

1 Q. Please state your name and business address for
2 the record.

3 A. My name is Randy Lobb and my business address is
4 472 West Washington Street, Boise, Idaho.

5 Q. By whom are you employed?

6 A. I am employed by the Idaho Public Utilities
7 Commission as Utilities Division Administrator.

8 Q. What is your educational and professional
9 background?

10 A. I received a Bachelor of Science Degree in
11 Agricultural Engineering from the University of Idaho in
12 1980 and worked for the Idaho Department of Water Resources
13 from June of 1980 to November of 1987. I received my Idaho
14 license as a registered professional Civil Engineer in 1985
15 and began work at the Idaho Public Utilities Commission in
16 December of 1987. My duties at the Commission currently
17 include case management and oversight of all technical
18 Staff assigned to Commission filings. I have conducted
19 analysis of utility rate applications, rate design,
20 proposed tariffs and customer petitions. I have testified
21 in numerous proceedings before the Commission including
22 cases dealing with rate structure, cost of service, power
23 supply, line extensions, regulatory policy and facility
24 acquisitions.

25

1 Q. What is the purpose of your testimony in this
2 case?

3 A. The purpose of my testimony is to describe the
4 Stipulation (the Proposed Settlement) filed in this case
5 and to explain the rationale for Staff's support.

6 Q. Please summarize your testimony.

7 A. Staff believes that the comprehensive Proposed
8 Settlement resolving all issues in the general rate case
9 and agreed to by all parties to the case is in the public
10 interest, is just and reasonable and should be approved by
11 the Commission.

12 Q. How is your testimony organized?

13 A. My testimony is subdivided under the following
14 headings:

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21 **Stipulation Overview**

22 Q. Please provide an overview of the Stipulation and
23 Settlement.

24 A. The Stipulation filed with the Commission
25 provides for an annual overall increase in electric base

1 revenue of \$2.8 million or 1.14% and an overall increase in
2 natural gas revenue of \$1.1 million or 1.6%. The revenue
3 increase would be uniformly spread among the customer
4 classes and be effective on October 1, 2011. The
5 Stipulation also provides for a stay-out provision that
6 prohibits any new electric or natural gas base rate
7 increases prior to April 1, 2013.

8 The Stipulation and Settlement specifically
9 identifies annual power supply cost levels for the Power
10 Cost Adjustment (PCA) mechanism, future treatment of costs
11 related to the Palouse Wind Power Purchase agreement and
12 deferred accounting treatment for variable non fuel
13 Operation and Maintenance (O&M) costs associated with the
14 Company's thermal generating plants.

15 The Stipulation also provides for a public
16 workshop to discuss cost of service and rate design issues.
17 Additionally, the Stipulation specifies a \$10,000 annual
18 increase in low income education funding and an Avista
19 sponsored workshop to discuss the future of low income
20 programs.

21 Finally, the Stipulation describes the overall
22 impact of the base rate increases when combined with other
23 electric and natural gas rate adjustments either pending
24 before the Commission or proposed for filing. The net
25 effect is a 2.4% **decrease** in billed electric rates and a

1 0.8% **decrease** in billed natural gas rates.

2 Although the Stipulation represents a
3 comprehensive settlement of all revenue requirement issues
4 in the case, it does not specifically identify revenue
5 adjustments to the Company's case or specify an authorized
6 return on equity (ROE).

7 Q. How does the annual base revenue requirement
8 increase for electric and natural gas service proposed in
9 the Stipulation compare to the increase originally proposed
10 by Avista?

11 A. Avista originally proposed to increase annual
12 base electric revenue by \$9 million or 3.7% and increase
13 annual base natural gas revenue by \$1.9 million or 2.7%.
14 The Stipulated Settlement provides for an increase in
15 annual base electric revenue of \$2.8 million or
16 approximately 31% of the original request. The Stipulated
17 Settlement provides for an increase in annual natural gas
18 revenue of \$1.1 million or 58% of the Company's original
19 request. These modest increases come with an agreement
20 that there can be no new base rate increases prior to
21 April 1, 2013. The Stipulation and Settlement is attached
22 as Staff Exhibit No. 101.

23 **The Settlement Process**

24 Q. Would you please describe the process leading to
25 the Stipulated Settlement?

1 A. Yes. The Company filed its rate application with
2 the Commission on July 5, 2011 and Staff immediately began
3 its review. Based on the relatively modest revenue
4 increase requested, the relatively high requested return on
5 equity (ROE) of 10.9% and potential adjustments in other
6 cost categories, Staff believed reasonable settlement of
7 the case was possible.

8 A settlement workshop was then scheduled for
9 August 17, 2011 in the Commission hearing room with all
10 parties of record in the case invited to participate.
11 Workshop participants included Commission Staff, Avista,
12 Clearwater Paper Company, Idaho Forest Group, the Community
13 Action Partnership of Idaho (CAPAI) and the Idaho
14 Conservation League.

15 Settlement discussions focused on revenue
16 requirement issues such as appropriate ROE, company
17 salaries, O&M costs, load adjustments and acceptable test
18 period. Other issues discussed included rate design, low
19 income weatherization funding and cost of service.

20 The parties to the case stated their positions on
21 the various revenue requirement issues and presented
22 proposals on various other topics. Negotiations on
23 individual issues and a total settlement package ensued.
24 Although settlement was not reached at the workshop,
25 negotiations continued informally through the week of

1 August 22, 2011 until the Stipulated Settlement was
2 reached.

3 Q. How did Commission Staff evaluate the Stipulated
4 Settlement to determine that it was reasonable?

5 A. The standard used by Staff to evaluate the
6 Settlement in this case as in prior cases is whether the
7 result is a better outcome for customers than could
8 reasonably be anticipated through litigation. In other
9 words, Staff evaluated the merits of the Stipulated
10 Settlement by comparing it to what might be expected if the
11 case proceeded to hearing. Staff believes the base rate
12 increase and stay-out provision in addition to the other
13 settlement terms represent a reasonable resolution of this
14 case and a good deal for customers.

15 Of course the Commissioners make the final
16 decision on Company revenue requirement based on the record
17 at hearing. The parties to the case make revenue
18 requirement adjustment recommendations on the record for
19 the Commission to consider. The outcome at hearing in
20 terms of revenue requirement must therefore be evaluated
21 based on both the adjustments to the Company's revenue
22 request that are presented on the record and how the
23 Commission might decide each adjustment.

24 **Revenue Adjustments**

25 Q. What type of adjustments to the Company's

1 proposed revenue requirement had Staff identified and what
2 was the dollar value of those adjustments?

3 A. The two largest adjustments identified by Staff
4 affecting both electric and natural gas revenue requirement
5 were ROE and salaries. Staff maintained that an ROE lower
6 than the ROE of 10.9% as proposed by the Company was
7 appropriate. A lower ROE could lower the Company's revenue
8 requirement request by as much as \$5 million and \$825
9 thousand for electric and natural gas service,
10 respectively. Salary adjustments identified by Staff
11 included elimination of all salary increases back to year
12 end 2010 (\$1 million electric, \$265 thousand natural gas).
13 Other possible adjustments identified by Staff included
14 elimination of 2012 capital additions and transmission
15 revenue/expenses, elimination of proposed increases in
16 vegetative management expenses and removal of the Company's
17 proposed Energy Efficiency Load Adjustment.

18 Q. How confident was Staff that its adjustments
19 could be justified on the record and accepted by the
20 Commission upon hearing?

21 A. Staff took a very aggressive approach to
22 developing its revenue requirement adjustments in
23 preparation for settlement negotiations, but was reasonably
24 confident that at least some of the proposed adjustments
25 would be accepted by the Commission at hearing. Similar

1 ROE and employee salary adjustments were favorably
2 addressed by the Commission in the recent PacifiCorp
3 general rate case (PAC-E-10-7). However, other proposed
4 adjustments in vegetative management, transmission
5 revenue/expenses and the effects of energy efficiency on
6 load have not been addressed at hearing and were less
7 certain to be accepted by the Commission.

8 Q. Why are a new return on equity and other specific
9 revenue requirement adjustments not specified in the
10 Stipulation?

11 A. Specific adjustments and ROE were not specified
12 in the Stipulation to facilitate agreement on the overall
13 revenue requirement. While the Settlement parties
14 generally agreed on a reasonable level of revenue, there
15 was considerable disagreement on the individual adjustments
16 proposed to reach that revenue level. This was
17 particularly true with respect to ROE. Rather than specify
18 an ROE that all parties could not support, the Stipulation
19 simply specified an overall revenue requirement that could
20 be fully supported.

21 Q. How do customers benefit from the stay-out
22 provision?

23 A. The stay-out provision provides benefit to
24 customers by prohibiting any new electric or natural gas
25 base rate increase prior to April 1, 2013. This provision

1 provides an extended period of base rate stability that
2 Staff believes would otherwise not occur.

3 **Cost of Service**

4 Q. Please describe the Stipulated Settlement with
5 respect to electric customer class cost of service, revenue
6 spread among classes and rate design.

7 A. While not accepting any specific class cost of
8 service allocation, the Stipulation specifies that Avista
9 will hold cost of service workshops for interested parties
10 prior to the next general rate case. Staff agrees that the
11 workshops, designed to address production and transmission
12 cost allocation methodologies, will help improve the
13 general cost of service understating of all participants.

14 The Stipulation specifies that the Company
15 sponsored workshop will also address non residential energy
16 block rate design. Given the workshop proposal and the
17 modest base rate increase proposed for both electric and
18 natural gas service, Staff believes uniform revenue spread
19 among the customer classes and continued application of the
20 existing rate structure is reasonable.

21 **Rate Impact**

22 Q. The Stipulation provides for an increase in the
23 monthly residential customer charge. Why does Staff
24 support the increase?

25 A. Staff supported the limited customer charge

1 increase as part of a negotiated settlement and to
2 recognize the increased investment made by the Company to
3 install more sophisticated automated meters. The monthly
4 increase proposed is 25 cents per month for both electric
5 and natural gas.

6 Q. What is the impact on residential customer bills
7 of the proposed base rate Settlement and how will customers
8 bills change overall with the other proposed rate changes
9 effective on October 1, 2011?

10 A. A residential customer using 1000 kWh per month
11 will see a monthly base rate bill increase of 73 cents. A
12 natural gas customer using 75 therms per month will see a
13 monthly base rate bill increase of \$1.12. When the other
14 scheduled rate changes including Schedule 59, the
15 residential and farm energy rate adjustment, Schedule 66,
16 the temporary power cost adjustment and Schedule 99, the
17 deferred state income tax adjustment are applied, the
18 overall bill of a residential electric customer using 1000
19 kWh will **decrease** by \$1.89.

20 When scheduled rate changes in other natural gas
21 costs including Schedule 150 and 155 PGA rates, Schedule
22 191, the Energy Efficiency Rider Adjustment and Schedule
23 199, the deferred state income tax adjustment are applied,
24 the monthly overall bill of a residential natural gas
25 customer **decreases** by 38 cents. Overall rate changes for

1 each customer class on a percentage basis are shown on
2 page 7 of the Stipulation.

3 Q. Doesn't the Commission have to individually
4 approve the rate changes described in the other schedules?

5 A. Yes. While the Stipulation describes how
6 electric and natural gas rates could change overall with
7 changes in other rate schedules, Commission approval of the
8 Stipulation will only approve changes to base rates. Rate
9 changes due to the PCA, PGA, DSM tariff riders and the
10 residential and farm energy rate adjustment must be
11 specifically approved by the Commission in those cases.
12 The deferred state income tax adjustment for gas and
13 electric service was previously approved by Commission
14 Order No. 32070 in Case No. AVU-E-10-1 and AVU-G-10-1.

15 **Other Issues**

16 Q. Would you please explain Staff's support for the
17 Settlement terms dealing with the Palouse Wind power
18 purchase agreement and the deferred accounting treatment
19 for nonfuel variable costs associated with the Company's
20 thermal plants?

21 A. Yes. Staff believes it is reasonable for the
22 Company to track the costs of the Palouse wind power
23 purchase agreement through the PCA once the project comes
24 on line. This treatment is consistent with that of other
25 power purchase agreements that occur in between rate cases.

1 The length of the stay-out in conjunction with the project
2 online date will still allow the Commission to evaluate the
3 prudence of the agreement before any associated costs are
4 placed in customer rates.

5 Staff also believes it is reasonable to track and
6 defer for three-year amortization, the non fuel O&M cost
7 associated with the Company's thermal plants. The Company
8 maintains that it incurs significant overhaul costs for one
9 of three thermal plants, Coyote Springs II, Colstrip 3 and
10 Colstrip 4, each year over a three-year period. Deferral
11 of these costs with a three-year amortization will level
12 out the annual O&M costs in customer rates and allow
13 reasonable cost recovery. The Commission will still have
14 the opportunity to review the prudence of these costs in
15 the Company's next general rate case.

16 Q. Would you please explain Staff's support for a
17 Company-sponsored low income weatherization workshop and
18 additional funding for low income DSM education?

19 A. Yes. Staff believes it is time to discuss all
20 issues associated the Company's low income weatherization
21 program to assure the program is cost effective, that it
22 remains cost effective and that sufficient funds based on
23 need are made available. Consequently, Staff supports and
24 will participate in the low income weatherization workshop.
25 Staff further agrees to an increase of \$10,000 per year in

1 additional funding for low income education programs in an
2 effort to improve energy affordability. The increase in
3 low income education funding helps fill a growing need for
4 information to assist customers in reducing their monthly
5 bills.

6 Q. Does this conclude your testimony in this
7 proceeding?

8 A. Yes, it does.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF AVISTA CORPORATION DBA)	CASE NOS. AVU-E-11-01
AVISTA UTILITIES FOR AUTHORITY TO)	AVU-G-11-01
INCREASE ITS RATES AND CHARGES)	
FOR ELECTRIC AND NATURAL GAS)	
SERVICE IN IDAHO)	STIPULATION AND SETTLEMENT

This Stipulation is entered into by and among Avista Corporation, doing business as Avista Utilities ("Avista" or "Company"), the Staff of the Idaho Public Utilities Commission ("Staff"), Clearwater Paper Corporation ("Clearwater"), Idaho Forest Group, LLC ("Idaho Forest"), the Community Action Partnership Association of Idaho ("CAPAI"), and the Idaho Conservation League ("Conservation League"). These entities are collectively referred to as the "Parties," and represent all parties in the above-referenced cases that participated in settlement discussions. The Parties understand this Stipulation is subject to approval by the Idaho Public Utilities Commission ("IPUC" or the "Commission").

I. INTRODUCTION

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of all the issues raised in the proceeding and that this Stipulation and its acceptance by the Commission represent a reasonable resolution of the multiple issues identified in this Stipulation. The Parties, therefore, recommend that the Commission, in accordance with RP 274, approve the Stipulation and all of its terms and conditions without material change or condition.

II. BACKGROUND

2. On July 5, 2011, Avista filed an Application with the Commission for authority to increase revenue from electric and natural gas service in Idaho by 3.7% and 2.7%, respectively. If approved, the Company's revenues for electric base retail rates would have increased by \$9.0 million annually; Company revenues for natural gas service would have increased by \$1.9 million annually. The Company requested an effective date of August 5, 2011 for its proposed electric and natural gas rate increases. By Order No. 32292, dated July 14, 2011, the Commission suspended the proposed schedules of rates and charges for electric and natural gas service for a period of thirty (30) days plus five (5) months, from August 5, 2011, until such time as the Commission enters an Order accepting, rejecting or modifying the Application in this matter.

3. Petitions to intervene in this proceeding were filed by Clearwater, Idaho Forest, CAPAI and the Idaho Conservation League. By various orders, the Commission granted these interventions. *See*, IPUC Order Nos. 32296 and 32317.

4. A settlement conference was noticed and held in the Commission offices on August 17, 2011, and was attended by signatories to this Stipulation; further discussions ensued.

Based upon the settlement discussions among the Parties, as a compromise of positions in this case, and for other consideration as set forth below, the Parties agree to the following terms:

III. TERMS OF THE STIPULATION AND SETTLEMENT

5. Overview of Settlement and Revenue Requirement. The Parties agree that Avista should be allowed to implement revised tariff schedules designed to recover \$2.8 million in additional annual electric revenue, and \$1.1 million in additional annual natural gas revenue, which represent a 1.1% and 1.6% increase in electric and natural gas annual base tariff revenues, respectively. New electric and natural gas rates would become effective October 1, 2011.

The Parties agree that this Settlement is not contingent upon any specific methodology for individual components of the revenue requirement determination, but all Parties support the overall increase to the Company's revenue requirement, and agree that the overall increase represents a fair, just and reasonable compromise of the issues in this proceeding and that this Stipulation is in the public interest.

6. Net Impact of All Proposed Revenue Adjustments on October 1, 2011. By means of separate filings, several other rate adjustments are proposed to also take effect on October 1, 2011. With respect to electric service, these proposed adjustments include the following¹: a decrease of \$2.2 million in Schedule 59 for Residential Exchange benefits for residential and small farm customers; a decrease of \$15.5 million in Schedule 66 Power Cost Adjustment (PCA) rates. In addition, an increase of \$8.7 million for the previously-approved adjustment for Deferred State Income taxes (DSIT) in Schedule 99, as part of the Settlement approved in Case No.(s) AVU-E-10-01 and AVU-G-10-01 will take effect on October 1, 2011. After taking into account the agreed-upon increase of \$2.8 million in electric general rate increase revenues, the net overall reduction resulting from all of the proposed aforementioned adjustments, if approved

¹ These proposed rate changes are included for illustrative purposes and are not part of this Stipulation.

as filed would total approximately \$6.2 million.² Attachment A sets forth these proposed October 1 adjustments in more detail, and by service schedule. The following table summarizes these proposed revenue adjustments:

<u>Electric - October 1, 2011 Revenue Change</u>	
Schedule 99 - DSIT Increase	\$ 8,698,844
Schedule 59 - Residential Exchange	\$ (2,207,088)
Schedule 66 - PCA Decrease	\$ (15,517,483)
GRC Rate Increase	\$ 2,800,000
Total Revenue Change	\$ (6,225,727)

With respect to natural gas service, the following rate adjustments, by means of separate filings, are proposed to take effect on October 1, 2011³: an increase of \$0.8 million in Schedules 150/155 for Purchased Gas Costs (PGA)⁴; a decrease of \$2.9 million in Demand-Side Management (DSM) tariff rider Schedule 191. In addition, an increase of \$0.5 million for the previously-approved adjustment for Deferred State Income Taxes (DSIT) in Schedule 199, as part of the Settlement approved in Case No.(s) AVU-E-10-01 and AVU-G-10-01 will take effect on October 1, 2011. After taking into account the agreed-upon increase of \$1.1 million in natural gas general rate revenues, the net overall decrease resulting from all of the proposed aforementioned adjustments, if approved as filed, would be \$0.525 million. Attachment A sets forth these proposed October 1, 2011 adjustments in more detail, and by service schedule. The following table summarizes these proposed revenue adjustments:

² As part of this Settlement, Avista has also agreed to withdraw its filed-for decrease of \$0.74 million in electric Demand-Side Management (DSM) Tariff Schedule 91, and will do so by means of a separate filing.

³ These proposed rate changes are included for illustrative purposes and are not part of this Stipulation.

⁴ On August 26, 2011, Avista will update its pending PGA (Case No. AVU-G-11-04) to reflect a decline in forward natural gas prices since the August 15, 2011 PGA filing which, if approved by the Commission, would result in a 0.98% overall increase versus the previously-filed 1.53% increase. The revised proposed rates have been incorporated into the net proposed October 1, 2011 Revenue Change and Attachments A and C to this Stipulation.

Natural Gas - October 1, 2011 Revenue Change

Schedule 199 - DSIT Increase	\$	470,423
Schedule 150/155 - PGA Increase	\$	776,190
Schedule 191 - DSM Decrease	\$	(2,871,236)
GRC Rate Increase	\$	1,100,000
Total Revenue Change	\$	(524,623)

7. Effective Date for New Rates In This Proceeding. The Parties agree, as an integral part of the Settlement, that the effective date for new electric and natural gas rates should be October 1, 2011.

8. Limitation on Effective Date of Any New Rates Established By Subsequent General Rate Filing. The Company agrees that it will not seek to make effective a change in base electric or natural gas rates prior to April 1, 2013, by means of a general rate filing. (Any filing of a general rate case, however, may be made prior to April 1, 2013, but shall not request an effective date prior to April 1, 2013.) This will not prevent the Company, however, from otherwise seeking to implement other rate changes affecting the rates billed to customers, including, but not limited to, adjustments under the power cost adjustment (PCA) mechanism, purchased gas cost adjustments (PGA); DSM tariff rider adjustments; etc.

9. PCA Authorized Level of Expense. The new level of power supply expense, retail load and Clearwater Paper generation, and Load Change Adjustment Rate resulting from the settlement revenue requirement for purposes of the monthly PCA mechanism calculations, are detailed in Attachment B.

10. Cost of Service. As part of this rate case, the Company prepared an analysis of using a peak credit method of classifying production costs, allocating 100% of transmission costs to demand, and allocating transmission costs to reflect any peak and off-peak seasonal cost differences on a weighted twelve month basis. The Parties have agreed to exchange information and convene a public workshop, prior to the Company's next general rate case, with respect to

the method of allocation of demand and energy among the customer classes such as the possible use of a revised peak credit method for classifying production costs, as well as consideration of the use of a 12 Coincident Peak (CP) (whether "weighted" or not) versus a 7 CP or other method for allocating transmission costs. This workshop will also address the merits of inclining or declining block rates for service schedules 11, 21, 25 and 31. The Parties agreed, however, to spread the electric rate increase on a uniform percentage basis for purposes of this Settlement.

As for natural gas, the Company prepared a cost of service study and proposed that all rate schedules be moved to unity. For settlement purposes, the Parties agreed to spread the natural gas rate increase on a uniform percentage basis.

11. Rate Spread/Rate Design.

(a) As indicated above, the Parties agree that the increase in base revenue would be spread to all electric and natural gas rate schedules on a uniform percentage basis.

(b) The Parties agree that there will be an increase in the basic charges, monthly minimum charges, and demand charges in Schedules 11, 21, 25 and 146, as shown in Attachment C.

(c) A uniform percentage increase will be applied to each energy rate within each electric service schedule excluding Schedule 1, residential service, where the block differential remains constant. In addition, the second block in Schedule 11 will be reduced by \$0.00773 as contemplated in the Company's original filing⁵, and the remaining revenue requirement, after accounting for the changes in the basic charge and demand charge, will be applied to the first energy block.

⁵ See Direct Testimony of Patrick Ehrbar, Page 15.

(d) The Parties agree that the current residential electric basic charge of \$5.00 per month will be increased to \$5.25, and the residential natural gas basic charge of \$4.00 per month will be increased to \$4.25.

(e) Attachment C provides a summary of the current and revised rates and charges (as per the Settlement) for electric and natural gas service.

12. Resulting Percentage Increase by Schedule. The following tables reflect the agreed-upon percentage increase by schedule for electric and natural gas service:

Electric Increase Percentage by Schedule

Rate Schedule	Increase in Base Rates	Net Increase in Billing Rates*
Residential Schedule 1	1.1%	-2.1%
General Service Schedule 11/12	1.1%	-1.1%
Large General Service Schedule 21/22	1.1%	-1.4%
Extra Large General Service Schedule 25	1.1%	-3.9%
Clearwater Paper Schedule 25P	1.1%	-5.2%
Pumping Service Schedule 31/32	1.1%	0.0%
Street & Area Lights Schedules	1.1%	2.7%
Overall	1.1%	-2.4%

* Net Increase includes the effects of the proposed changes in Schedule 59 (Residential Exchange), Schedule 66 (Power Cost Adjustment), Schedule 99 (Deferred State Income Tax) and the General Rate Increase, all effective on October 1, 2011 if approved.

Natural Gas Increase Percentage by Schedule

Rate Schedule	Increase in Base Rates	Net Increase in Billing Rates**
General Service Schedule 101	1.6%	-0.5%
Large General Service Schedule 111/112	1.6%	-1.8%
Interruptible Sales Service Schedule 131/132	1.6%	-10.6%
Transportation Service Schedule 146	1.6%	3.0%
Overall	1.6%	-0.8%

** Net Increase includes the effects of the proposed changes in Schedule 150/155 (PGA), Schedule 191 (Energy Efficiency Rider), Schedule 199 (Deferred State Income Tax) and the General Rate Increase, all effective on October 1, 2011 if approved.

13. Customer Service-Related Issues.

(a) Funding for Outreach for Low-Income Conservation. The Parties agree to annual funding of \$50,000 to CAPAI for purposes of providing low-income outreach and education concerning conservation (representing an increase of \$10,000 from previous funding levels). This amount will be funded through the Energy Efficiency Tariff Rider (Schedules 91 and 191), and will be in addition to the \$700,000 of Low-Income Weatherization funding currently in place.

(b) Collaboration on Low-Income Weatherization. The Company and interested parties will meet and confer prior to the Company's next general rate filing in order to assess the Low Income Weatherization and Low Income Energy Conservation Education Programs and discuss appropriate levels of low-income weatherization funding in the future.

14. Other Accounting Matters/Deferrals. The Parties agree to the following accounting treatment for the following items:

(a) Costs Associated With Acquisition From Palouse Wind, LLC. The Company has signed a 30-year power purchase agreement with Palouse Wind, LLC, to acquire all of the power produced by a wind project that is expected to produce approximately 40 aMW. Deliveries are expected to begin in the second half of 2012. The annual cost of the Idaho share of the purchased power under the contract is expected to be approximately \$6.5 million. Under terms of this Settlement, the Company shall include 100% of the costs associated with power purchases from the wind project through the Power Cost Adjustment (PCA) until such costs, subject to prudence review, are reflected in general rates.

(b) Deferred Accounting Treatment For The Variability In Certain Generating Plant Operation and Maintenance (O&M) Costs. In order to address the large variability in year-to-year O&M costs, beginning in 2011 the Company will be allowed to defer changes in O&M costs related to its Coyote Springs 2 (CS2) natural gas-fired generating plant located near Boardman, Oregon, and its fifteen (15) percent ownership share of the Colstrip 3 & 4 coal-fired generating plants located in southeastern Montana.

The Company will compare actual, non-fuel, O&M expenses for the Coyote Springs 2 and Colstrip 3 & 4 plants with the amount of expenses authorized for recovery in base rates in the applicable deferral year, and defer the difference from that currently authorized. The deferral will occur annually, with no carrying charge, with deferred costs being amortized over a three-year period, beginning in January of the year following the period costs are deferred. The amount of expense to be included for recovery in future general rate cases would be the actual O&M expense recorded in the test period, less any amount deferred during the test period, plus the amortization of previously deferred costs.

The Company would defer the operations and maintenance expenses referenced above in Account 182.3 – Other Regulatory Assets. The deferrals would be allocated to the Idaho and Washington jurisdictions based on the Production / Transmission allocation percentages in place at the time the deferrals are made, and placed in separate Idaho and Washington sub-accounts. Account 182.3 – Other Regulatory Assets would be debited, and Account 407.4 – Regulatory Credits will be credited as the deferrals are recorded. Amortization will be recorded by debiting Account 407.3 – Regulatory Debits, and crediting Account 182.3 – Other Regulatory Assets.

IV. OTHER GENERAL PROVISIONS

15. The Parties agree that this Stipulation represents a compromise of the positions of the Parties in this case. As provided in RP 272, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

16. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274. Parties shall support this Stipulation before the Commission, and no Party shall appeal a Commission Order approving the Stipulation or an issue resolved by the Stipulation. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file testimony, 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 terms embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

17. If the Commission rejects any part or all of this Stipulation or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 14 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate. In such

case, the Parties immediately will request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case. The Parties agree to cooperate in development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing testimony and briefs.

18. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

19. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

20. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal, if any, by a court of competent jurisdiction.

21. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this 26th day of August, 2011.

Avista Corporation

By: [Signature]
David J. Meyer
Attorney for Avista Corporation

Idaho Public Utilities Commission Staff

By: [Signature]
Donald L. Howell, II
Weldon Stutzman
Deputy Attorneys General

Clearwater Paper Corporation

By: _____
Peter Richardson
Attorney for Clearwater Paper

Idaho Forest Group

By: _____
Dean J. Miller
Attorney for Idaho Forest Group LLC

Community Action Partnership Association

By: _____
Brad M. Purdy
Attorney for CAPAI

Idaho Conservation League

By: _____
Benjamin J. Otto
Attorney for ICL

DATED this 25th day of August, 2011.

Avista Corporation

By: _____
David J. Meyer
Attorney for Avista Corporation

Idaho Public Utilities Commission Staff

By: _____
Donald L. Howell, II
Kristine A. Sasser
Deputy Attorneys General

Clearwater Paper Corporation

By: Peter Richardson
Peter Richardson
Attorney for Clearwater Paper

Idaho Forest Group

By: _____
Dean J. Miller
Attorney for Idaho Forest Group LLC

Community Action Partnership Association

By: _____
Brad M. Purdy
Attorney for CAPAI

Idaho Conservation League

By: _____
Benjamin J. Otto
Attorney for ICL

STIPULATION AND SETTLEMENT - AVU-E/G-11-01

Exhibit No. 101
Case No. AVU-E-11-01/AVU-G-11-01
R. Lobb, Staff
9/09/11 Page 13 of 26

DATED this ____ day of August, 2011.

Avista Corporation

By: _____
David J. Meyer
Attorney for Avista Corporation

Idaho Public Utilities Commission Staff

By: _____
Donald L. Howell, II
Kristine A. Sasser
Deputy Attorneys General

Clearwater Paper Corporation

By: _____
Peter Richardson
Attorney for Clearwater Paper

Idaho Forest Group

By: _____
Dean J. Miller
Attorney for Idaho Forest Group LLC

Community Action Partnership Association

By: _____
Brad M. Purdy
Attorney for CAPAI

Idaho Conservation League

By: _____
Benjamin J. Otto

DATED this ____ day of August, 2011.

Avista Corporation

By: _____
David J. Meyer
Attorney for Avista Corporation

Idaho Public Utilities Commission Staff

By: _____
Donald L. Howell, II
Weldon Stutzman
Deputy Attorneys General

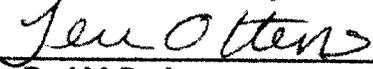
Clearwater Paper Corporation

By: _____
Peter Richardson
Attorney for Clearwater Paper

Idaho Forest Group

By: _____
Dean J. Miller
Attorney for Idaho Forest Group LLC

Community Action Partnership Association

By: 
for Brad M. Purdy
Attorney for CAPAI

Idaho Conservation League

By: _____
Benjamin J. Otto
Attorney for ICL

DATED this 25 day of August, 2011.

Avista Corporation

By: _____
David J. Meyer
Attorney for Avista Corporation

Idaho Public Utilities Commission Staff

By: _____
Donald L. Howell, II
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Clearwater Paper Corporation

By: _____
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By: _____
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By: _____
Brad M. Purdy
Attorney for CAPAI

Idaho Conservation League

By: _____
Benjamin J. Otto
Attorney for ICL

**STIPULATION AND SETTLEMENT
Case Nos. AVU-E-11-01 & AVU-G-11-01**

ATTACHMENT A

**Summary of Proposed Net Rate Changes
Electric and Natural Gas**

Avista Utilities
Idaho Rate Adjustments - Electric

	TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC. SCH. 11,12	LG. GEN. SVC. SCH. 21,22	EX LG GEN SVC SCHEDULE 25	CLEARWATER SCHEDULE 25P	PUMPING SCH. 31, 32	ST & AREA LTG SCH. 41-49
Total Present Billed Revenue	\$ 258,679,295	\$ 102,284,711	\$ 31,643,464	\$ 54,907,166	\$ 15,317,358	\$ 46,441,478	\$ 4,713,222	\$ 3,371,896
Revenue Change								
Schedule 99 - DSIT Increase *	\$ 8,698,844	\$ 4,131,417	\$ 782,627	\$ 1,794,958	\$ 473,823	\$ 1,191,859	\$ 208,192	\$ 115,967
Schedule 59 - Residential Exchange	\$ (2,207,088)	\$ (2,134,950)	\$ (37,578)	\$ (23,876)	\$ -	\$ -	\$ (10,684)	\$ -
Schedule 66 - PCA Decrease	\$ (15,517,483)	\$ (5,308,525)	\$ (1,422,958)	\$ (3,151,453)	\$ (1,231,405)	\$ (4,091,456)	\$ (248,105)	\$ (63,582)
GRC Rate Increase **	\$ 2,800,000	\$ 1,143,300	\$ 341,200	\$ 588,600	\$ 159,800	\$ 477,700	\$ 51,400	\$ 38,000
Total Revenue Change	\$ (6,225,727)	\$ (2,166,758)	\$ (336,710)	\$ (791,770)	\$ (597,782)	\$ (2,421,897)	\$ 804	\$ 90,386
Percentage Change								
Schedule 99 - DSIT Adjustment	3.4%	4.0%	2.5%	3.3%	3.1%	2.6%	4.4%	3.4%
Schedule 59 - Residential Exchange	-0.9%	-2.1%	-0.1%	0.0%	0.0%	0.0%	-0.2%	0.0%
Schedule 66 - PCA Adjustment	-6.0%	-5.2%	-4.5%	-5.7%	-8.0%	-8.8%	-5.3%	-1.9%
GRC Rate Adjustment	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Total Percentage Change	-2.4%	-2.1%	-1.1%	-1.4%	-3.9%	-5.2%	0.0%	2.7%

Assumptions

Schedule 99 DSIT Per AVU-E-10-01
Residential Exchange as Filed August 2011
PCA Decrease as Filed July 2011

* As noted in the Schedule 99 tariff, any residual balance will be trueed up in a future PCA filed by the Company
** GRC Rate Spread is a uniform percentage increase

Avista Utilities
Idaho Rate Adjustments - Natural Gas

	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCH. 111&112	INTERRUPTIBLE SCH. 131&132	TRANSPORT SCHEDULE 146
1	TOTAL	\$53,112,430	\$255,535	\$327,268
2	\$	68,550,363	\$14,855,130	
3	Total Billed Revenue			
4	Revenue Change			
5	Schedule 199 - DSIT Increase *	\$ 470,423	\$ 69,422	\$ 1,252
6	Schedule 150/155 - PGA Increase	\$ 776,190	\$ 208,265	\$ (18,836)
7	Schedule 191 - DSM Decrease	\$ (2,871,236)	\$ (786,136)	\$ (13,829)
8	GRC Rate Increase **	\$ 1,100,000	\$ 240,500	\$ 4,300
9	Total Revenue Change	\$ (524,623)	\$ (267,950)	\$ 9,983
10	Percentage Change			
11	Schedule 199 - DSIT Increase	0.7%	0.7%	0.5%
12	Schedule 150/155 - PGA Increase	1.1%	1.4%	-7.4%
13	Schedule 191 - DSM Decrease	-4.2%	-3.9%	-5.4%
14	GRC Rate Increase	1.6%	1.6%	1.6%
15	Total Percentage Change	-0.8%	-0.5%	-10.6%
16				3.1%
17				
18	Assumptions			
19	Schedule 199 DSIT Per AVU-G-10-01			
20	PGA Increase as Filed August 2011			
21	DSM Decrease as Filed June 2011			
22				
23	* As noted in the Schedule 199 tariff, any residual balance will be trued up in a future PGA filed by the Company			
24	** GRC Rate Spread is a uniform percentage increase			

STIPULATION AND SETTLEMENT
Case Nos. AVU-E-11-01 & AVU-G-11-01

ATTACHMENT B

**Electric PCA Authorized Expense and
Retail Sales**

Avista Corp
 Pro forma January - December
 PCA Authorized Expense and Retail Sales

PCA Authorized Power Supply Expense - System Numbers (1)

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Account 555 - Purchased Power	\$80,348,565	\$10,122,507	\$9,577,664	\$8,018,085	\$7,554,843	\$5,228,946	\$5,487,169	\$6,086,971	\$8,235,463	\$5,541,731	\$5,447,410	\$8,541,543	\$9,506,232
Account 501 - Thermal Fuel	\$32,040,452	\$3,072,868	\$2,782,387	\$2,974,645	\$2,282,106	\$1,591,007	\$1,196,694	\$2,810,000	\$3,088,182	\$3,020,517	\$3,121,464	\$3,032,500	\$3,048,073
Account 547 - Natural Gas Fuel	\$82,286,653	\$9,977,010	\$8,809,375	\$5,689,839	\$2,552,067	\$1,521,570	\$1,828,881	\$7,006,952	\$10,016,488	\$9,966,878	\$11,645,599	\$11,810,974	\$11,653,023
Account 447 - Sale for Resale	\$40,351,713	\$3,555,959	\$3,428,284	\$2,348,808	\$2,921,441	\$3,570,213	\$2,533,858	\$4,449,015	\$1,305,862	\$3,557,296	\$3,955,376	\$4,999,782	\$3,725,820
Power Supply Expense	\$174,324,956	\$19,616,426	\$17,741,143	\$15,344,762	\$9,477,574	\$4,771,309	\$6,979,886	\$11,454,908	\$20,044,278	\$14,971,830	\$16,259,088	\$18,185,234	\$20,481,507
Transmission Expense	\$17,641,176	\$1,528,636	\$1,474,958	\$1,528,717	\$1,425,005	\$1,430,460	\$1,438,762	\$1,477,824	\$1,441,408	\$1,454,077	\$1,433,340	\$1,473,058	\$1,535,928
Transmission Revenue	\$11,924,732	\$1,057,234	\$787,213	\$884,569	\$751,868	\$966,760	\$1,152,638	\$1,116,297	\$1,029,595	\$1,014,538	\$1,003,003	\$951,635	\$809,351

PCA Authorized Idaho Retail Sales

	Total	January	February	March	April	May	June	July	August	September	October	November	December
Retail Sales (two Clearwater), MWh	2,937,213	281,534	261,004	240,041	222,016	218,544	209,754	234,917	229,541	226,157	239,372	260,533	303,799
Clearwater Paper Gen/Load	436,153	37,454	34,984	28,071	36,085	38,584	36,578	37,638	37,807	35,069	36,129	36,274	39,650
Load Change Adjustment Rate	\$27.85 /MWh												

(1) Multiply system numbers by 34.84% to determine Idaho share.

STIPULATION AND SETTLEMENT
Case Nos. AVU-E-11-01 & AVU-G-11-01

ATTACHMENT C

Electric and Natural Gas Rate Design

AVSTA UTILITIES
IDAHO ELECTRIC, CASE NO. AVU-E-11-01
PROPOSED INCREASE BY SERVICE SCHEDULE
12 MONTHS ENDED DECEMBER 31, 2010
(000s of Dollars)

Line No.	Type of Service	Schedule Number	Base Tariff Revenue Under Present Rates(1)	Proposed General Increase	Base Tariff Revenue Under Proposed Rates (1)	Base Tariff Percent Increase	Total Billed Revenue at Present Rates(2)	Gen. Incr. as a % of Billed Revenue	Total General Increase	Sch. 99-DSIT Increase	Sch. 59-RateEx Decrease	Sch. 66-PCA Decrease	Total Billed Revenue at Proposed Rates(2)	Percent GRC Increase on Billed Revenue	Percent Total Change on Billed Revenue
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	Residential	1	\$100,808	\$1,143	\$101,950	1.1%	\$102,285	1.1%	\$1,143	\$4,131	(\$2,136)	(\$5,309)	\$100,114	1.1%	(2.1%)
2	General Service	11,12	\$30,201	\$341	\$30,542	1.1%	\$31,643	1.1%	\$341	\$783	(\$38)	(\$1,423)	\$31,306	1.1%	(1.1%)
3	Large General Service	21,22	\$52,234	\$589	\$52,823	1.1%	\$54,907	1.1%	\$589	\$1,795	(\$24)	(\$3,151)	\$54,116	1.1%	(1.4%)
4	Extra Large General Service	25	\$14,121	\$160	\$14,281	1.1%	\$15,317	1.0%	\$160	\$474	\$0	(\$1,231)	\$14,720	1.0%	(3.9%)
5	Clearwater	25P	\$42,127	\$478	\$42,605	1.1%	\$46,441	1.0%	\$478	\$1,192	\$0	(\$4,091)	\$44,020	1.0%	(5.2%)
6	Pumping Service	31,32	\$4,599	\$52	\$4,651	1.1%	\$4,713	1.1%	\$52	\$208	(\$11)	(\$246)	\$4,714	1.1%	0.0%
7	Street & Area Lights	41-49	\$3,345	\$38	\$3,383	1.1%	\$3,372	1.1%	\$38	\$116	\$0	(\$64)	\$3,462	1.1%	2.7%
8	Total		\$247,435	\$2,800	\$250,235	1.1%	\$256,678	1.1%	\$2,800	\$9,699	(\$2,208)	(\$15,517)	\$252,451	1.1%	(2.4%)

(1) Excludes all present rate adjustments (see below).

(2) Includes all present rate adjustments: Schedule 59 - Residential & Farm Energy Rate Adjustment, Schedule 66 - Temporary Power Cost Adjustment, Schedule 91 - Energy Efficiency Rider Adjustment, and Schedule 99 - Deferred State Income Tax Adjustment.

**AVISTA UTILITIES
IDAHO ELECTRIC, CASE NO. AVU-E-11-01
PRESENT AND PROPOSED RATE COMPONENTS BY SCHEDULE**

(a)	Base Tariff Sch. Rate (b)	Present ERM & Other Adj. (1) (c)	Present Billing Rate (d)	General Rate Inc/(Decr) (e)	Billing Rate Decrease (2) (f)	Proposed Billing Rate (g)	Proposed Base Tariff Rate (h)
<u>Residential Service - Schedule 1</u>							
Basic Charge	\$5.00		\$5.00	\$0.25		\$5.25	\$5.25
Energy Charge:							
First 600 kWhs	\$0.07775	\$0.00128	\$0.07903	\$0.00073	(\$0.00287)	\$0.07689	\$0.07848
All over 600 kWhs	\$0.08691	\$0.00128	\$0.08819	\$0.00073	(\$0.00287)	\$0.08605	\$0.08764
<u>General Services - Schedule 11</u>							
Basic Charge	\$9.50		\$9.50	\$0.50		\$10.00	\$10.00
Energy Charge:							
First 3,650 kWhs	\$0.09063	\$0.00476	\$0.09539	\$0.00275	(\$0.00207)	\$0.09607	\$0.09338
All over 3,650 kWhs	\$0.07731	\$0.00476	\$0.08207	(\$0.00773)	(\$0.00207)	\$0.07227	\$0.06958
Demand Charge:							
20 kW or less	no charge		no charge	no charge			no charge
Over 20 kW	\$4.75/kW		\$4.75/kW	\$0.50/kW		\$5.25/kW	\$5.25/kW
<u>Large General Service - Schedule 21</u>							
Energy Charge:							
First 250,000 kWhs	\$0.06109	\$0.00393	\$0.06502	(\$0.00070)	(\$0.00198)	\$0.06234	\$0.06039
All over 2 (2) <u>Includes</u> all present	\$0.05214	\$0.00393	\$0.05607	(\$0.00060)	(\$0.00198)	\$0.05349	\$0.05154
Demand Charge:							
50 kW or less	\$325.00		\$325.00	\$25.00		\$350.00	\$350.00
Over 50 kW	\$4.25/kW		\$4.25/kW	\$0.50/kW		\$4.75/kW	\$4.75/kW
Primary Voltage Discount	\$0.20/kW		\$0.20/kW			\$0.20/kW	\$0.20/kW
<u>Extra Large General Service - Schedule 25</u>							
Energy Charge:							
First 500,000 kWhs	\$0.05065	\$0.00447	\$0.05512	(\$0.00018)	(\$0.00283)	\$0.05211	\$0.05047
All over 500,000 kWhs	\$0.04290	\$0.00447	\$0.04737	(\$0.00015)	(\$0.00283)	\$0.04439	\$0.04275
Demand Charge:							
3,000 kva or less	\$12,000		\$12,000	\$500		\$12,500	\$12,500
Over 3,000 kva	\$4.00/kva		\$4.00/kva	\$0.50/kva		\$4.50/kva	\$4.50/kva
Primary Volt. Discount	\$0.20/kW		\$0.20/kW			\$0.20/kW	\$0.20/kW
Annual Minimum	Present:	\$662,400				\$666,570	
<u>Clearwater - Schedule 25P</u>							
Energy Charge:							
all kWhs	\$0.04166	\$0.00485	\$0.04651	(\$0.00020)	(\$0.00326)	\$0.04305	\$0.04146
Demand Charge:							
3,000 kva or less	\$12,000		\$12,000	\$500		\$12,500	\$12,500
Over 3,000 kva	\$4.00/kva		\$4.00/kva	\$0.50/kva		\$4.50/kva	\$4.50/kva
Primary Volt. Discount	\$0.20/kW		\$0.20/kW			\$0.20/kW	\$0.20/kW
Annual Minimum	Present:	\$602,260				\$606,060	
<u>Pumping Service - Schedule 31</u>							
Basic Charge	\$7.50		\$7.50	\$0.50		\$8.00	\$8.00
Energy Charge:							
First 165 kW/kWh	\$0.08852	\$0.00227	\$0.09079	\$0.00087	(\$0.00074)	\$0.09092	\$0.08939
All additional kWhs	\$0.07546	\$0.00227	\$0.07773	\$0.00074	(\$0.00074)	\$0.07773	\$0.07620

(1) Includes all present rate adjustments: Schedule 59 - Residential & Farm Energy Rate Adjustment, Schedule 66 - Temporary Power Cost Adjustment, Schedule 91 - Energy Efficiency Rider Adjustment, and Schedule 99 - Deferred State Income Tax Adjustment.

(2) Includes proposed rate adjustments: Schedule 59 - Residential & Farm Energy Rate Adjustment, Schedule 66 - Temporary Power Cost Adjustment, and Schedule 99 - Deferred State Income Tax Adjustment.

Stipulation and Settlement
Case No. AVU-E-11-01 and AVU-G-11-01
Avista
Page 2 of 4

Attachment C

Exhibit No. 101
Case No. AVU-E-11-01/AVU-G-11-01
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AVISTA UTILITIES
IDAHO GAS, CASE NO. AVU-G-11-01
PROPOSED INCREASE BY SERVICE SCHEDULE
12 MONTHS ENDED DECEMBER 31, 2010
(000s of Dollars)

Line No.	Type of Service (a)	Schedule Number (b)	Base Tariff Revenue Under Present Rates (1) (c)	Proposed General Increase (d)	Proposed PGA Gas Cost Decrease (e)	Base Tariff Revenue Under Proposed Rates (1) (f)	Base Tariff Percent Increase (g)	Total Billed Revenue at Present Rates (2) (h)	Total General Increase (i)	Total DSM Sch 191 - DSM Sch 199 - DSIT Sch 195 - Amort Increase (j)	Total Billed Revenue at Proposed Rates (2) (m)	Percent GRC Increase on Billed Revenue (2) (n)	Percent Total Increase on Billed Revenue (2) (o)
1	General Service	101	\$54,493	\$850	(\$1,958)	\$53,385	1.6%	\$53,112	\$850	(\$2,071)	\$52,873	1.6%	(0.5%)
2	Large General Service	111	\$15,414	\$240	(\$695)	\$14,960	1.6%	\$14,655	\$240	(\$786)	\$14,567	1.6%	(1.5%)
3	Interruptible Service	131	\$275	\$4	(\$19)	\$260	1.6%	\$256	\$4	(\$14)	\$228	1.7%	(10.6%)
4	Transportation Service	146	\$332	\$5	\$0	\$337	1.6%	\$327	\$5	\$0	\$337	1.6%	3.0%
5	Special Contracts	148	\$84	\$0	\$0	\$84	0.0%	\$84	\$0	\$0	\$84	0.0%	0.0%
6	Total		\$70,608	\$1,100	(\$2,672)	\$69,036	1.6%	\$68,644	\$1,100	(\$2,671)	\$68,119	1.6%	(0.5%)

(1) Includes Schedule 150 - Purchased Gas Cost Adjustment

(2) Includes Schedule 155 - Gas Rate Adjustment, Schedule 191 - Energy Efficiency Rider Adjustment and Schedule 199 - Deferred State Income Tax Adjustment

**AVISTA UTILITIES
IDAHO GAS, CASE NO. AVU-G-11-01
PRESENT AND PROPOSED RATE COMPONENTS BY SCHEDULE**

(a)	Base Rate (1) (b)	Present Rate Adj. (2) (c)	Present Billing Rate (d)	General Rate Increase (e)	Proposed PGA-Gas Cost Rate (f)	Other Rate Change (2) (g)	Proposed Billing Rate (2) (h)	Proposed Base Rate (1) (i)
<u>General Service - Schedule 101</u>								
Basic Charge	\$4.00		\$4.00	\$0.25			\$4.25	\$4.25
Usage Charge:								
All therms	\$0.94102	(\$0.02549)	\$0.91553	\$0.00656	(\$0.03106)	\$0.01603	\$0.90706	\$0.91652
<u>Large General Service - Schedule 111</u>								
Usage Charge:								
First 200 therms	\$0.96103	(\$0.02905)	\$0.93198	\$0.00272	(\$0.03106)	\$0.00970	\$0.91334	\$0.93269
200 - 1,000 therms	\$0.82865	(\$0.02905)	\$0.79960	\$0.00889	(\$0.03106)	\$0.00970	\$0.78713	\$0.80648
1,000 - 10,000 therms	\$0.75404	(\$0.02905)	\$0.72499	\$0.00763	(\$0.03106)	\$0.00970	\$0.71126	\$0.73061
All over 10,000 therms	\$0.70488	(\$0.02905)	\$0.67583	\$0.00680	(\$0.03106)	\$0.00970	\$0.66127	\$0.68062
Minimum Charge:								
per month	\$79.03		\$79.03	\$1.56			\$80.59	\$80.59
per therm	\$0.56587	(\$0.02905)	\$0.53682	(\$0.00508)	(\$0.03106)	\$0.00970	\$0.51038	\$0.52973
<u>Interruptible Service - Schedule 131</u>								
Usage Charge:								
All Therms	\$0.62748	(\$0.04357)	\$0.58391	\$0.00471	(\$0.03796)	\$0.01903	\$0.56969	\$0.59423
<u>Transportation Service - Schedule 146</u>								
Basic Charge	\$200.00		\$200.00	\$25.00			\$225.00	\$225.00
Usage Charge:								
All Therms	\$0.10559	(\$0.00159)	\$0.10400	\$0.00112		\$0.00159	\$0.10671	\$0.10671

(1) Includes Schedule 150 - Purchased Gas Cost Adjustment

(2) Includes Schedule 155 - Gas Rate Adjustment, Schedule 191 - Energy Efficiency Rider Adjustment and Schedule 199 - Deferred State Income Tax Adjustment

Attachment C

Stipulation and Settlement
Case No. AVU-E-11-01 and AVU-G-11-01
Avista
Page 4 of 4

Exhibit No. 101
Case No. AVU-E-11-01/AVU-G-11-01
R. Lobb, Staff
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 9TH DAY OF SEPTEMBER 2011, SERVED THE FOREGOING **DIRECT TESTIMONY OF RANDY LOBB IN SUPPORT OF THE STIPULATION AND SETTLEMENT**, IN CASE NOS. AVU-E-11-01_AVU-G-11-01, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

DAVID J MEYER
VP & CHIEF COUNSEL
AVISTA CORPORATION
PO BOX 3727
SPOKANE WA 99220-3727
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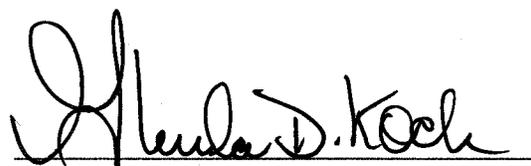
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