

ORDER NO. 16 391

ENTERED OCT 18 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 316

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Establishes Schedule 477, Residual Account
Amortization.

ORDER


DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at our October 18, 2016 Special Public Meeting, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 18 day of October, 2016, at Salem, Oregon.



Lisa D. Hardie
Chair


John Savage
Commissioner
Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA13

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 18, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2016

DATE: October 4, 2016

TO: Public Utility Commission

FROM:  Lisa GorsuchTHROUGH: Jason Eisdorfer and Michael Dougherty SUBJECT: AVISTA UTILITIES: (Docket No. UG 316/Advice No. 16-10-G) Establishes Schedule 477, Residual Deferral Amortization.**STAFF RECOMMENDATION:**

Staff recommends approval of Avista Corporation's, dba Avista Utilities' (Avista or Company), request to revise Schedule 477 with an effective date of November 1, 2016.

DISCUSSION:Issue

Whether the Commission should approve Avista's request to amortize three small residual balances, which include Schedules 477, 496, and 499.

Applicable Law

Under ORS 757.205(1), a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules or regulations must be filed with the Commission at least 30 days before the effective date of the changes. Unless subject to an automatic adjustment clause under ORS 757.210 (1), amounts deferred under ORS 757.259(5) are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and review of the utility's earnings. With some exceptions, a company's amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year.

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(ORS 757.259(6)). Commission Order No. 08-263 sets out the applicable interest rates to use for deferral accounts and to use when such amounts are amortized.

Discussion and Analysis

On July 29, 2016, Avista Utilities filed its request to provide an overall rebate to customers under Schedule 477, Residual Deferral Amortization. The rebate to customers includes residual balances¹ from the following three accounts:²

- 1) Avista amortized the majority of the deferral it had in place for a reduction in Oregon Commission fees between November 1, 2010, and October 31, 2011, under Schedule 477. After rates in this schedule were set to \$0.00000 per therm in Docket No. UG 211, Order No. 11-471, the Commission allowed Avista to cancel this schedule, effective February 26, 2013. The remaining balance in Account No. 254120 is a surcharge balance of \$1,942.
- 2) Avista established Schedule 499 in Docket No. UG 222, Order No. 12-187, to surcharge customers for the recovery of deferred revenue requirement for the Roseburg Reinforcement Project Phase II and the Medford Integrity Management Pipe Replacement Project per Order No. 11-080 in Docket No. UG 201. This schedule had an effective date of June 1, 2012, and expired on May 31, 2013. On May 10, 2013, Avista filed to cancel Schedule 499 effective June 10, 2013. The Commission allowed the filing to go into effect on June 4, 2013. The remaining balance in Account No. 182321 is a rebate balance of \$8,729.
- 3) Avista was allowed to recover deferred revenue in compliance with Commission Order No. 03-570 in Docket No. UG 153, in Schedule 496. The deferred revenue resulted from a reduction in Schedule 440 and 456 rates. The Company filed on October 12, 2012, to move the rate per therm to \$0.00000 because the residual balance in the account was too small to create a rate. The Commission approved this request in Docket No. UG 225, Order No. 12-432. The Company filed to cancel Schedule 496 on February 8, 2013, and the Commission allowed it to go into effect on February 26, 2013. The remaining balance in Account No. 191890 is a rebate balance of \$279.

Table 1 below shows the rate schedules and the number of customers in each schedule that will be impacted by this decrease.

¹ Two of the three balances are rebates and one is a surcharge. The overall impact is a rebate for customers. The residual balances do not include interest.

² The balances have been previously approved by the Commission for amortization, however, still had small residual balances remaining at the end of the amortization period.

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Table 1

| Rate Schedule | Number of Customers |
|---------------|---------------------|
| Schedule 410 | 88,800 |
| Schedule 420 | 11,590 |
| Schedule 424 | 81 |
| Schedule 444 | 4 |
| Schedule 456 | 38 |

Table 2 below shows the annual revenue before and after the impact of the rate change and the average monthly use and resulting bills under existing and proposed rates.

Table 2

| Sch No | Description | Present Revenues | Proposed Revenues | Revenue Incr (Decr) | Monthly Use Therms | Present Monthly Cost | Proposed Monthly Cost | Monthly Change | Proposed Change Monthly Cost |
|--------|---------------|------------------|-------------------|---------------------|--------------------|----------------------|-----------------------|----------------|------------------------------|
| 410 | Residential | \$63,090,463 | \$62,942,083 | \$(148,381) | 46 | \$59.42 | \$59.42 | \$(0.00) | -0.01% |
| 420 | General | \$28,455,892 | \$28,374,978 | \$(80,914) | 191 | \$204.23 | \$204.22 | \$(0.01) | -0.01% |
| 424 | Large Gen | \$2,445,093 | \$2,433,367 | \$(11,726) | 3,960 | \$2,510.19 | \$2,510.19 | \$- | 0.00% |
| 440 | Interruptible | \$1,426,177 | 1,426,218 | \$41 | 9675 | \$3,293.85 | \$3,293.85 | \$0.10 | 0.00% |
| 444 | Seasonal | \$171,014 | \$170,213 | \$(801) | 5,609 | \$3,638.84 | \$3,638.84 | \$- | 0.00% |
| 456 | Int Trans | \$3,266,597 | \$3,266,597 | \$- | 89,724 | \$7,163.56 | \$7,162.67 | \$ (0.90) | -0.01% |

This amortization is included in the calculation of the three percent test pursuant to ORS 757.259(6). Per the statute, the total proposed amortization subject to the three percent test will be the net of credits and surcharge, unless the Commission finds that allowing a higher amortization rate is reasonable under the circumstances. Avista reports, and Staff has confirmed, that the total amortizations for which Avista requests a November 1, 2016, effective date, does not exceed the three percent threshold.

CONCLUSION

Staff has reviewed the Company's proposed rates and accompanying work papers, and recommends approval of Avista's filing as submitted to the Commission on July 29, 2016.

PROPOSED COMMISSION MOTION:

Approve Avista's proposed amortization in Docket No. UG 316 and allow the resulting tariff sheet in Advice No. 16-10-G to go into effect on November 1, 2016.