

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF AVISTA</b>	)	<b>CASE NOS. AVU-E-25-01</b>
<b>CORPORATION'S APPLICATION FOR</b>	)	<b>AVU-G-25-01</b>
<b>THE AUTHORITY TO INCREASE ITS</b>	)	
<b>RATES AND CHARGES FOR ELECTRIC</b>	)	<b>NOTICE OF PROPOSED</b>
<b>AND NATURAL GAS SERVICE TO</b>	)	<b>SETTLEMENT</b>
<b>ELECTRIC AND NATURAL GAS</b>	)	
<b>CUSTOMERS IN THE STATE OF IDAHO</b>	)	<b>NOTICE OF AMENDED</b>
	)	<b>SCHEDULE</b>
	)	
	)	<b>NOTICE OF COMMENT</b>
	)	<b>DEADLINE</b>
	)	
	)	<b>ORDER NO. 36651</b>
	)	

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On January 31, 2025, Avista Corporation ("Company") applied to the Idaho Public Utilities Commission ("Commission") requesting authorization to increase its rates for both Electric and Natural Gas service ("Application"). The Company requests a Two-Year Rate Plan with a Rate Year 1 effective date of September 1, 2025, and a Rate Year 2 effective date of September 1, 2026.

On February 19, 2025, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 36470. Subsequently, the Commission granted intervention to Clearwater Paper Corporation, Idaho Forest Group LLC, and Walmart Inc. (collectively "Intervenors"). Order Nos. 36472, 36490, and 36518.

On April 2, 2025, Staff notified the Commission that the parties intended to enter settlement discussions with the intent to resolve the outstanding issues in the case. *See* IDAPA 31.01.01.271 through .277.

On April 29, 2025, the Commission set a schedule for processing this case, including dates for Staff and Intervenor prefile testimony, a customer hearing, Company rebuttal testimony, and a technical hearing. Order No. 36586.

NOTICE OF PROPOSED SETTLEMENT  
 NOTICE OF AMENDED SCHEDULE  
 NOTICE OF COMMENT DEADLINE  
 ORDER NO. 36651

On June 9, 2025, a proposed Stipulation and Settlement (“Proposed Settlement”) were filed with the Commission. *See* IDAPA 31.01.01.056, .272, and .274. The proposed Settlement was signed by the Company, Staff, and the Intervenors (collectively the “Parties” or individually “Party”).

With this Order, we provide notice of the proposed Settlement, amend the procedural schedule for this case, and provide notice of a customer comment deadline.

#### **NOTICE OF PROPOSED SETTLEMENT**

YOU ARE HEREBY NOTIFIED that the Parties agree the proposed Settlement represents a fair, just, and reasonable compromise of the issues in this proceeding and the proposed Settlement is in the public interest.

YOU ARE FURTHER NOTIFIED that under the proposed Settlement, the Company would be allowed an overall electric base rate increase of \$19,487,000, or 6.3 percent, effective September 1, 2025, and a second increase of \$14,691,000, or 4.5 percent, effective September 1, 2026.

YOU ARE FURTHER NOTIFIED that under the proposed Settlement, the Company would be allowed an overall natural gas base rate increase of \$4,580,000, or 9.2 percent, effective September 1, 2025, and a decrease of \$209,000, or 0.4 percent, effective September 1, 2026.

YOU ARE FURTHER NOTIFIED that the Company agreed not to increase its monthly base charge for service.

YOU ARE FURTHER NOTIFIED that under the Proposed Settlement, the Company would receive a 9.6% return on equity, with a 50.0% common equity ratio. The capital structure and resulting rate of return is set forth below:

<b>Component</b>	<b>Capital Structure</b>	<b>Cost</b>	<b>Weighted Cost</b>
Total Debt	50.00%	4.95%	2.48%
Common Equity	50.00%	9.60%	4.80%
Total	100.00%		7.28%

YOU ARE FURTHER NOTIFIED that the Proposed Settlement sets forth the following tables of adjustments of the electric revenue requirement components for Rate Year 1 and Rate Year 2.

SUMMARY TABLE OF ADJUSTMENTS TO ELECTRIC REVENUE REQUIREMENT EFFECTIVE SEPTEMBER 1, 2025 (000s of Dollars)			
		Revenue Requirement	Rate Base
<b>Amount as Filed:</b>		\$ 42,951	\$ 1,202,677
<b>Adjustments:</b>			
a.) Cost of Capital	\$ (6,116)		
b.) Remove 2026 AMA Capital Additions	\$ (4,715)	\$ (34,156)	
c.) Remove 2026 Revenue and Expense Offsets	\$ 1,936		
d.) Update 2024/2025 Capital Additions	\$ (357)	\$ (3,276)	
e.) Revise Wildfire Deferral Amortization	\$ (1,621)		
f.) Revise Insurance Deferral Amortization	\$ (690)		
g.) Remove 2026 Officer Labor Increases	\$ (19)		
h.) Update Employee Incentive Expense	\$ (132)		
i.) Remove Escalated Miscellaneous O&M Expense	\$ (3,399)		
j.) Revise Colstrip Regulatory Amortization	\$ (364)		
k.) Revise Net Power Supply Expense	\$ (4,611)		
l.) Update Pro Forma Insurance Expense	\$ (950)		
m.) Remove Property Taxes	\$ (1,973)		
n.) Miscellaneous Adjustments: revise Board of Director expenses, remove Schedule 23 DC Fast Charger Revenues, revise injuries and damages, remove IS/IT expense escalation, and reclassification of other administrative and general expenses.	\$ (453)		
<b>Adjusted Amounts Effective September 1, 2025</b>		<b>\$ 19,487</b>	<b>\$ 1,165,245</b>

EFFECTIVE SEPTEMBER 1, 2026 (000s of Dollars)			
		Revenue Requirement	Rate Base
<b>Rate Base Amount Effective September 1, 2025</b>			<b>\$ 1,165,245</b>
<b>Incremental Revenue Adjustment to September 1, 2025 Rate Change (see Table No. 1):</b>			
a.) Add <u>Incremental</u> Capital and Expenses:			
i. Net Power Supply Expense and Transmission Revenue	\$ 13,567		
ii. AMA 2026 Capital Additions	\$ 4,715	\$ 34,156	
iii. Miscellaneous Capital Adjustments	\$ (143)	\$ (1,720)	
iv. Property Tax Expense	\$ (784)		
v. 2026 Union/Non-Union Labor Increase	\$ 1,281		
vi. Employee Benefits	\$ 320		
vii. 2026 Growth Revenue and O&M Offsets	\$ (1,921)		
viii. Revise Colstrip/CS2 Major Maintenance Expense	\$ (1,511)		
ix. Remove Colstrip Depreciation Expense	\$ (986)		
x. Revise Excess Deferred Income Tax (EDIT)	\$ 153		
<b>September 1, 2026 Incremental Revenue Adjustment and Rate Base Amount (above September 1, 2025 Rate Change - see Table No. 1)</b>		<b>\$ 14,691</b>	<b>\$ 1,197,681</b>

YOU ARE FURTHER NOTIFIED that the Proposed Settlement sets forth the following tables of adjustments of the natural gas revenue requirement components for Rate Year 1 and Rate Year 2.

SUMMARY TABLE OF ADJUSTMENTS TO NATURAL GAS REVENUE REQUIREMENT EFFECTIVE SEPTEMBER 1, 2025 (000s of Dollars)		
	Revenue Requirement	Rate Base
<b>Amount as Filed:</b>	<b>\$ 8,803</b>	<b>\$ 236,902</b>
<b>Adjustments:</b>		
a.) Cost of Capital	\$ (1,205)	
b.) Remove 2026 AMA Capital Additions	\$ (460)	\$ (4,178)
c.) Remove 2026 Revenue and Expense Offsets	\$ 754	
d.) Update 2024/2025 Capital Additions	\$ (4)	\$ (29)
e.) Revise Williams Pipeline Outage Deferral Amortization	\$ (1,453)	
f.) Remove 2026 Officer Labor Increases	\$ (5)	
g.) Update Employee Incentive Expense	\$ (35)	
h.) Remove Escalated Miscellaneous O&M Expense	\$ (708)	
i.) Update Pro Forma Insurance Expense	\$ (155)	
j.) Remove Property Taxes	\$ (836)	
k.) Miscellaneous Adjustments: revise Board of Director expenses, revise injuries and damages, remove IS/IT expense escalation, and reclassification of other administrative and general expenses.	\$ (117)	
<b>Adjusted Amounts Effective September 1, 2025</b>	<b>\$ 4,580</b>	<b>\$ 232,695</b>

SUMMARY TABLE OF ADJUSTMENTS TO NATURAL GAS REVENUE REQUIREMENT EFFECTIVE SEPTEMBER 1, 2026 (000s of Dollars)		
	Revenue Requirement	Rate Base
<b>Rate Base Amount Effective September 1, 2026</b>		<b>\$ 232,695</b>
<b>Incremental Revenue Adjustment to September 1, 2025 Rate Change (see Table No. 3):</b>		
a.) Add <u>Incremental</u> Capital and Expenses:		
i. AMA 2026 Capital Additions	\$ 465	\$ 4,178
ii. Property Tax Expense	\$ (350)	
iii. 2026 Union/Non-Union Labor Increase	\$ 360	
iv. Employee Benefits	\$ 85	
v. 2026 Growth Revenue and O&M Offsets	\$ (769)	
<b>September 1, 2026 Revenue Adjustment and Rate Base Amounts (below September 1, 2025 Rate Change - see Table No. 3)</b>	<b>\$ (209)</b>	<b>\$ 236,873</b>

YOU ARE FURTHER NOTIFIED that the Proposed Settlement provides information on the Power Cost Adjustment authorized level of Net Power Supply Expenses included in base rates.

YOU ARE FURTHER NOTIFIED that the Proposed Settlement contains information on other agreements including: (1) a Wildfire Resiliency Plan; (2) an Insurance Expense Balancing Account; (3) Regulatory Amortizations; (4) Colstrip Regulatory Assets and Accounting; and (5) Capital Projects Included in Rates.

YOU ARE FURTHER NOTIFIED that the Parties do not agree on a cost-of-service methodology.

YOU ARE FURTHER NOTIFIED that the Parties agree that certain rate schedules generally diverge from their relative costs of service. Accordingly, the Parties agree that Schedule 25P will receive 25% of the overall base rate change, while Street and Area Lights will receive 75%. Schedules 1 and 25 will each receive 100% of the change. Schedules 21/22 and 31/32 will receive 125%, and Schedules 11/12 will receive 105%. For natural gas, the margin increase scheduled for September 1, 2025, will apply to Schedule 101. The margin decrease set for September 1, 2026, will be evenly applied to Schedules 111/112 and 146.

YOU ARE FURTHER NOTIFIED that the Signing Parties agree to the rate design changes proposed by the Company in Mr. Miller's direct testimony for the September 1, 2025, and September 1, 2026, base rate increases except for certain basic charges and volumetric rates. The basic charges for Schedules 1, 11, 12, 31, 32, and 101 will stay the same. Appendix F of the proposed Settlement includes a summary of both the current and updated electric and natural gas rates and charges.

YOU ARE FURTHER NOTIFIED that the Proposed Settlement sets forth the following tables of percentage change to electric service schedules for Rate Year 1 and Rate Year 2.

**Effective September 1, 2025 (Rate Year 1)**

<b><u>Rate Schedule</u></b>	<b><u>Increase in Base Revenue</u></b>	<b><u>Increase in Billing Revenue</u></b>
Residential Schedule 1	6.3%	6.7%
General Service Schedules 11/12	6.6%	6.7%
Large General Service Schedules 21/22	7.9%	8.0%
Extra Large General Service Schedule 25	6.3%	6.5%
Clearwater Paper Schedule 25P	1.6%	1.6%
Pumping Service Schedules 31/32	7.9%	8.0%
Street & Area Lights Schedules 41-48	<u>4.8%</u>	<u>4.6%</u>
<b>Overall</b>	<b><u>6.3%</u></b>	<b><u>6.6%</u></b>

**Effective September 1, 2026 (Rate Year 2)**

<b><u>Rate Schedule</u></b>	<b><u>Increase in Base Revenue</u></b>	<b><u>Increase in Billing Revenue</u></b>
Residential Schedule 1	4.5%	4.7%
General Service Schedules 11/12	4.7%	4.8%
Large General Service Schedules 21/22	5.5%	5.6%
Extra Large General Service Schedule 25	4.5%	4.6%
Clearwater Paper Schedule 25P	1.2%	1.2%
Pumping Service Schedules 31/32	5.5%	5.6%
Street & Area Lights Schedules 41-48	<u>3.4%</u>	<u>3.3%</u>
<b>Overall</b>	<b><u>4.5%</u></b>	<b><u>4.6%</u></b>

YOU ARE FURTHER NOTIFIED that the Proposed Settlement sets forth the following tables of percentage change to natural gas service schedules for Rate Year 1 and Rate Year 2.

**Effective September 1, 2025 (Rate Year 1)**

<b><u>Rate Schedule</u></b>	<b><u>Increase in Margin Revenue</u></b>	<b><u>Increase in Billing Revenue</u></b>
General Service Schedule 101	11.1%	6.7%
Large General Service Schedules 111/112	0.0%	0.0%
Interrupt. Sales Service Schedules 131/132	0.0%	0.0%
Transportation Service Schedule 146	<u>0.0%</u>	<u>0.0%</u>
<b>Overall</b>	<b><u>9.2%</u></b>	<b><u>5.4%</u></b>

**Effective September 1, 2026 (Rate Year 2)**

<b><u>Rate Schedule</u></b>	<b><u>Increase in Margin Revenue</u></b>	<b><u>Increase in Billing Revenue</u></b>
General Service Schedule 101	0.0%	0.0%
Large General Service Schedules 111/112	-2.5%	-1.1%
Interrupt. Sales Service Schedules 131/132	0.0%	0.0%
Transportation Service Schedule 146	<u>-2.5%</u>	<u>-2.6%</u>
<b>Overall</b>	<b><u>-0.4%</u></b>	<b><u>-0.2%</u></b>

YOU ARE FURTHER NOTIFIED that under Commission Rule 275, “[p]roponents of a proposed settlement carry the burden of showing that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.” IDAPA 31.01.01.275.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the proposed Settlement reached by the Parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair, and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept a settlement, reject a settlement, or state additional conditions under which a settlement will be accepted. IDAPA 31.01.01.274-.276.

YOU ARE FURTHER NOTIFIED that if the Commission rejects any part or all of the proposed Settlement or imposes any additional material conditions on its approval, each party reserves the right to withdraw from the proposed Settlement.

YOU ARE FURTHER NOTIFIED that the proposed Settlement in Case Nos. AVU-E-25-01/AVU-G-25-01 has been filed with the Commission and is available for public inspection during regular business hours at the Commission’s office or on the Commission’s website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the “ELECTRIC” tab or “NATURAL GAS” tab in the left-hand column of the home page, click “Open Cases,” click on either case number as shown on the front of this document. You then may access the Settlement by clicking on “STIPULATION AND SETTLEMENT.PDF” under the “Company” heading.

**NOTICE OF AMENDED SCHEDULE**

YOU ARE FURTHER NOTIFIED that based on the recently filed proposed Settlement, the Commission finds it reasonable to amend the procedural schedule. The new Schedule is:

NOTICE OF PROPOSED SETTLEMENT  
NOTICE OF AMENDED SCHEDULE  
NOTICE OF COMMENT DEADLINE  
ORDER NO. 36651

Customer Hearings	June 25 & 26, 2025
Testimony Supporting the Settlement	July 8, 2025
Technical Hearing	July 23, 2025
Customer Comment Deadline	July 23, 2025

YOU ARE FURTHER NOTIFIED that the date established for a customer hearing has not changed from the schedule set in Order No. 36633. The technical hearing schedule established in 36586 has been amended. The technical hearing will take place only on July 23, 2025.

YOU ARE FURTHER NOTIFIED that all testimony and exhibits in this matter must comport with the requirements of Rules 231 and 267 of the Commission's Rules of Procedure. IDAPA 31.01.01.231 and .267.

### NOTICE OF COMMENT DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to state a position on this proposed Settlement may file a written comment explaining why the person supports or opposes the proposed Settlement. **Persons interested in filing written comments must do so by July 23, 2025.** Comments must be filed through the Commission's website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission's website at <http://www.puc.idaho.gov/>. Click the "Case Comment Form" and complete the form using the case number as it appears on the front of this document.

To file by e-mail, persons must e-mail the comments to the Commission Secretary and all parties at the e-mail addresses listed below. Persons submitting a comment by e-mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by e-mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

If computer access is unavailable, then comments may be mailed to the Commission and the Parties at the addresses below. Persons submitting a comment by mail must provide their name, address, and the Case Number under which they are commenting. Persons submitting a comment by mail also acknowledge that submitting a comment in an open case constitutes a public record under *Idaho Code* § 74-101(13), and all information provided by such person is available for public and media inspection.

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**For the Idaho Public Utilities  
Commission:**

Commission Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720-0074  
[secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

Street Address for Express Mail:

11331 W. Chinden Blvd.  
Building 8, Suite 201-A  
Boise, Idaho 83714

**For the Company:**

Patrick D. Ehrbar  
Liz Andrews  
Anni Glogovac  
Avista Utilities  
P.O. Box 3727  
Spokane, WA 99220-3727  
[pat.ehrbar@avistacorp.com](mailto:pat.ehrbar@avistacorp.com)  
[liz.andrews@avistacorp.com](mailto:liz.andrews@avistacorp.com)  
[anni.glogovac@avistcorp.com](mailto:anni.glogovac@avistcorp.com)  
[avistadockets@avistacorp.com](mailto:avistadockets@avistacorp.com)

**ORDER**

IT IS HEREBY ORDERED that the procedural schedule, set forth in the above Notice of Amended Schedule section, is approved.

IT IS FURTHER ORDERED that the Parties must file any testimony in support of the proposed Settlement and any exhibits by July 8, 2025.

IT IS FURTHER ORDERED that the Customer Hearing scheduled in Order No. 36633 will take place as previously scheduled at Molstead Library's Todd Lecture Hall, 875 W. Garden Avenue, Coeur d'Alene, ID 83814 (North Idaho College) at 4:00 p.m. (local time). Those planning on testifying are encouraged to arrive at the hearing location by 3:45 p.m. (local time) as the hearing will conclude when it appears all customer testimony has been received. For those who wish to call-in and listen to the customer hearing on June 25, 2025, please call 1-415-655-0001 and enter meeting number 2867 771 5779 when prompted (customers will not be allowed to testify telephonically during this hearing).

The customer hearing shall continue telephonically, Thursday, June 26, 2025, starting at 12:00 P.M. (PDT) and ending at 3:00 P.M. (PDT), or after all customer testimony has been taken, whichever comes first. Those planning to testify are encouraged to call in by 11:55 A.M. (PDT) as the hearing will conclude when it appears all customer testimony has been received. Those who wish to call-in and testify remotely during the June 26, 2025, customer hearing, please call 1-415-655-0001 and enter meeting number 2861 516 9950 when prompted.

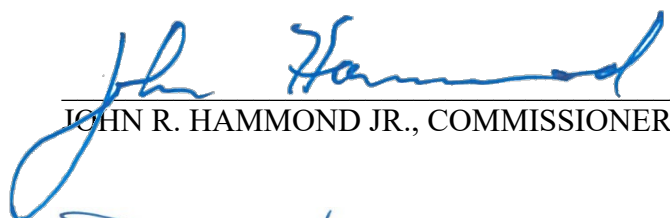
IT IS FURTHER ORDERED that the Commission will hold a technical hearing for the Parties at its office in Boise, Idaho, to offer evidence and examine witnesses on Wednesday, July 23, 2025, at 9:00 a.m. (local time).

IT IS FURTHER ORDERED that persons interested in submitting written comments on the proposed Settlement must do so by July 23, 2025.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

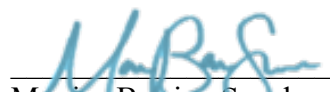
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24<sup>th</sup> day of June 2025.

  
EDWARD LODGE, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
DAYN HARDIE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Commission Secretary

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