PUBLIC UTILITY COMMISSION
OF
OREGON

UG 519

STAFF/AVISTA/AWEC/CUB/
GREEN ENERGY INSTITUTE/CLIMATE SOLUTIONS

EXHIBIT 100

Joint Testimony in Support of the
Settlement Stipulation

April 4, 2025

I. INTRODUCTION

Q. Please state your names and positions.

A. My name is Curtis Dlouhy. I am the acting manager of the Policy and Economic Analysis Section employed in the Energy Program of the Public Utility Commission of Oregon. My witness qualification was previously provided in Exhibit Staff/101.

My name is Shawn J. Bonfield. I am employed by Avista Corporation ("Company") as a Sr. Manager of Regulatory Policy & Strategy in the Regulatory Affairs Department. I am a 2005 graduate of Eastern Washington University with a Bachelor of Science degree in Computer Information Systems. In June of 2007, I graduated from Eastern Washington University with a Master's degree in Business Administration and immediately following graduation joined a subsidiary of the Company, Advantage IQ, as an Energy Procurement Manager. In January 2011, I joined the Regulatory Affairs Department at Avista Utilities as a Regulatory Policy Analyst. In March 2018, I began working as a commercial and industrial Account Executive. In April 2020 I returned to the Regulatory Affairs Department in my current role of managing the Company's Regulatory Policy team, which focuses on policy matters including energy efficiency, electric and natural gas resource planning, energy assistance, renewable natural gas, service quality and reliability, customer service and consumer protections, amongst other responsibilities.

My name is Marcus J. Garbarino. I am employed by Avista Corporation ("Company") and presently assigned to the Regulatory Affairs Department as Manager of Regulatory Affairs. I am a 2008 graduate of Eastern Washington University with a Bachelor of Arts degree in Business Administration, majoring in Accounting, and became a Certified Public

Accountant in May 2011. After spending four years in the public accounting sector, I joined Avista in April 2012 as a Resource Accounting Analyst. In July 2014, I moved to the Company's Internal Audit Department as a Senior Internal Auditor until joining the Regulatory Affairs group in October 2020 as Manager of Regulatory Affairs. My primary responsibilities include preparation of general rate case filings, annual Purchased Gas Cost Adjustment filings, among other things.

My name is Bob Jenks, and my current position is Executive Director for Oregon Citizens' Utility Board ("CUB"). My witness qualifications were previously provided in Exhibit CUB/201.

My name is Bradley G. Mullins, and I am an Independent Energy and Utilities Consultant representing large energy consumers before state regulatory commissions. I am appearing in this matter on behalf of the Alliance of Western Energy Consumers ("AWEC"), a non-profit trade association of more than 40 commercial and industrial electric and gas users in the states of Oregon, Idaho and Washington. My witness qualifications were previously provided in Exhibit AWEC/101.

My name is Nora Apter. I am employed by Climate Solutions in the role of Oregon Director. My witness statement and resume were previously provided in Exhibit Environmental Intervenors/101 and Environmental Intervenors/102. I am providing testimony on behalf of Climate Solutions and Green Energy Institute at Lewis & Clark Law School (collectively "Environmental Intervenors").

Hereafter, Staff, the Company, CUB, AWEC and Environmental Intervenors will collectively be referred to as the "Stipulating Parties" or "Parties."

Q. What is the purpose of your Joint Testimony?

A. The purpose of our Joint Testimony is to describe and support the Settlement Stipulation, filed on March 28, 2025, between Staff, CUB, AWEC, Environmental Intervenors and the Company in Docket UG-519 (Settlement Stipulation), which resolved all issues among the Parties for the general rate increase filed on November 1, 2024. The Settlement Stipulation is the product of settlement discussions, open to all parties in this proceeding.

Q. Have you prepared any Exhibits?

A. Yes. The Parties' Exhibit No. Stipulating Parties/101 is the Settlement Stipulation filed with the Commission on March 28, 2025.

II. BACKGROUND

Q. Please describe the background behind the Company's original general rate case filing.

A. On November 1, 2024, Avista filed revised tariff schedules to effect a general rate increase for Oregon retail customers of $7,822,000, or 6.6% of its annual revenues on a billed basis. The filing was suspended by the Commission on November 1, 2024, per its Order No. 24-403. Staff, CUB, AWEC, and Environmental Intervenors filed Opening Testimony on March 4, 2025 and March 5, 2025, in response to the Company's original filing. On March 12, 2025, and later on March 17, 2024, virtual settlement conferences were held to discuss all issues. All of the Parties participated in the settlement discussions.

As a result of the virtual settlement discussions held on March 12, 2025 and March 17, 2025, the Parties have agreed to settle all issues in this Docket. This includes all adjustments to revenue requirement (including Cost of Capital: Capital Structure, Long-Term Debt Cost and Return on Equity), rate spread and rate design issues, Aldyl-A pipe, non-pipe alternatives

(NPA), billing determinants, multi-family, low-income issues, capital attestation, and customer tax credits related to IDD #5 and Meters, based on the following terms, subject to the approval of the Commission.

Q. What was the Company's position with respect to the factors causing the Company's need for a natural gas revenue increase?

A. The Company explained in its original filing that the primary factor driving the Company's natural gas revenue requirement is an increase in net plant investment (including return on investment, depreciation and taxes, offset by the tax benefit of interest) from that currently authorized. Other changes impacting the Company's revenue requirement requests relate to increases in distribution, operations and maintenance (O&M), and administrative and general (A&G) expenses for natural gas operations, compared to current authorized levels.

Q. Please provide how many data requests Avista responded to, and the general issues explored.

A. Avista responded to 562 data requests, with over 950 subparts, including 121 that were provided with the Company's filed case. The data requests covered a broad range of areas including, but not limited to, cost of capital, plant-in-service, employee wages and benefits, insurance, operating and maintenance costs, state and federal taxes, regulatory expense and various administrative and general related expenses, as well as issues related to load forecasting, working capital, and Avista's long run incremental cost (LRIC) study.

Q. Did Staff, CUB, AWEC and the Environmental Intervenors propose adjustments to the Company's Initial Filing?

A. Yes, each of these parties filed Opening Testimony on March 4, 2025 or March 5, 2025, in which the Parties proposed adjustments to the Company's direct filing.

III. SUMMARY OF THE SETTLEMENT STIPULATION

Q. What is the effective date for this general rate case?

A. The rate effective date is September 1, 2025. Upon approval of the Settlement Stipulation, Avista will file revised rate schedules reflecting rates as agreed-upon in the Settlement Stipulation as a compliance filing, effective September 1, 2025.

Q. What revenue requirement adjustments to Avista's originally filed case are included in the Settlement Stipulation?

A. The adjustments reached in this Stipulation through negotiation, resolving all issues, amount to a reduction in Avista's revenue requirement increase request from $7.822 million to a base revenue increase request of $4.195 million. The adjustments to Avista's revenue requirement reflected in the Settlement Stipulation are shown in Table No. 1 below:

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

SUMMARY OF ADJUSTMENTS TO REVENUE REQUIREMENT AND RATE BASE ($000s of Dollars)			
		Revenue Requirement	**Rate Base**
		$7,822	**$389,378**
Settlement Stipulation Adjustments:			
a	**Cost of Capital** Adjusts return on equity to 9.50%, long-term debt cost to 4.938%, with a common stock equity component of 50%, and overall Cost of Capital of 7.219%.	**(2,424)**	
b	**Interest Synchronization** This adjustment rounds cost of capital to 3 decimal places.	**(5)**	
c	**Property Taxes** This adjustment is related to a reduction in property tax expense.	**(75)**	
d	**Cost Allocations** Removes certain expenses that were directly assigned to Oregon.	**(81)**	
e	**Working Capital** Restate level of working capital rate base and related expense.	**(9)**	**(98)**
f	**Rate Base Related Expenses** This adjustment is a reduction to capital related expense. The Parties agree to the net plant/rate base as filed by the Company.	**(400)**	
g	**Wages & Salaries** This adjustment is related to reductions associated with the Company's overall increases for payroll, overtime, and associated payroll taxes.	**(54)**	

Settlement Stipulation Adjustments Continued:		Revenue Requirement	Rate Base
h	**Insurance Expense** This adjustment decreases expense to reflect expected insurance expense for the Test Year and reflects a sharing of 50/50 between shareholders and rate payers related to Oregon-allocated D&O insurance.	(227)	
i	**Membership & Dues** This adjustment removes certain AGA-NWGA expenses from the case.	(89)	
j	**Discretionary Expenses - O&M Non-Labor** This adjustments removes a percentage of certain non-labor expenses determined by Staff to be discretionary in nature.	(77)	
k	**Underground Storage Expense** This adjustment decreases Underground Storage O&M Expense to reflect a three year average of actual expense, escalated by CPI.	(8)	
l	**Oregon Corporate Activity Tax (CAT) Expense** This adjustment increases expense to reflect expected CAT expense in the Test Year.	101	
m	**FERC Account 923 - Base Year Expenses (legal fees)** This adjustment removes certain litigation costs related to the Climate Protection Program.	(83)	
n	**Misc. A&G and O&M Non-Labor Expenses** This adjustment is related to a reduction in miscellaneous A&G and O&M Non-Labor expenses.	(44)	
o	**Misc. Other Expense Reduction** This adjustment is related to transportation depreciation, Board of Director fees, and rate case expenses.	(152)	
	Total Adjustments:	($3,627)	($98)
	Adjusted Base Revenue Requirement & Rate Base after Settlement Stipulation:	$4,195	$389,280

Q. Do the Stipulating Parties agree on all of the methods employed to determine each adjustment?

A. No. The Settlement Stipulation was a compromise between the Parties. The Parties do not necessarily agree upon the methods used to determine the adjustments included in the Stipulation, however the Parties believe that the end result of the agreed-upon adjustments is a reasonable financial settlement to address all of the issues in this docket, and that the overall revenue requirement and rate spread and rate design will produce rates that are fair, just and reasonable.

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

Q. What is the basis of the Stipulation relating to Issue (a), Cost of Capital?

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

Table No. 2 – Agreed-Upon Cost of Capital

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

Q. Please describe Issue (b), Interest Synchronization/Coordination.

A. Staff proposed an adjustment to round cost of debt to three decimal places. For settlement purposes, the Parties agree to the adjustment reducing the proposed revenue requirement by $5,000.

Q. Please discuss Issue (c), Property Tax Expense.

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

Q. Please explain the basis of the Stipulation relating to Issue (d), Cost Allocations.

A. Staff proposed an adjustment to remove costs assigned directly or allocated to

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

Oregon. For settlement purposes, the Parties agree to remove an agreed-upon level of expense, thereby reducing the proposed revenue requirement by $81,000.

Q. Please discuss the basis of the Stipulation relating to Issue (e), Working Capital.

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

Q. How did the Parties arrive at the Stipulation relating to Issue (f), Rate Base Related Expenses?

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

Q. Please explain the basis of the Stipulation relating to Issue (g), Wages and Salaries.

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

Q. What is the basis of the Stipulation relating to Issue (h), Insurance Expense?

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

Q. Please discuss the basis of the Stipulation relating to Issue (i), Membership and Dues.

A. Staff and Environmental Intervenors proposed adjustments to remove certain membership and dues expenses related to American Gas Association (AGA) and Northwest Gas Association (NWGA) from this case. For settlement purposes, the Parties agree to a reduction in expense, thereby decreasing the proposed revenue requirement by $89,000.

Q. How did the Parties arrive at the Stipulation relating to Issue (j), Discretionary O&M Non-Labor Expenses?

A. Staff proposed to remove certain expenses related to meals and entertainment, and miscellaneous O&M expenses. For settlement purposes, the Parties agree to reduce the revenue requirement by $77,000.

Q. Please explain the basis of the Stipulation relating to Issue (k), Underground Storage Expenses.

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

Q. What is the basis of the Stipulation relating to Issue (l), Oregon Corporate

Activity Tax (CAT) Expense?

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

Q. Please explain the basis of the Stipulation relating to Issue (m), FERC Account 923 – Base Year Expenses (legal fees).

A. AWEC and Environmental Intervenors proposed a reduction in certain legal expenses for Avista's challenges to Oregon's Climate Protection Program. For settlement purposes, the Parties agree to a reduction in the proposed revenue requirement of $83,000.

Q. How did the Parties arrive at the Stipulation relating to Issue (n), Miscellaneous A&G and O&M Non-Labor Expenses?

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

Q. Please explain the basis of the Stipulation relating to Issue (o), Miscellaneous Other Expense Reduction.

A. AWEC proposed a reduction related to transportation depreciation, Board of Director fees, and rate case expenses. For settlement purposes, the Parties agree to a reduction in the proposed revenue requirement of $152,000.

Q. Please describe the remaining terms of the Settlement Stipulation agreed to by the Parties (Exhibit No. Stipulating Parties/101).

A. The remaining terms of the Settlement Stipulation as provided in Exhibit No. Stipulating Parties/101 are provided below.

Resolution of Rate Spread

Q. What is the agreement of the Parties relating to rate spread?

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

Table No. 3: Agreed-Upon Rate Spread

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

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

Q. Please explain why the Stipulation regarding rate spread is reasonable.

A. The Stipulating Parties agree that the rate spread show in Table No. 3 above represents a compromise that fairly balances the interests of the Stipulating Parties. While the Parties may each hold different positions on rate spread issues, the Stipulating Parties support the Stipulation on rate spread and believe it results in rates that are fair, just and reasonable.

Rate Design

Q. What is the agreement of the Parties relating to rate design?

A. The Parties agree that the Basic Charge levels for Schedules 410 and 411 will

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

remain at current levels. The Basic Charge level for Schedule 456 will increase from $325 to $380 per month. All other Basic Charge levels will be as proposed by Avista in its original filing.[3]

<u>Aldyl-A Pipe</u>

Q. What is the agreement of the Parties relating to Aldyl-A pipe?

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

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

i. Avista will engage its Equity Advisory Group to discuss equity considerations and design of the TVE pilot, including outreach to, and participation of, low-income customers.
ii. Avista will coordinate with the Implementing Organizations of its Avista Oregon Low Income Energy Efficiency (AOLIEE) Program to determine how AOLIEE and the TVE pilot can work together to provide the greatest potential benefit to income-qualified TVE pilot participants.
iii. Avista will work with the Parties from this rate case to develop the scope, cost, and evaluation plan of the TVE pilot prior to filing the tariff to implement the pilot.

[3] Schedule 420 would see a $3 per month increase in the customer charge, from $19 per month to $22 per month. Schedules 424/425 would see a $15 per month increase in the customer charge, from $60 per month to $75 per month. Finally, Schedule 439/440 would see a $50 per month increase in the customer charge, from $75 per month to $125 per month.
[4] Capping or pruning is intended to mean identifying sections of the natural gas system that may be decommissioned or removed.

iv. A programmatic tariff to implement the TVE pilot must be filed with the Commission no later than September 1, 2026, for an effective date of January 1, 2027.
v. The duration of the TVE pilot will be for at least two years.
vi. Avista will create a regulatory asset to defer all costs associated with implementing the TVE pilot. Interest will accrue on the unamortized balance at the Company's approved rate of return authorized in this case. Avista will amortize the regulatory asset including interest at the modified blended treasury rate, after the conclusion of the TVE pilot.
vii. Avista will file an annual evaluation report within 3 months of the conclusion of Year 1 of the TVE pilot and a final evaluation report within 3 months of the conclusion of the pilot.

Non-Pipe Alternatives (NPA)

Q. What is the agreement of the Parties relating to NPAs?

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

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

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

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

Billing Determinants

Q. What is the agreement of the Parties relating to billing determinants?

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

Multi-Family

Q. What is the agreement of the Parties relating to multi-family customers?

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

Long Run Incremental Cost Study (LRIC)

Q. What is the agreement of the Parties relating to the LRIC?

A. No Party agrees or adopts the LRIC methodologies proposed by any party in this proceeding.

Low-Income Issues

Q. What is the agreement of the Parties relating to low-income issues?

A. The Parties agreed to the following relating to low-income issues:

a. Avista Oregon Low-Income Energy Efficiency (AOLIEE) Program

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

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

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

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

<u>Capital Attestations</u>

Q. What is the agreement of the Parties relating to Capital Attestations?

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

Customer Tax Credits

Q. What is the agreement of the Parties relating to Customer Tax Credits?

A. In Opening Testimony, AWEC recommended additional amortization from the Customer Tax Credit deferral balance related to IDD #5 and Meters to offset the impact of the rate increase. As a part of the Settlement, Parties agreed to return to customers an additional $5.0 million customer credit amortization beginning September 1, 2025. Page 3 of Attachment A to the Stipulation provides the updated amortization rates.

i. With its Compliance filing in this case, Avista will file a new tariff, Schedule 488, to amortize Oregon's tax credit balance of $5.0 million over a 3-year amortization period (September 1, 2025 through August 31, 2028, or 36 months).
ii. Avista will continue to spread this tax customer credit as approved in UG- 433 and UG-461, based on a weighted allocation of 35 percent number of customers and 65 percent distribution margin.

While the additional amortization is being proposed, the ongoing flow through tax benefits of the tax accounting change are continuing to be deferred. Accordingly, the deferral balance and the amortization will be subject to further review in future ratemaking proceedings. In agreeing to the incremental amortization amount, Parties did not dispute the reasonableness of the deferral balances that Avista had identified and reported in discovery.

Decoupling

Q. Please describe any changes to the natural gas decoupling base as a result of the agreement by the Parties.

A. Attachment B to the Stipulation reflects the new decoupling base effective September 1, 2025, that is supported by the Parties. The new decoupling base provides the "Monthly Allowed Customers" and "Monthly Decoupled Revenue per Customer" which incorporate the effects of the settlement revenue requirement and billing determinants discussed above.

Pro Formed Regulatory Amortizations

Q. What did the Parties agreed to regarding Pro Formed Regulatory Amortizations?

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

Residential Bill Change

Q. What is the impact to the average residential bill as a result of the agreement of the Parties?

A. For the revenue requirement included in this Stipulation, based on an average usage level of 48 therms per month, the average bill for a Schedule 410 single-family residential customer, which includes both base and adder schedules[6], would increase $1.36 per

[6] "Adder" schedules recover costs associated with natural gas supply (Schedules 461 and 462), energy efficiency (Schedules 469 and 478), intervenor funding (Schedule 476), and other items.

month, or 2.0 percent, from $69.55 to $70.91. Based on an average usage level of 30 therms, the average bill for a Schedule 411 multi-family residential customer would decrease 30 cents per month, or 0.7 percent, from $46.20 to $45.90.

V. STATEMENTS OF THE PARTIES[7]

Statement of Avista

Q. Does Avista support the Settlement Stipulation which resolves all issues in this Docket, including cost of capital, effects to the revenue requirement, rate spread and rate design issues, as well as other issues described in the Settlement Stipulation?

A. Yes. The Settlement Stipulation strikes a reasonable balance between the interests of Avista's customers and the Company on revenue requirement, rate spread and rate design issues, Aldyl-A pipe, NPAs, low-income issues, capital attestation, customer tax credits, and all other issues in the case. The Settlement Stipulation was a compromise among differing interests and represents give-and-take. The Settlement Stipulation also reaches consensus around all issues regarding rate spread and rate design. The Settlement Stipulation was entered into following the filing of testimony from Staff, CUB, AWEC and the Environmental Intervenors, extensive discovery, audit and review of the Company's filing, its books and its records. For these reasons, the Settlement is in the public interest and should be approved by the Commission.

Statement of Staff

Q. Please explain why Staff believes the Settlement Stipulation is in the public

[7] The Statements provided by each Party represent their views only as it relates to the Settlement, and should not be construed as being the views of the Parties collectively.

interest.

A. Staff's support for the Stipulation is based on several key factors that contribute to its alignment with the public interest and fair outcomes for both Avista and its customers while moving forward key policy priorities. For example, the Stipulation includes provisions that require Avista to conduct new Non-Pipes Alternatives (NPA) analyses, and the Stipulation maintains the residential basic charges at their current levels while an investigation into equitable rate design is beginning in UM 2211. For another example, the Stipulation is consistent with the balance between customers and the utility with respect to the impact of regulatory the Commission discussed in recent rate case decisions.

In addition, the Stipulation has the following qualities:

Balanced Compromise: The Stipulation is the result of a robust discovery process and negotiations among the involved parties, including Avista, Staff, and other intervenors. This collaborative approach ensures that different perspectives and interests have been considered, leading to a balanced compromise that addresses a range of complex issues.

Fair Outcomes: The Stipulation includes a series of adjustments and agreements that demonstrate a commitment to achieving fair and reasonable outcomes for all stakeholders. These adjustments align with established Commission precedents and Staff practices, enhancing transparency and consistency in rate-setting procedures.

Cost Control and Equitable Pricing: The Stipulation introduces measures that contribute to cost control while ensuring equitable pricing for different customer groups. The stipulated rate spread moves all customer classes closer to parity, and the amortization of the tax benefits deferral keeps prices low for next three years.

Equitable Distribution of Costs: The Stipulation acknowledges the importance of spreading costs in a fair and balanced manner. By agreeing to adjustments in various expense categories and allocations, the stipulation ensures that the burden of costs is distributed reasonably among different customer groups.

Forward-Looking Planning: The Stipulation requires Avista to undertake two NPA analyses and develop a Targeted Voluntary Electrification (TVE) pilot. Staff believes this gives Avista an opportunity to explore creative solutions to Climate Protection Program compliance that may mitigate cost pressures.

Transparency and Collaboration: The Stipulation underscores the importance of transparency and collaboration in the rate-setting process. By engaging in open discussions and negotiations, the parties involved have reached agreements that reflect careful analysis and informed decision-making.

Public Interest and Reasonable Rates: Staff believes that the Stipulation's provisions align with the public interest by promoting fair, just, and reasonable rates. Through its balanced approach, the Stipulation supports Avista's need for the opportunity to earn a reasonable return, while safeguarding customers from undue financial burdens.

In conclusion, Staff's support for the Stipulation in the Avista rate case stems from its recognition of the Stipulation's ability to address complex issues, control costs, ensure equitable pricing, and promote fair outcomes. By leveraging a collaborative and transparent process, the Stipulation represents a commendable effort to balance diverse interests and achieve rates that are in the best interest of the public and all stakeholders involved.

<u>Statement of CUB</u>

Q. Bob Jenks, please explain why CUB supports the Stipulation.

A. CUB finds the Stipulation represents a creative compromise on the issues presented by parties. Unique to this settlement is a commitment for immediate and ongoing collaboration among the parties, Avista's Equity Advisory group, and the Implementing Organizations of the Avista Oregon Low Income Energy Efficiency (AOLIEE) Program to work out the Targeted Voluntary Electrification pilot to save ratepayers money and provide electrification benefits to income-qualified TVE pilot participants. In addition to the TVE, the stipulation also supports broader scrutiny of gas investments to determine less costly alternatives, which can provide long-term savings. Furthermore, under the terms of the stipulation, CUB anticipates expeditiously working with Avista and stakeholders to ensure that multi-family households in Avista's service territory are taking service at the correct rate, so they are not overcharged under the single-family schedule. Finally, CUB looks forward to the stipulation's improvements to Avista's AMP and AOLIEE programs to ensure the Company's low income programs effectively assist low income households.

<u>Statement of AWEC</u>

Q. Please explain why the Stipulation satisfies the interests and concerns of AWEC.

A. Based on its review of Avista's filing and through the discovery process, AWEC was most concerned with Avista's requested ROE, several revenue requirements adjustments, the customer tax credits related to IDD #5 and meters, various plant investments, and rate spread and rate design. Although the Stipulation does not incorporate all of the issues AWEC addressed in testimony, it does incorporate many of AWEC's recommendations. Accordingly, AWEC believes the overall result is fair and provides a significant benefit to customers.

Q. Please explain why AWEC believes the stipulation is in the public interest.

A. AWEC believes the Stipulation is in the public interest and recommends the Commission approve the Stipulation because the best interests of Avista's natural gas customers are served by the underlying fair compromise on certain revenue requirement and rate spread and design issues. While the signing parties may each hold different positions on the individual components of Avista's natural gas revenue requirement addressed in the Agreement, AWEC supports the Stipulation because it has decreased the revenue requirement increase by $3,627,000—which results in a revenue requirement increase of $4,195,000 million as compared to Avista's original request of $7,822,000. AWEC also argued for the return of the customer tax credits related to IDD #5 and meters, which is included the settlement and will help offset the increase in rates for Avista customers. After consideration of the tax credits, the total billed increase to all customer rate schedules is less that 2.5 percent, and in some cases lower depending on the results of the long run incremental cost study. AWEC supports the Stipulation as an overall result that is a fair compromise between Avista and its customers. AWEC also finds the Stipulation to be in the public interest as the spread of the gas rate increase is done in a manner to better align rates based on Avista's cost of service study. For the reasons set forth above, AWEC believes the Stipulation is in the public interest and should be approved by the Commission.

Statement of Green Energy Institute/Climate Solutions (Environmental Intervenors)

Q. Please explain why the Environmental Intervenors find the Settlement Stipulation is in the public interest.

A. Environmental Intervenors believe the Settlement Stipulation is in the public interest and represents a reasonable resolution to the issues. The Settlement Stipulation is consistent with the public interest for the following reasons: First, Avista's agreement to conduct a Targeted Voluntary Electrification (TVE) Study focusing on the company's Aldyl-A Pipeline Replacement Program and subsequently enact a TVE Pilot based on the Study's findings represents an important step forward in ensuring a smooth and successful energy transition. Implementing targeted electrification instead of pipeline replacement will serve ratepayers, the Company, and Oregon's climate goals as it avoids costly investments in long-lived assets that have lower emissions alternatives.

Similarly, Avista's commitments on non-pipeline alternatives (NPAs) are in the public interest. Specifically, the Company's lowering of the threshold for when it must conduct NPA analysis to investments exceeding $500,000, and its agreement to conduct NPA analyses—and implementation when shown to be cost effective—on two separate projects helps to bolster the energy transition necessitated by Oregon's Climate Protection Program.

Next, Avista's commitment to evaluate its AOLIEE program serves the public interest by engaging with the Equity Advisory Group and Implementing Organizations to identify barriers to program funding being fully spent and revising those requirements where necessary. Removing requirements such as the 20% cap on health, safety, and repair spending will allow additional, unspent resources to be more effectively distributed to support low-income customers.

Finally, it is not in the public interest for ratepayers to bear the costs incurred by Avista in furtherance of litigation against Oregon's climate policies as well as the costs associated with the Company's membership in industry groups that support anti-climate efforts. Therefore, the Settlement Stipulation serves the public interest by removing \$89,000 for membership dues and fees paid to AGA and NWGA, and \$83,000 for the Company's CPP litigation.

We believe this settlement addresses important issues in the public and ratepayer interest that Environmental Intervenors raised in this proceeding. We appreciate Avista's willingness to meaningfully respond on these issues and take the concerns seriously. We look forward to working with the Company, the Commission, and other interested parties to ensure the Settlement is implemented fully, promptly, and effectively.

VI. CONCLUSION

Q. Do the Parties agree that the Settlement Stipulation provided as Exhibit No. Stipulating Parties/101 is in the public interest and results in an overall fair, just and

reasonable outcome?

A. Yes, the Parties do. The Stipulating Parties have reviewed Avista's opening testimony, Staff and the Intervenors' opening testimony, the Company's responses to data requests, and carefully analyzed the issues. The Stipulating Parties find that the agreements in this Stipulation represent a reasonable resolution of the issues presented by the Parties and will result in rates that are fair, just and reasonable.

Q. What do the Parties recommend regarding the Stipulation?

A. We recommend that the Commission adopt the Stipulation in its entirety.

Q. Does this conclude your Joint Testimony?

A. Yes.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UG 519

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

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

PARTIES

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

BACKGROUND

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

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

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

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

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

TERMS OF SETTLEMENT STIPULATION

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

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

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

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

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

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

Table No. 2 – Agreed-Upon Cost of Capital

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table No. 3: Agreed-Upon Rate Spread

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

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

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

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

filing.[3]

9. **<u>Aldyl-A Pipe:</u>**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. **<u>Low-Income Issues:</u>**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[6] "Adder" schedules recover costs associated with natural gas supply (Schedules 461 and 462), energy efficiency (Schedules 469 and 478), intervenor funding (Schedule 476), and other items.

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

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

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

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

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

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

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

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

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

AVISTA CORPORATION

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

Date: 3/27/2025

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: */s/ Stephanie Andrus*
Stephanie Andrus

Date: 3/27/2025

ALLIANCE OF WESTERN ENERGY CONSUMERS

By: ______________________________
Chad M. Stokes

Date: ______________________________

OREGON CITIZENS' UTILITY BOARD

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

Date: 3/27/2025

GREEN ENERGY INSTITUTE / CLIMATE SOLUTIONS

By: Alex Houston
Alex Houston

Date: 3/27/2025

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AVISTA CORPORATION

By:______________________
David J. Meyer

Date: ______________________

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: ______________________
Stephanie Andrus

Date: ______________________

ALLIANCE OF WESTERN ENERGY CONSUMERS

By:______________________
Chad M. Stokes

Date: 3/25/25

OREGON CITIZENS' UTILITY BOARD

By: ______________________
Claire Valentine-Fossum

Date: ______________________

GREEN ENERGY INSTITUTE / CLIMATE SOLUTIONS

By: ______________________
Alex Houston

Date: ______________________

Avista Utilities
Proposed Revenue Increase by Schedule
Oregon - Gas
Pro Forma 12 Months Ended December 31, 2024
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Distribution Revenue Under Present Rates	Proposed GRC Increase	Distribution Revenue Under Proposed Rates	Therms (000s)	**Distribution Revenue Percentage Increase**	Billed Revenue Under Present Rates	Proposed GRC Increase	Schedule 488 Tax Credit	Billed Revenue Under Proposed Rates	**Billed Revenue Percentage Increase**
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		(j)	(k)
1	Single-Family Residential	410	$52,500	$2,651	$55,151	52,532	**5.1%**	$76,067	$2,651	($1,163)	$77,555	**2.0%**
2	Multi-Family Residential	411	$1,841	$32	$1,873	1,688	**1.7%**	$2,599	$32	($49)	$2,582	**-0.7%**
3	General Service	420	$24,570	$1,315	$25,885	30,135	**5.4%**	$36,905	$1,315	($379)	$37,841	**2.5%**
4	Large General Service	424	$842	$42	$884	5,439	**5.0%**	$2,609	$42	($11)	$2,639	**1.2%**
5	Interruptible Service	440	$2,369	$74	$2,443	20,101	**3.1%**	$5,895	$74	($31)	$5,938	**0.7%**
6	Seasonal Service	444	$31	$1	$32	175	**3.7%**	$88	$1	($0)	$89	**0.8%**
7	Transportation Service	456	$2,550	$80	$2,630	29,838	**3.1%**	$2,844	$80	($33)	$2,891	**1.6%**
8	Total		$84,703	$4,195	$88,898	139,908	**5.0%**	$127,006	$4,195	($1,667)	$129,534	**2.0%**

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

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

Avista Utilities
Tax Customer Credit
Schedule 488

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

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

	TOTAL	RESIDENTIAL SCHEDULE 410	RESIDENTIAL MULTI-FAMILY SCHEDULE 411	SM COMMERCIAL & INDUSTRIAL SCH. 420	LG COMMERCIAL & INDUSTRIAL SCH. 424/425	INTERRUPTIBLE SCH 439/440	SEASONAL SCH 444	TRANSPORTATION SCH 456/447
1 Total Normalized Margin Revenue	$ 84,703,000	$ 52,500,000	$ 1,841,000	$ 24,570,000	$ 842,000	$ 2,369,000	$ 31,000	$ 2,550,000
2 Settlement Margin Revenue Increase	$ 4,195,000	$ 2,651,000	$ 32,000	$ 1,315,000	$ 42,000	$ 74,000	$ 1,000	$ 80,000
3 Total Delivery Revenue (Ln 1 + Ln 2)	$ 88,898,000	$ 55,151,000	$ 1,873,000	$ 25,885,000	$ 884,000	$ 2,443,000	$ 32,000	$ 2,630,000
4 Customer Bills	1,292,029	1,089,713	56,240	143,953	1,184	558	21	360
5 Proposed Basic Charges		$11.25	$9.75	$22.00	$75.00	$125.00	$0.00	$380.00
6 Basic Charge Revenue (Ln 4 * Ln 5)	$ 16,269,879	$ 12,259,271	$ 548,340	$ 3,166,973	$ 88,774	$ 69,721	$ -	$ 136,800
7 Decoupled Revenue (Ln 6 - Ln 3)	$ 72,628,121	$ 42,891,729	$ 1,324,660	$ 22,718,027	$ 795,226	$ 2,373,279	$ 32,000	$ 2,493,200
8 Normalized Therms	139,908,208	52,532,072	1,687,926	30,135,310	5,438,862	20,101,002	175,379	29,837,658
		Residential		Non-Residential Group				Exempt from
9 Average Number of Customers (Line 8 / 12 mos.)		95,496		12,143				Decoupling
10 Annual Therms		54,219,998		55,850,552				Mechanism
11 Basic Charge Revenues		$ 12,807,611		$ 3,325,468				
12 Customer Bills		1,145,953		145,716				
13 Average Basic Charge		$11.18		$22.82				

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

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

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

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

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

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG-519

In the Matter of AVISTA CORPORATION, dba AVISTA UTILITIES Request for a General Rate Revision	)))))))	AFFIDAVIT OF SHAWN BONFIELD

STATE OF WASHINGTON	)
	) as
County of Spokane	)

I, Shawn Bonfield, being first duly sworn on oath, depose and say:

1. I am employed as a Senior Manager of Regulatory Policy and Strategy in the Regulatory Affairs Department of Avista Corporation ("Avista").

2. I filed testimony and exhibits on behalf of Avista in this docket entitled Joint Testimony/Dlouhy, et.al. (Stipulating Parties/100).

3. My pre-filed testimony and exhibits are true and accurate based on my information and I believe my responses would be the same if I were to answer those same questions today.

SIGNED this 3rd day of April, 2025.

Shawn Bonfield

SUBSCRIBED AND SWORN to before me this 3rd day of April, 2025.

Debbie Deubel
Notary Public for Spokane County
My Commission Expires: 05-09-25

DEBBIE DEUBEL
166013
NOTARY
PUBLIC
COMMISSION EXPIRES 05-09-25
STATE OF WASHINGTON

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UG-519

In the Matter of	)	
	)	
AVISTA CORPORATION, dba AVISTA	)	
UTILITIES	)	AFFIDAVIT OF MARCUS GARBARINO
	)	
Request for a General Rate Revision	)	
	)	

STATE OF WASHINGTON	)
	) ss
County of Spokane	)

I, Marcus Garbarino, being first duly sworn on oath, depose and say:

1. I am employed as a Manager of Regulatory Affairs in the Regulatory Affairs Department of Avista Corporation ("Avista").

2. I filed testimony and exhibits on behalf of Avista in this docket entitled Joint Testimony/Dlouhy, et.al. (Stipulating Parties/100).

3. My pre-filed testimony and exhibits are true and accurate based on my information and I believe my responses would be the same if I were to answer those same questions today.

SIGNED this 3rd day of April, 2025.

Marcus Garbarino

Marcus Garbarino

SUBSCRIBED AND SWORN to before me this 3rd day of April, 2025.

DEBBIE DEUBEL
166013
NOTARY
PUBLIC
COMMISSION EXPIRES 05-09-25
STATE OF WASHINGTON

Debbie Deubel

Notary Public for Spokane County

My Commission Expires: 05-09-25