

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 12, 2017

REGULAR CONSENT EFFECTIVE DATE November 1, 2017

DATE: October 2, 2017

TO: Public Utility Commission

FROM: Mitchell Moore *MAN*

THROUGH: Jason Eisdorfer *J* and John Crider *Jc*

SUBJECT: AVISTA UTILITIES: (Docket No. UG 340/Advice No. 17-03-G) Updates rates on Schedule 476, Intervenor Funding.

STAFF RECOMMENDATION:

Staff recommends that Avista Corporation dba Avista Utilities' filing (Avista or Company) be approved and the associated tariffs be allowed to go into effect on November 1, 2017.

DISCUSSION:

Issue

Whether the Commission should approve Avista's request to update Schedule 476 to amortize deferred costs for grants paid to intervenors.

Applicable Law

The Commission has authorized Avista to enter into intervenor funding grant agreements.¹ Under ORS 757.072(4) and ORS 757.259(3), the Commission shall allow utilities that enter into such agreements to defer the costs of the grants for later inclusion in rates.

Utilities may request to amortize these deferred costs into rates under ORS 757.259(1). In accordance with ORS 757.259(3) and ORS 757.072, the amortization of amounts deferred under ORS 757.259(3) is not subject to an earnings review, but is subject to a prudence review.

¹ See Order No. 15-335.

OAR 860-027-0300(9) states that amortization in rates of a deferred amount is allowed only as authorized by the Commission. The Commission may authorize amortization of such amounts only for utility expenses or revenues for which the Commission previously has authorized deferred accounting. Unless authorized by the Commission to do otherwise: (a) An energy utility may request that amortizations of deferred accounts commence no later than one year from the date that deferrals cease for that particular account; (b) In the case of ongoing balancing accounts, the energy utility may request amortization at least annually, unless amortization of the balancing account is then in effect; or (c) A utility may request amortization as soon as practical but no later than its next rate case.

Commission Order No. 08-263, modified by Order No. 10-279, sets out the applicable interest rates to use for deferral accounts and to use when such amounts are amortized.

Analysis

Background

In its Order No. 03-388, the Commission approved an Intervenor Funding Agreement (IFA) between various utilities including Avista, and several intervenors including the Citizens' Utility Board of Oregon (CUB), Northwest Industrial Gas Users (NWIGU), and Industrial Customers of Northwest Utilities (ICNU).

In this filing, Avista updates the rate increments in its Schedule No. 476, Intervenor Funding Grants - Oregon, to reflect currently deferred account balances. The Commission authorized deferral of intervenor grant funding most recently in Order No. 16-302, Docket UM 1356(9).

The impact of Avista's proposal on customer rates is minimal. If approved, this filing will produce a slight decrease to rates across all customer classes, resulting in a reduction in revenue of \$55,055, or 0.06 percent for the upcoming November 1, 2017 through October 31, 2018 period (2017/2018 PGA Year). The number of customers affected by the proposed change is 89,839 residential customers and 73 industrial customers.

Because the deferral and recovery of these amounts are authorized by statute, Staff's prudence review is focused on verification of the accounting methodology used to determine the final amortization balance. Staff reviewed Avista's application and supporting workpapers to determine if the amortized amounts reconciled with the previous year's balances are consistent with Intervenor Funding grants that were paid

by the Company, that interest was applied correctly, and that the proposed rate increments are applied correctly.

Conclusion

Staff finds that Avista's accounting, including the application of interest, is accurate. Staff also finds that the proposed rate increments are correctly calculated and applied. For these reasons, Staff recommends the Commission approve this filing.

PROPOSED COMMISSION MOTION:

Approve Avista's filing and allow the associated tariffs to take effect for service on and after November 1, 2017.