

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF OREGON

3 DOCKET NO. UM \_\_\_\_\_

4  
5 IN THE MATTER OF THE APPLICATION OF ) APPLICATION  
6 AVISTA UTILITIES FOR AN ORDER ) FOR AUTHORIZATION  
7 AUTHORIZING DEFERRAL OF ENERGY ) OF CERTAIN DEFERRAL  
8 EFFICIENCY PROGRAM EXPENSES ) ACCOUNTS  
9 COLLECTED THROUGH RATE SCHEDULE 469 )  
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12 Avista Corporation, dba Avista Utilities (“Avista” or “Company”), pursuant to ORS  
13 757.259 and OAR 860-027-0300(4), applies to the Public Utility Commission of Oregon  
14 ("Commission") for an order authorizing it to utilize deferred accounting for Avista’s energy  
15 efficiency programs. The Company respectfully requests that this deferral be effective beginning  
16 December 31, 2018.

17 In support of this Application, the Company states:

18 Avista provides natural gas service in southwestern and northeastern Oregon and is a public  
19 utility subject to the Commission’s jurisdiction under ORS 757.005(1)(a)(A).

20 Avista requests that all notices, pleadings and correspondence regarding this Application be  
21 sent to the following:

22  
23 Patrick Ehrbar  
24 Director of Regulatory Affairs  
25 Avista Corporation  
26 P.O. Box 3727  
27 Avista Corporation  
28 1411 E. Mission, MSC-27  
29 Spokane, WA 99220-3727  
30 (509) 495-8620  
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1 This Application is filed pursuant to ORS 757.259, which empowers the Commission to  
2 authorize the deferral of expenses or revenues of a public utility for later incorporation into rates.

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4 BACKGROUND

5 In the Company’s 2015 general rate case (Docket No. UG-288 filed in May 2015), the  
6 Settling Parties supported the establishment of a separate natural gas energy efficiency tariff to  
7 collect costs of administering and delivering energy efficiency programs to Avista’s customers. The  
8 Commission approved the establishment of the energy efficiency program in Order 16-109 dated  
9 March 15, 2016.

10 The provisions of the energy efficiency program approved by the Commission follows:

- 11 • A new rate schedule, Schedule 469, was established to provide recovery  
12 of the approved energy efficiency programs.
- 13 • The initial rate for Schedule 469 was set at the rate that was in effect for  
14 Schedule 478, which provided for recovery of costs associated with  
15 Commission-approved demand side management programs.
- 16 • The Public Purpose Funding Surcharge collected through Schedule 469,  
17 would be used for the following programs: 1) Conservation Acquisition  
18 Programs managed by the Energy Trust of Oregon (ETO), 2) Avista  
19 Oregon Low Income Energy Efficiency Program (AOLIEE) managed by  
20 Avista and Community Action Agencies, and 3) Company energy  
21 efficiency program administrative costs.<sup>1</sup>

22 As described in Schedule 469, the Company will determine annually if the Public Purpose

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<sup>1</sup> In Advice No. 16-14-G, dated November 7, 2016, costs of the Northwest Energy Efficiency Alliance (NEEA) natural gas programs was included in the proposed budget for energy efficiency programs covered by Schedule 469.

1 Funding Surcharge for energy efficiency programs administered by the ETO and the Company  
2 needs to be adjusted so that forecasted collections, plus any unspent collections, are sufficient to  
3 meet all programming needs by the ETO and the Company. Any adjustments needed will take place  
4 on the 1st of each year.

5 The Company plans to file proposed changes to Schedule 469 at the same time as this  
6 deferral application filing in November 2018.

7 For illustrative purposes, since May 1, 2016, when Schedule 469 became effective, a  
8 summary of energy efficiency funds collected and spent is as follows:

Avista's Energy Efficiency Program Summary Transactions Recorded in Balancing Account (FERC Account No. 242.6) For May 1, 2016 through December 31, 2017	
2016 Tariff Collections	\$ (1,159,985)
2016 Energy Efficiency Costs	949,014
Balance at December 31, 2016	(210,971)
2017 Tariff Collections	(1,986,488)
2017 Energy Efficiency Costs	1,898,039
Balance at December 31, 2017	\$ (299,420)

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17 At December 31, 2016, the Company's collections exceeded its costs by \$210,971. These  
18 funds were used in 2017. At December 31, 2017, the funds collected exceeded costs by an additional  
19 \$88,449. The balance of \$299,420 were used in 2018. The Company expects to carryover a small  
20 credit balance at December 31, 2018.

21 With the approval of this deferral application, Avista will continue to record the funds  
22 collected with Schedule 469, netted with the costs of the energy efficiency programs, in a balancing  
23 account and any unspent funds or uncollected costs will be held over to the following year.

1 NEED FOR COMMISSION APPROVAL FOR DEFERRAL

2 In April 2018, the Commission ordered PacifiCorp to remove any balancing account  
3 adjustment it had included in its update filing to Schedule 103 (Multnomah County Business Income  
4 Tax Recovery) in Docket No, UE 388/Advice No. 18-001.<sup>2</sup> Staff had determined that the Company  
5 had not obtained authority to defer past over-collected amounts that were maintained in the  
6 balancing account. In accordance with a 1987 AG Opinion (Opinion Request OP-6076), Staff  
7 determined that balancing accounts that track and recover costs on a dollar-for-dollar basis required  
8 an underlying deferral, as this is in essence a deferred billing system as was described in the  
9 “Additional Power Costs” portion of the AG’s Opinion. So if, rather than refunding or surcharging  
10 customers for past over- or under-collection, the balance carries forward in a balancing account that  
11 serves as the basis for setting future rates, such that the over- or under-collection is reflected in rates  
12 in a future period, Staff maintains that a deferral is required.

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14 PROPOSED ACCOUNTING

15 Avista currently records the funds collected with Schedule 469 and the costs of managing  
16 the energy efficiency programs in FERC Account No. 242.6 (DSM Tariff Rider). A summary of  
17 the accounting entries recorded by Avista is as follows:

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<sup>2</sup> Order No. 18-126, issued April 12, 2018.

**Transactions to Record Energy Efficiency Revenues and Costs**

<u>FERC</u>	<u>Account Description</u>	<u>DR</u>	<u>CR</u>
142.1	Customer Accounts Receivable	\$XXX	
48X.X	Revenue from Customers To record revenue collected from Schedule 469.		\$XXX
908.6	Customer Service & Information Expense	\$XXX	
242.6	DSM Tariff Rider To transfer funds collected from Schedule 469 to balancing account.		\$XXX
242.6	DSM Tariff Rider	\$XXX	
232.1	Accounts Payable To record energy efficiency program costs.		\$XXX

The balance in the account (either unspent funds or uncollected costs) will be deferred at December 31 each year. The net amount in the account will be included in the Company's annual filing when the Public Purpose Funding Surcharge is updated on January 1 for the upcoming year. In absence of a deferred accounting order from the Commission, Avista would transfer the balance of the account at December 31, into earnings.

Interest does not accrued on this balancing account.

WHEREFORE, Avista Utilities respectfully requests that the Commission authorize the Company to defer the unspent funds or uncollected costs of its energy efficiency programs for calendar year 2019.

DATED this 9<sup>th</sup> day of November 2018.

Respectfully submitted,

Avista Utilities

By: 

David J. Meyer, Vice President and Chief  
Counsel for Regulatory and Governmental Affairs