,000) Includes an adjustment to reduce medical expenses
11 to an agreed-upon level.

12 t. Pension Expense & Prepaid Pension Asset – (-\$282,000) This adjustment removes
13 the rate base treatment of the Company's prepaid pension asset from this Docket, reducing rate
14 base by \$4,318,000, and revises the Company's pension expense to an agreed-upon level.

15 u. Property Taxes – (-\$426,000) This adjustment reduces property tax expense to an
16 agreed-upon level.

17 v. Insurance – (-\$28,000) This adjustment includes updates to the Company's
18 insurance expense.

19 8. **Long-Run Incremental Cost Study:** The Parties agree that in future rate cases
20 filed by the Company, it will make the following adjustments to its Long Run Incremental Cost
21 (LRIC) study:

22 a. Natural Gas Planning will be allocated on a volumetric basis rather than on a
23 customer-count basis.

1 b. Core main costs, estimated on a LRIC/as-new basis, will be defined as total main
2 costs minus main extension costs.

3 c. Storage investment will be allocated on the basis of January sales rather than annual
4 sales.

5 While all Parties to the Amended Stipulation do not agree to the specifics of the LRIC
6 study prepared by the Company (and concurred with by Staff), and do not believe it should be
7 precedential, all Parties do agree, for purposes of this settlement only, that it forms a sufficient
8 basis for the rate spread below, as agreed upon as part of this settlement. The development of the
9 LRIC study and its use in arriving at the agreed-upon spread of rates are described in the Joint
10 Testimony accompanying this Amended Stipulation.

11 9. **Rate Spread:** The Parties agree there is no precedent being established by the
12 agreed-upon, one-time rate spread, and all support the spread of the April 16, 2015 overall base
13 revenue increase of \$5.262 million to the Company's service schedules as shown in Table No. 2:

14 **Table No. 2:**

<u>Customer Class</u>	Proposed Base Revenue Adjustment	Less Currently Approved Schedule 497 *	Net Revenue Increase	Percent Increase on Billed Revenue
Residential Service Schedule 410	\$ 3,474,029	\$ 183,000	\$ 3,291,029	5.2%
General Service Schedule 420	\$ 1,793,971	\$ 85,000	\$ 1,708,971	6.0%
Large General Service Schedule 424	\$ (1,000)	\$ (1,000)	\$ -	0.0%
Interruptible Sales Service Schedule 440	\$ 3,000	\$ 3,000	\$ -	0.0%
Seasonal Sales Service Schedule 444	\$ -	\$ -	\$ -	0.0%
Special Contracts Schedule 447	\$ -	\$ -	\$ -	0.0%
Transportation Service Schedule 456	\$ (8,000)	\$ (8,000)	\$ -	0.0%
Total Oregon Natural Gas	\$ 5,262,000	\$ 262,000	\$ 5,000,000	4.9%

19 * See paragraph 7 of this Amended Stipulation discussing elimination of Schedule 497.

20
21 It is important to note that the Parties have not agreed to increase the residential and
22 general service rates beyond what the Company had originally filed.² In the Company's original
23 filing, Avista proposed to increase rates, on a margin basis, by 19.2% for residential service

² See Order 15-054 at page 5.

1 (Schedule 410) and 26.6% for general service (Schedule 420). Under the terms of the Amended
 2 Stipulation, the proposed rate increase on a margin basis for Schedule 410 is 10.5% and for
 3 Schedule 420 is 14.6%, both of which are below the increases originally proposed by the
 4 Company. This is shown in Table No. 3 below:

5 **Table No. 3:**

6 <u>Customer Class</u>	Avista Proposed Revenue Increase as a Percentage of Margin	Amended Stipulation Net Revenue Increase as a Percentage of Margin
7 Residential Service Schedule 410	19.2%	10.5%
8 General Service Schedule 420	26.6%	14.6%
9 Large General Service Schedule 424	0.0%	0.0%
10 Interruptible Sales Service Schedule 440	0.0%	0.0%
11 Seasonal Sales Service Schedule 444	0.0%	0.0%
12 Special Contracts Schedule 447	0.0%	0.0%
13 Transportation Service Schedule 456	<u>0.0%</u>	<u>0.0%</u>
14 Total Oregon Natural Gas	19.2%	10.5%

15 The calculation of the revenue increase by service schedule is shown on Page 1 of
 16 Attachment B.

17 10. **Rate Design:** The Parties support the following rate design: For Residential
 18 Service Schedule 410, the monthly customer charge will remain at the current \$8.00. The
 19 monthly customer charge for General Service Schedule 420 will be increased by \$2.00 per
 20 month, from \$12.00 to \$14.00.

21 The present and proposed base rates, as well as the increases to all rate components
 22 within the schedules, are shown on Page 2 of Attachment B.

11. The Parties agree that this Amended Stipulation is in the public interest and results
 in an overall fair, just and reasonable outcome.

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

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

12 14. This Amended Stipulation will be offered into the record in this proceeding as
13 evidence pursuant to OAR 860-001-0350(7). The Parties agree to use best efforts to prepare and
14 submit the Amended Stipulation and supporting materials to the Commission in time to permit
15 the Commission to take action that will allow rates to go into effect by April 16, 2015. The
16 Parties agree to support this Amended Stipulation throughout this proceeding and any appeal.
17 The Parties further agree to provide witnesses to sponsor the Amended Stipulation at any hearing
18 held, or, in a Party's discretion, to provide a representative at the hearing authorized to respond
19 to the Commission's questions on the Party's position as may be appropriate.

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

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

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

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

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

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

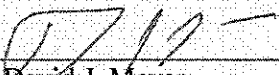
18 This Amended Stipulation is entered into by each Party on the date entered below such
19 Party's signature.

20

1 DATED this 6th day of March 2015.

2
3 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

6
7 By: 
8 David J. Meyer

By: _____
Michael Weirich

9
10 Date: March 6, 2015

Date: _____

13
14 NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF
OREGON

17
18 By: _____
19 Chad M. Stokes

By: _____
G. Catriona McCracken

20
21 Date: _____


Date: _____

1 DATED this _____ day of March 2015.

2
3 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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6
7 By: _____
8 David J. Meyer

By:  _____
Michael Weirich

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10 Date: _____

Date: _____

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14 NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF
OREGON

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18 By: _____
19 Chad M. Stokes

By: _____
G. Catriona McCracken

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21 Date: _____

Date: _____

1 DATED this _____ day of March 2015.

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3 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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7 By: _____
8 David J. Meyer


By: _____
Michael Weirich

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10 Date: _____

Date: _____

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14 NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF
OREGON

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18 By:  _____
19 Chad M. Stokes

By: _____
G. Catriona McCracken

20
21 Date: 3-6-15

Date: _____

1 DATED this 6th day of March 2015.

2
3 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

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7 By: _____
8 David J. Meyer

By: _____
Michael Weirich

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10 Date: _____

Date: _____

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14 NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD OF
OREGON

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18 By: _____
19 Chad M. Stokes

By:  _____
Bob Jenks

20
21 Date: _____

Date: 3/6/15

Avista Utilities
UG 284
Twelve Months Ended December 31, 2015
(000)

	Company Filed 2015 Results at Reasonable Return	Stipulated Adjustments	2015 Adjusted	Stipulated Price Increase	Results at Stipulated Return
	(1)	(2)	(3)	(4)	(5)
1 Operating Revenues					
2 General Business	\$104,037	\$0	\$94,897	\$5,262	\$100,159
3 Transportation	\$3,320	\$0	\$3,320	\$0	\$3,320
4 Other Revenues	\$153	\$0	\$153	\$0	\$153
5 Total Operating Revenues	\$107,510	\$0	\$98,370	\$5,262	\$103,632
6 Operating Expenses					\$0
7 Gas Purchased	\$49,086	\$0	\$49,086	\$0	\$49,086
8 OPUC Fees	\$356	\$0	\$326	\$17	\$343
9 Franchise Fees	\$2,181	\$0	\$1,996	\$107	\$2,103
10 Uncollectibles	\$610	(\$38)	\$523	\$28	\$551
11 General Operations & Maintenance	\$12,613	(\$737)	\$11,876	\$0	\$11,876
12 Admin & General Expenses	\$7,777	(\$821)	\$6,956	\$0	\$6,956
13 Total Operation & Maintenance	\$72,623	(\$1,596)	\$70,763	\$152	\$70,915
14 Depreciation	\$7,828	\$0	\$7,828	\$0	\$7,828
15 Amortization	\$2,126	\$0	\$2,126	\$0	\$2,126
16 Taxes Other than Income	\$2,313	\$0	\$2,313	\$0	\$2,313
17 Income Taxes	\$7,201	\$545	\$4,270	\$1,944	\$6,214
18 Total Operating Expenses	\$92,091	(\$1,050)	\$87,300	\$2,096	\$89,396
19 Net Operating Revenues	\$15,419	\$1,051	\$11,070	\$3,163	\$14,234
20 Average Rate Base					
21 Utility Plant in Service	\$339,602	(\$113)	\$339,489	\$0	\$339,489
22 Accumulated Depreciation & Amortization	(\$110,159)	\$0	(\$110,159)	\$0	(\$110,159)
23 Accumulated Deferred Income Taxes	(\$44,585)	\$0	(\$44,585)	\$0	(\$44,585)
24 Accumulated Deferred Inv. Tax Credit	\$0	\$0	\$0	\$0	\$0
25 Net Utility Plant	\$184,858	(\$113)	\$184,745	\$0	\$184,745
26 Plant Held for Future Use	\$0	\$0	\$0	\$0	\$0
27 Acquisition Adjustments	\$0	\$0	\$0	\$0	\$0
28 Working Capital	\$6,728	(\$4,641)	\$2,087	\$0	\$2,087
29 Fuel Stock	\$2,544	\$0	\$2,544	\$0	\$2,544
30 Materials & Supplies	\$0	\$0	\$0	\$0	\$0
31 Customer Advances for Construction	\$0	\$0	\$0	\$0	\$0
32 Weatherization Loans	\$0	\$0	\$0	\$0	\$0
33 Prepayments	\$4,318	(\$4,318)	\$0	\$0	\$0
34 Misc. Deferred Debits & Credits	\$0	\$0	\$0	\$0	\$0
35 Misc. Rate Base Additions/(Deductions)	\$0	\$0	\$0	\$0	\$0
36 Total Average Rate Base	\$198,448	(\$9,072)	\$189,376	\$0	\$189,376
37 Rate of Return	7.77%		5.85%		7.516%
38 Implied Return on Equity	9.90%		6.22%		9.50%

**Docket No. UG 284
Amended Stipulation Rate Spread**

Line No.	OREGON TOTAL	Residential Service SCH 410	General Service SCH 420	Large General Service SCH 424	Interruptible Service SCH 440	Seasonal Service SCH 444	Special Contract Service SCH 447	Transportation Service SCH 456	
1	CURRENT BASE MARGIN (from Avista/903 Ehrbar/page 2 of 4)	\$ 47,670,000	\$ 31,376,000	\$ 11,731,000	\$ 667,000	\$ 458,000	\$ 43,000	\$ 320,000	\$ 3,075,000
2	% of Current Margin excl Sch 447	100.00%	66.26%	24.78%	1.41%	0.97%	0.09%		6.49%
3	Present Base Revenue (from Avista/903 Ehrbar/page 2 of 4)	\$ 98,217,000	\$ 61,343,000	\$ 27,875,000	\$ 3,376,000	\$ 2,030,000	\$ 198,000	\$ 320,000	\$ 3,075,000
4	Total Margin Revenue Increase (Line 3 times Line 4)	\$ 5,000,000	\$ 3,291,029	\$ 1,708,971	\$ -	\$ -	\$ -	\$ -	\$ -
5	Incremental Margin Increase as % of Present Margin Revenue (Line 4 divided by Line 1)	10.5%	10.5%	14.6%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Base Revenue Summary:								
7	Net Base Revenue Increase	\$ 5,000,000	\$ 3,291,029	\$ 1,708,971	\$ -	\$ -	\$ -	\$ -	\$ -
8	Currently Approved Schedule 497 Moved into Base Revenue (UG-246 Step 2 Increase)	\$ 262,000	\$ 183,000	\$ 85,000	\$ (1,000)	\$ 3,000	\$ -	\$ -	\$ (8,000)
9	Total Base Revenue Increase	\$ 5,262,000	\$ 3,474,029	\$ 1,793,971	\$ (1,000)	\$ 3,000	\$ -	\$ -	\$ (8,000)
10	Billed Revenue Summary:								
11	Base Revenue Increase	\$ 5,262,000	\$ 3,474,029	\$ 1,793,971	\$ (1,000)	\$ 3,000	\$ -	\$ -	\$ (8,000)
12	Cancellation of Schedule 497 (UG-246 Step 2 Increase)	\$ (262,000)	\$ (183,000)	\$ (85,000)	\$ 1,000	\$ (3,000)	\$ -	\$ -	\$ 8,000
13	Total Billed Revenue Increase	\$ 5,000,000	\$ 3,291,029	\$ 1,708,971	\$ -	\$ -	\$ -	\$ -	\$ -
14	Present Billed Revenue	\$ 101,217,000	\$ 63,128,000	\$ 28,664,000	\$ 3,494,000	\$ 2,290,000	\$ 205,000	\$ 320,000	\$ 3,116,000
15	Total Billed Revenue Impact (Line 13 divided by Line 14)	4.9%	5.2%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%

16 **Basic Charge:**
17 Schedule 410 -- \$8.00 (no increase)
18 Schedule 420 -- \$14.00 (\$2.00 increase)

Avista Utilities
Docket No. UG 284
Oregon - Natural Gas
Amended Stipulation Rates by Schedule
\$5.262 Million Base Revenue Increase

<u>Present Base Rates</u>	<u>Net \$5 Million Base Rate Change</u>	<u>Current Approved Schedule 497 Moved to Base Rates</u>	<u>Proposed Base Rates</u>
Residential Service Schedule 410			
\$8.00 Customer Charge	\$0.00/month		\$8.00 Customer Charge
All Therms - \$0.46998/Therm	\$0.06703/therm	\$0.00372/therm	All Therms - \$0.54073/Therm
General Service Schedule 420			
\$12.00 Customer Charge	\$2.00/month		\$14.00 Customer Charge
All Therms - \$0.38147/Therm	\$0.05431/therm	\$0.00323/therm	All Therms - \$0.43901/Therm
Large General Service Schedule 424			
\$50.00 Customer Charge	\$0.00/month		\$50.00 Customer Charge
All Therms - \$0.13908/Therm	\$0.00000/therm	\$-0.00021/therm	All Therms - \$0.13887/Therm
Interruptible Service Schedule 440			
All Therms - \$0.11584/Therm	\$0.00000/therm	\$0.00068/therm	All Therms - \$0.11652/Therm
Seasonal Service Schedule 444			
All Therms - \$0.17082/Therm	\$0.00000/therm	\$0.00073/therm	All Therms - \$0.17155/Therm
Transportation Service Schedule 456			
\$275.00 Customer Charge	\$0.00/month		\$275.00 Customer Charge
1st 10,000 Therms - \$0.15016/Therm	\$0.00000/therm	\$-0.00038/therm	1st 10,000 Therms - \$0.14978/Therm
Next 20,000 Therms - \$0.09037/Therm	\$0.00000/therm	\$-0.00023/therm	Next 20,000 Therms - \$0.09014/Therm
Next 20,000 Therms - \$0.07428/Therm	\$0.00000/therm	\$-0.00019/therm	Next 20,000 Therms - \$0.07409/Therm
Next 200,000 Therms - \$0.05814/Therm	\$0.00000/therm	\$-0.00015/therm	Next 200,000 Therms - \$0.05799/Therm
Over 250,000 Therms - \$0.02949/Therm	\$0.00000/therm	\$-0.00007/therm	Over 250,000 Therms - \$0.02942/Therm

Avista Utilities
Docket No. UG 284
Oregon - Natural Gas
Cancellation of Schedule 497

Capital Cost Recovery (Adlyl A Pipe Replacement from UG-246)

Line No.	Type of Service (a)	Schedule Number (b)	Total Proforma Therms (c)	Schedule 497 Rate Per Therm (d)	Schedule 497 Total Revenue (e)
1	Residential	410	49,097,140	\$ (0.00372)	\$ (182,641)
2	General Service	420	26,450,079	\$ (0.00323)	\$ (85,434)
3	Large General Service	424	4,438,427	\$ 0.00021	\$ 932
4	Interruptible Service	440	3,945,585	\$ (0.00068)	\$ (2,683)
5	Seasonal Service	444	253,423	\$ (0.00073)	\$ (185)
6	Transportation Service	456			
7	Block 1		4,973,548	\$ 0.00038	\$ 1,890
8	Block 2		8,894,640	\$ 0.00023	\$ 2,046
9	Block 3		6,464,231	\$ 0.00019	\$ 1,228
10	Block 4		15,641,729	\$ 0.00015	\$ 2,346
11	Block 5		653,094	\$ 0.00007	\$ 46
12	Total		<u>36,627,242</u>		<u>\$ 7,556</u>
13	Special Contract	447	7,979,130	-	\$ -
14	Total		<u>128,791,026</u>		<u>\$ (262,455)</u>