

REDACTED

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-200900

DOCKET UG-200901

DOCKET UE-200894

(Consolidated)

EXH. JT-2

IN SUPPORT OF  
THE PARTIAL MULTIPARTY SETTLEMENT STIPULATION



Used During Construction (“AFUDC”) deferral; and (7) fee-free and Line Extension Allowance Program (“LEAP”) Deferrals.<sup>2</sup> The Settling Parties understand this Partial Multiparty Settlement Stipulation is subject to approval of the Washington Utilities and Transportation Commission (the “Commission”).

## II. INTRODUCTION

2. On October 30, 2020, Avista filed with the Commission certain tariff revisions designed to increase general rates for electric service (Docket UE-200900) and natural gas service (Docket UG-200901) in the State of Washington. Avista requested an overall increase in electric base rates of \$44.2 million, or 8.3 percent (0.0% on a billed basis, after taking into account the Tax Customer Credit proposed concurrently), and an increase in natural gas base rates of \$12.8 million, or 12.2 percent (again, 0.0% on a billed basis after taking into account the Company’s proposed Tax Customer Credit), effective October 1, 2021. Along with its October 30, 2020, filing, Avista included a Petition for Limited Exemption from WAC 480-85-050 for its electric and natural gas general rate case filings (“Petition”), related to cost of service issues.

3. On November 25, 2020, the Commission entered Order 01 consolidating Dockets UE-200900 and UG-200901 for hearing and determination, suspending the tariff revisions and granting the Company’s Petition.

4. On December 11, 2020, Staff filed a Motion for Consolidation of Proceedings Pursuant to WAC 480-07-320 for purposes of consolidating Docket UE-200894 (Avista’s deferral petition concerning certain wildfire costs) with Dockets UE-200900 & UG-200901 (supra).

5. On December 14, 2020, the Commission convened a virtual prehearing conference before Administrative Law Judge Andrew J. O’Connell, resulting in the issuance of Prehearing

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<sup>2</sup>Other contested items remain, including: (1) October 1, 2021 revenue change; (2) cost of capital; (3) capital additions; (4) wildfire expenditures and recovery; (5) Advanced Metering Infrastructure; (6) Colstrip-related matters; and (7) Cost of Service, rate spread, & rate design.

Conference Order 03 on December 21, 2020, setting a Procedural Schedule, and providing a Notice of Hearing in this matter.

6. On December 23, 2020, the Commission entered Order 04 granting Staff's motion to consolidate Docket UE-200894 with Dockets UE-200900 and UG-200901.

7. Representatives of all parties to the proceeding appeared telephonically and virtually at an initial settlement conference held on March 10, 2021. A second settlement conference was held on May 6, 2021, with additional telephonic and email exchanges through May 25, 2021, which led to this Partial Multiparty Settlement Stipulation.

8. The Settling Parties have reached a Partial Multiparty Settlement in this proceeding. If approved, this Partial Multiparty Settlement would resolve the issues identified above and discussed below. The Settling Parties, therefore, adopt the following Partial Multiparty Settlement Stipulation in the interest of reaching a fair disposition of the agreed-upon issues in this proceeding and wish to present their agreement for the Commission's consideration and approval.<sup>3</sup>

### III. AGREEMENT

9. Power Supply – The Settling Parties agree that Avista will provide an update to its filed Power Supply pro forma adjustment 60 days prior to the rate effective date (October 1, 2021) and the effects of such update will be incorporated into the electric revenue requirement approved by the Commission. The update will include refreshing natural gas and electricity market prices, updating non-natural gas fuel prices where such prices are the result of a contract changes, adding all incremental contracts with terms of less than one year affecting the pro forma period for natural

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<sup>3</sup>As noted in the accompanying motion, the Settling Parties will provide testimony in support of this Stipulation, doing so on or before June 25, 2021.

gas and electricity, and updating rate changes to any power and transmission service contracts included in the filing.

10. Energy Imbalance Market (EIM) – The Settling Parties agree to include EIM capital and expenses in base rates as proposed by Avista. Avista will include a \$5.8 million annualized system EIM benefit (for the 7 months Avista will participate in the EIM during the rate effective period, this benefit is \$3.4 million (system)). Avista agrees to participate in a collaborative, or Staff investigation, concerning the modeling of EIM benefits. If a collaborative or investigation does not conclude before Avista’s next General Rate Case (“GRC”), Avista agrees to examine the accuracy of the benefit estimate in its next GRC

11. IEP Special Contract – The Settling Parties support the entry into a special contract between Avista and IEP, with full resolution in this case, on the terms provided in the confidential attached special contract term sheet (Attachment A) and subject to the following terms in this section:

- a. Avista will meet with interested parties, following entry of the final order, to discuss how the IEP special contract will be reflected in Avista’s cost of service studies going forward. Within 180 days after the rate-effective date, Avista will file a report in this docket stating whether an agreement was reached and providing its proposed treatment of IEP for cost of service studies going forward.
- b. The Settling Parties agree that the IEP special contract “revenue adjustment” will be recovered from all other electric customers based on the spread of the return of the AFUDC deferral balance (see paragraph 12 below).
- c. Avista agrees to retain certain records of each curtailment event, enumerated below, which it will (1) provide upon request to Commission Staff or to Public Counsel, and

(2) provide in summary form, encompassing the test period, in any GRC filing while the contract remains in effect.

- i. Every request, including the date, time, and duration of the requested curtailment, and the level of requested curtailment;
- ii. Amount of power that IEP actually curtails;
- iii. Amount of any penalty paid by IEP to Avista, pursuant to the contract or of any buy-through by IEP;
- iv. Interruption Cost Estimator (“ICE”) day-ahead price at the Mid-Columbia trading hub;
- v. Amount of EIM imbalance payment, if incurred; and
- vi. IEP’s total load during the event.

Any confidential information provided outside a case in which a protective order is on file shall be provided in accordance with WAC 480-07-160

- d. Any special contract between IEP and Avista shall maintain support for contributions and mechanisms related to public purposes, in particular related to low-income and energy efficiency, and shall ensure that IEP’s level of and methodology for contribution remains the same under the special contract as it would be absent a special contract.

The Settling Parties agree to support the filing of a signed and executed contract with the Commission by June 25, 2021 to complete the record in order for Commission resolution of the special contract in this case. The final rates will be incorporated into the Company’s compliance filing as ordered by the Commission in this proceeding.

12. AFUDC Deferral – Avista will return to customers the deferred balances related to electric and gas AFUDC equity portion through Schedules 76/176 over a one-year period beginning on the rate-effective date. These balances total \$1.8 million electric and \$0.5 million gas. The refund

will be spread to each class based on allocated rate base, unless the Commission selects a different rate spread method for the return of the AFUDC deferral.

13. Pricing Pilots – Time-of-Use (TOU) rates for electric residential and general service schedules.

a) Avista agrees to:

- i. Design “opt-in” time-of-use pilots and peak-time rebate pilots for electric residential and general service customers.
- ii. Develop monitoring and reporting (M+R) plans for each pricing pilot.
- iii. Include language in the M+R plans to measure and evaluate the impact to low-income and vulnerable populations.
- iv. Include equity measures in the M+R plans for the residential and general service pilots. (PacifiCorp M+R plans provide one example.)
- v. Provide draft pilots and M+R plans to interested parties by May 31, 2022.
- vi. Convene stakeholder meetings to gather feedback from parties on the draft pilots, or a detailed status update as to the expected timing of draft pilots, and M+R plans. Feedback will include the following:
  - a) General pilot design and design of M+R plans;
  - b) Whether the pilots could provide benefits given Avista’s unique system and customer mix; and,
  - c) Incorporation of equity into the design and implementation of the pilots as it concerns low-income, vulnerable, and marginalized populations.

- vii. File final proposals and M+R plans within six months of convening a stakeholder meeting to gather input and solicit feedback on the Company's draft proposals, but no later than April 1, 2023, with an effective date of June 1, 2023.
  - b) Avista may engage a third party to design the pilots.
  - c) Avista will engage a third-party evaluator. This evaluator will consult with Avista and stakeholders to design surveys and data collection efforts.
14. Low-Income – The Settling Parties agree to the following low-income items:
- a. LIRAP Funding – Avista's Low-Income Rate Assistance Program (LIRAP) funding will increase by the formula used in the current LIRAP plan<sup>4</sup> – i.e., an amount equal to 7 percent, or double the percentage increase in the residential base rate approved in this GRC, whichever is greater. This funding level will remain in effect until modified in Avista's next GRC, multi-year rate plan docket, or other appropriate proceeding. In such proceeding, any party may make any additional or alternative proposals for LIRAP funding.
  - b. Renewables to Benefit Low-Income – Avista continues to commit to discuss renewable programs for low-income customers in collaboration with its Energy Assistance Advisory Group ("EAAG"). If a viable project is identified, Avista will propose such project to the Commission for approval.
  - c. Low-Income EV – Avista agrees to work with its EAAG to establish an Electric Vehicle ("EV") project and/or program dedicated to the benefit of low-income customers, to be implemented by 2022, in alignment with its Transportation

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<sup>4</sup>Approved as a five-year plan in Order 05 of Dockets. UE-150204 and UG-150205 (*Consolidated*) and extended through the conclusion of the instant GRC in Order 09 of Docket Nos. UE-190334, UG-190335, and UE-190222 (*Consolidated*).

Electrification Plan and goal of dedicating thirty percent (30%) of transportation electrification program funds to the benefit of low-income customers.

15. Fee Free and Line Extension Allowance Program (LEAP) Deferrals – Amortizations of Commission-approved deferrals are as filed in the Company’s case.

#### **IV. EFFECT OF THE PARTIAL MULTIPARTY SETTLEMENT STIPULATION**

16. Binding on Parties. The Settling Parties agree to support the terms of the Partial Multiparty Settlement Stipulation throughout this proceeding, including any appeal, and recommend that the Commission issue an order adopting the Partial Multiparty Settlement Stipulation contained herein. The Settling Parties understand that this Partial Multiparty Settlement Stipulation is subject to Commission approval. The Settling Parties agree that this Partial Multiparty Settlement Stipulation represents a compromise in the positions of the Settling Parties. As such, conduct, statements, and documents disclosed in the negotiation of this Partial Multiparty Settlement Stipulation shall not be admissible evidence in this or any other proceeding.

17. Integrated Terms of Partial Multiparty Settlement. The Settling Parties have negotiated this Partial Multiparty Settlement Stipulation as an integrated document. Accordingly, the Settling Parties recommend that the Commission adopt this Partial Multiparty Settlement Stipulation in its entirety. Each Party has participated in the drafting of this Partial Multiparty Settlement Stipulation, so it should not be construed in favor of, or against, any particular Party.

18. Procedure. The Settling Parties shall cooperate in submitting this Partial Multiparty Settlement Stipulation promptly to the Commission for acceptance. Each Party shall make available a witness or representative in support of this Partial Multiparty Settlement Stipulation. The Settling Parties agree to cooperate, in good faith, in the development of such other

information as may be necessary to support and explain the basis of this Partial Multiparty Settlement Stipulation and to supplement the record accordingly.

19. Reservation of Rights. Each Party may offer into evidence its prefiled testimony and exhibits as they relate to the issues in this proceeding, together with such evidence in support of the Stipulation as may be offered at the time of the hearing on the Partial Multiparty Settlement. If the Commission approves the Partial Multiparty Settlement Stipulation with conditions, each Party will notify the Commission and each other within the time set forth in the Commission's order, or if not set forth then within seven (7) days of the date of the Commission's order, that it either rejects one or more of the conditions or that it accepts all of the conditions unequivocally and unconditionally. If any Party rejects one or more conditions, or if the Commission notifies the Settling Parties that it deems the Partial Multiparty Settlement to be rejected pursuant to WAC 480-07-750(2)(b)(ii), this Partial Multiparty Settlement Stipulation shall be void and of no effect, and the Settling Parties will support a joint motion for a procedural schedule to address the issues that would otherwise have been settled herein.

20. News Releases. All Settling Parties agree to include in any news release or announcement a statement that Staff's recommendation to approve the Partial Multiparty Settlement Stipulation is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Staff.

21. No Precedent. The Settling Parties enter into this Partial Multiparty Settlement Stipulation to avoid further expense, uncertainty, and delay. By executing this Partial Multiparty Settlement Stipulation, no Party shall be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at the Partial Multiparty Settlement Stipulation, and, except to the extent expressly set forth in the Partial Multiparty Settlement Stipulation, no Party shall be deemed to have agreed that such a Partial Multiparty Settlement Stipulation is appropriate

for resolving any issues in any other proceeding.

22. Public Interest. The Settling Parties agree that this Partial Multiparty Settlement Stipulation is in the public interest.

23. Execution. This Partial Multiparty Settlement Stipulation may be executed by the Settling Parties in several counterparts and as executed shall constitute one Partial Multiparty Settlement Stipulation.

Entered into this 27<sup>th</sup> day of May 2021.

Company:

By: Patrick D. Ehrbar for . . .  
David J. Meyer  
VP, Chief Counsel for Regulatory and  
Governmental Affairs

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Jennifer Cameron-Rulkowski  
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**REDACTED**

Confidential per WAC 480-07-160

Attachment A

Entire document is Confidential

Pages 1 - 8

**Dockets UE-200900, UG-  
200901, and UE-200894  
(*consolidated*)**

**Attachment A to Partial  
Multiparty Settlement  
Stipulation**

**Confidential**