

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UG 366

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

10
11 This Second Settlement Stipulation Resolving all Remaining Issues (“Second Stipulation”)
12 is entered into for the purpose of resolving all remaining issues in this Docket.

13
14 **PARTIES**

15 The Parties to this Second Stipulation are Avista Corporation (“Avista” or the “Company”),
16 the Staff of the Public Utility Commission of Oregon (“Staff”), the Oregon Citizens’ Utility Board
17 (“CUB”), and the Alliance of Western Energy Consumers (“AWEC”) (collectively, “Parties”).
18 These Parties represent all who intervened and appeared in this proceeding.¹

19
20 **BACKGROUND**

21 1. On March 15, 2019, Avista filed revised tariff schedules to effect a general rate
22 increase for Oregon retail customers of \$6,677,000, or 7.8% of its annual revenues. The filing was
23 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.

1 2. Pursuant to Administrative Law Judge Traci Kirkpatrick’s Prehearing Conference
2 Memorandum of May 2, 2019, a settlement conference was held on June 11, 2019, and on June
3 18, 2019, an additional settlement conference was held telephonically.

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

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

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

16
17 **SUMMARY OF FIRST PARTIAL SETTLEMENT STIPULATION**

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

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

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

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 STIPULATION

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)		
	Revenue Requirement	Rate Base
Second Settlement Stipulation Adjustments:		
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.

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

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

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

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

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

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

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

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

10 h. Plant Investment – Microwave Refresh (-\$51,000): Staff proposed an adjustment to
11 remove the Microwave Refresh project from rate base in this case as this project was incorrectly
12 allocated to Oregon. For settlement purposes, the Parties agree to a reduction in rate base of
13 \$559,000, which decreases the revenue requirement by \$51,000.

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

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

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

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

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

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

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

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

20 p. Plant Investment – Gas Distribution (-\$1,000): The Company incorrectly included
21 this project in the 2019 forecasted transfers-to-plant. This adjustment decreases rate base by
22 \$8,000 in this case and reduces the revenue requirement by \$1,000.

1 q. Income Tax Amortization (-\$94,000): Staff’s testimony proposed an adjustment to
2 reflect the average projected Excess Deferred Income Tax (“EDIT”) using the average Rate
3 Assumption Method (“ARAM”) as a result of federal tax reform. This adjustment reduces the
4 associated revenue requirement by \$94,000. This is reflected by a decrease in O&M expense of
5 \$105,000 related to amortization and an increase in rate base in this case by \$157,000.

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

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

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

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

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

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

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

12 x. Pension (-\$354,000): Staff proposed an adjustment to reflect an Expected Return on
13 Assets (EROA) on pensions and post-retirement medical benefits of 6.6 percent, as recommended
14 by Commission Staff and as approved by the Commission in Docket UG-288, OPUC Order No.
15 16-109. This adjustment also includes a correction to remove specific pension and medical assets
16 and liabilities that were inadvertently included in the Company’s working capital calculation. For
17 settlement purposes, the Parties agreed to this adjustment which reduces rate base \$2,610,000, and
18 reduces the proposed revenue requirement by \$354,000.

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

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

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

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

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

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

15

Table No. 4: Agreed-Upon Rate Spread

<u>Schedule Description</u>	<u>Rate Schedule</u>	<u>Revenue Increase (\$000s)</u>	<u>% Increase in Base Revenue</u>	<u>% Increase in Billed Revenue*</u>
Residential	410	\$2,408	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	<u>\$170</u>	<u>5.8%</u>	<u>6.1%</u>
Total		<u>\$3,611</u>	<u>5.6%</u>	<u>4.2%</u>

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

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 schedules⁴, 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.

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

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

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

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

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

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

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

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

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

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


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

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

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

10
11 AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

12
13
14
15 By: 
16 David J. Meyer

By: 
Kaylie E. Klein

17
18 Date: 8/14/19

Date: 8/13/19

19
20
21 ALLIANCE OF WESTERN ENERGY
22 CONSUMERS

OREGON CITIZENS' UTILITY BOARD

23
24 By: 
25 Chad M. Stokes

By: _____
Michael P. Goetz

26
27 Date: August 13, 2019

Date: _____

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.

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

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: _____
David J. Meyer

By: _____
Kaylie E. Klein

Date: _____

Date: _____

ALLIANCE OF WESTERN ENERGY
CONSUMERS

OREGON CITIZENS' UTILITY BOARD

By: _____
Chad M. Stokes

By:  _____
Michael P. Goetz

Date: _____

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**

<u>Present Base Rates</u>	<u>Present Schedule 495</u>	<u>Revised Present Base Rates</u>	<u>Base Tariff Change</u>	<u>Proposed Schedule 495 Change</u>	<u>Proposed Base Rates</u>
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
<u>Schedule 456 Monthly Minimum Charge</u>					<u>Schedule 456 Monthly Minimum Charge</u>
\$ 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
9 Average Number of Customers (Line 8 / 12 mos.)		Residential 92,395	Non-Residential Group 12,030				Exempt from Decoupling Mechanism
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)	(c)	(d)
1	Decoupled Revenue	\$ 32,983,660	\$ 18,116,513
2	Test Year Number of Customers 2020	92,395	12,030
3	Decoupled Revenue Per Customer	\$ 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	<u>Residential</u>														
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	<u>Non-Residential Sales*</u>														
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	<u>Residential</u>														
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	<u>Non-Residential Sales*</u>														
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.														