

ITEM NO. CA12

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 20, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2017

DATE: December 6, 2016

TO: Public Utility Commission

FROM: JP Batmale 

THROUGH: Jason Eisdorfer and John Crider 

SUBJECT: AVISTA UTILITIES: (Docket No. ADV 423/Advice No. 16-14-G) Annual adjustment to Avista's Schedule 469, Public Purpose Funding Surcharge, which funds energy efficiency and low-income programs.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Avista Corporation (Avista or Company) adjustment to Schedule 469 which funds the Company's energy efficiency and low-income programs.

DISCUSSION:

Issue

Whether the Commission should approve Avista's adjustment to Schedule 469, the "Public Purpose Surcharge," to fund the Company's energy efficiency and low-income programs in 2017.

Applicable Rule or Law

The Company filed this update in compliance with ORS 757.205 requiring all public utilities to file with the Commission all rates, tolls it has established. The filing is also in compliance with OAR 860-022-0025 and OAR 860-022-0030 which stipulates the requirements for filing tariffs or rate changes. The filing is also consistent with the Commission's Order No. 16-109 (issued in Docket UG 288, the Company's most recent general rate case proceeding).

Analysis

Avista filed this request on November 7th to adjust their Schedule 469, which funds the Company's public purpose activities around energy efficiency and low-income support. Specifically, the funds will go towards the delivery of energy efficiency programs administered by the Energy Trust of Oregon ("ETO"), Northwest Energy Efficiency Alliance ("NEEA") natural gas programs, the Avista Oregon Low Income Energy efficiency Program ("AOLIEE"), and Company energy efficiency program administrative costs.

The proposed budget for energy efficiency programs in 2017 is as follows:

Expenditure Type	Budget	% of Budget
Energy Trust	\$ 1,036,869	51.6%
AOLIEE	\$ 350,000	17.4%
NEEA	\$ 253,000	12.6%
Avista Admin	\$ 360,623	17.9%
2016 Customer Rebates ¹	\$ 10,000	0.5%
Total	\$ 2,010,492	

Schedule 469 was originally effective in May 2016 and designed to collect approximately \$1.6 million for the May through December 2016 time period.² These rates, on an annualized basis beginning in January 2017, will collect approximately \$3.1 million. This is more than what the Company needs for 2017 as shown above. The proposed adjustment to Schedule 469 is intended to remedy the expected over-collection that is predicted to occur under the original Schedule 469.

In addition, the Company forecasts a year-end surplus of approximately \$0.4 million in funds collected during the May-December 2016 time period under Schedule 469. In total the Company is requesting an overall rate reduction for Public Purpose Charge programs of \$1,340,940, or 1.4%, effective January 1, 2017.

The collection of revenue and proposed rate impacts are uniform across the four Avista customer classes from which the funds are collected.

¹ Because the Company's direct delivery of energy efficiency programs ends on December 31, 2016, customers may continue to submit rebate forms early in 2017. The \$10,000 is a contingency. The Company has updated its rebate forms to notify customers that they must submit their forms by February 28, 2017 to be eligible for a rebate. If it is not utilized, the funds will be made available in 2017 for Energy Trust or the low-income programs to use.

² Schedule 469 replaced Schedule 478 as part of Avista's decoupling under UG-288.

Finally, this filing will cancel several, existing energy efficiency tariffs. The vast majority of the company's energy efficiency Programs will be administered by Energy Trust beginning in January 2017 and the tariffs will no longer be necessary.

Conclusion

Based on Staff's review of submitted documents, including review of Avista's update of Schedule 469 for 2017, research into the Company's most recent rate case (Docket UG 288), analysis of estimated revenues to be collected, review of the Energy Trust budget and conversations with Avista, Staff concludes that the filing is prudent and reasonable and should be approved.

PROPOSED COMMISSION MOTION:

The Commission should approve Avista's 2017 adjustment to Schedule 469, which funds the Company's energy efficiency and low-income programs.