

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 28, 2014

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE November 1, 2014

DATE: October 2, 2014

TO: Public Utility Commission

FROM: Marianne Gardner *MG*

THROUGH: *JF* Jason Eisdorfer and *MH* Marc Hellman

SUBJECT: AVISTA UTILITIES: (Docket No. UG 268/Advice No. 14-05-G) Updates rates on Schedule 476, Intervenor Funding.

**STAFF RECOMMENDATION:**

I recommend that Avista Utilities' filing (Avista or Company) be approved, and the associated tariffs be allowed to go into effect on November 1, 2014.

**DISCUSSION:**

**UG 268/Advice No. 14-05-G, Intervenor Funding**

In this filing, Avista updates the rate increments in its Schedule No. 476, Intervenor Funding Grants - Oregon, to reflect currently deferred account balances in accordance with Order No. 07-397 which requires the costs associated with intervenor funding be allocated to the customer class on whose behalf the intervenor is acting.

These currently deferred intervenor costs were authorized most recently by Order No.13-555 (Docket No. UM 1356(6)).<sup>1</sup>

For the upcoming November 1, 2014, through October 31, 2015, period (2014/2015 PGA Year), Avista proposes to adjust residential and industrial rates to seek recovery of deferred expenses of approximately \$73,000 and \$54,000, respectively. These amounts represent outstanding deferred balances that result from the addition of

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<sup>1</sup> Reauthorization for deferral of intervenor costs that may occur during November 1, 2014, and October 31, 2015, was approved by Order No. 14-319. (UM 1356(7)).

intervenor funding expenses incurred during the 2013/2014 PGA Year,<sup>2</sup> and the balances remaining from the reconciliation of the estimated and actual amortization amounts for the 2013/2014 PGA Year. Deferred expenses for residential customers are accounted for in FERC Account 191723, and those expenses assigned to industrial customers are accounted for in FERC Account 191724. The balancing account amounts were calculated as shown in the tables below.

Residential Account 191723		
1	November 1, 2013, Beginning Balance	\$ 274
2	Add New Intervenor Funding Expense to be amortized (2014/2015 PGA Year)	47,551
3	Remove Actual & Estimated Monthly Amortizations (2013/2014 PGA Year)	-35,617
4	Add Actual & Estimated Interest (2013/2014 PGA Year)	237
5	Add New Intervenor Funding Expense to be amortized (2014/2015 PGA Year)	58,356
6	Add Estimated Interest (2014/2015 PGA Year)	427
7	Total Deferred Balance to be amortized before revenue sensitive adjustment	\$ 71,228
8	Revenue Sensitive Factor	1.02985
9	Total Deferred Balance to be amortized adjusted for revenue sensitive factors	\$ 73,354

Industrial Account 191724		
1	November 1, 2013, Beginning Balance	\$ 414
2	Add New Intervenor Funding Expense to be amortized (2013/2014 PGA Year)	13,402
3	Remove Actual & Estimated Monthly Amortizations (2013/2014 PGA Year)	-6,179
4	Add Actual & Estimated Interest (2013/2014 PGA Year)	97
5	Add New Intervenor Funding Expense to be amortized (2014/2015 PGA Year)	44,336
6	Add Estimated Interest (2014/2015) PGA Year	451
7	Total Deferred Balance to be amortized before revenue sensitive adjustment	\$ 52,521
8	Revenue Sensitive Factor	1.02985
9	Total Deferred Balance to be amortized adjusted for revenue sensitive factors	\$ 54,089

<sup>2</sup> The details of the new intervenor funding are located in Staff's Public Meeting memo (UM 1356(7)) attached to Order No. 14-319.

Avista's proposed changes will increase the residential amortization rate from the current rate of \$0.00101 to \$0.00150 per therm, a 48.51 percent increase. The current industrial amortization rate of \$0.00043 will increase to \$0.00135 per therm resulting in a 213.95 percent increase. The total change in revenue for residential and industrial combined is \$60,915. Individually, the residential class and industrial class contribute 39 percent or \$23,937, and 61 percent or \$36,978, respectively to the increase for this filing.

Pursuant to ORS 727.259(5), the amortization of intervenor funding is not subject to an earnings review. Further, the intervenor funding amortization balance is not included in the three percent test that caps the level of deferred costs that may be amortized during a calendar year per ORS 757.259(4).

#### Staff Analysis

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

The Company has reviewed Staff's public meeting memo and is in agreement with Staff's summary.

#### **PROPOSED COMMISSION MOTION:**

Avista's filing is approved and the associated tariffs are allowed to take effect on November 1, 2014.