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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

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

IN THE MATTER OF THE APPLICATION OF ) APPLICATION  
AVISTA CORPORATION FOR AN ORDER ) FOR AUTHORIZATION  
AUTHORIZING DEFERRAL OF COSTS ) OF DEFERRAL OF  
ACCOCIATED WITH THE COVID-19 ) CERTAIN COSTS  
EMERGENCY )

Avista Corporation, dba Avista Utilities (“Avista” or “Company”), pursuant to ORS 757.259 and OAR 860-027-0300(4), applies to the Public Utility Commission of Oregon ("Commission") for an order authorizing Avista to defer for later ratemaking treatment the recovery of costs from the COVID-19 impacts in Avista’s service territory (the "Deferred Amount"). Avista seeks authorization to defer the recovery of costs incurred from the date of this application until at least through year-end 2020 (the "Deferral Period"). Avista will seek amortization of the Deferred Amount in a future Commission proceeding.

In support of this Application, the Company states:

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

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

Patrick Ehrbar	David J. Meyer
Director of Regulatory Affairs	Vice President and Chief Counsel
Avista Corporation	for Regulatory and
P.O. Box 3727	Governmental Affairs
Avista Corporation	P.O. Box 3727
1411 E. Mission, MSC-27	1411 E. Mission, MSC-27
Spokane, WA 99220-3727	Spokane, WA 99220-3727
(509) 495-8620	(509) 495-4316
Pat.ehrbar@Avistacorp.com	David.meyer@Avistacorp.com

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.  
3 As required by ORS 757.259(4), any amortization of the Deferred Amount will be subject to an  
4 earnings review and a finding by the Commission that the costs were prudently incurred. Avista  
5 does not expect that amortization of the Deferred Amount will cause Avista to meet or exceed its  
6 most recently authorized return on equity.

7 **I. OAR 860-027-0300(3) Requirements**

8  
9 The following is provided pursuant to OAR 860-027-0300(3):

10  
11 **A. Background Description**

12  
13 With the rapidly expanding incidence of COVID-19<sup>1</sup> and its attendant impacts, Avista  
14 expects that it will incur significant costs to address those impacts. In particular, Avista has  
15 suspended all service disconnections and the imposition of late payment fees<sup>2</sup> in order to help  
16 limit the impact of the emergency on Avista’s customers, many of them being especially  
17 vulnerable to unexpected economic pressures. These suspensions will result in significant  
18 increases in Avista’s write-off expense and lost revenue from late payment fees. We also expect  
19 to incur additional costs as the emergency unfolds but cannot currently predict the nature or  
20 magnitude of these costs given the unprecedented nature of the emergency. Consequently, Avista  
21 proposes to establish a new deferral account to record the costs directly associated with COVID-  
22 19. Avista will track the costs accordingly and will defer them for future ratemaking treatment.

23 **B. Reason for Deferral**

24 Avista seeks this deferral pursuant to ORS 757.259(2)(e). This deferral will match  
25 appropriately the costs borne and benefits received by customers. Avista also seeks this deferral

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<sup>1</sup> On March 8, 2020, Oregon Governor Brown declared a state of emergency over the COVID-19 outbreak.

<sup>2</sup> On March 13, Avista filed for a waiver of OAR 860-021-0126.

1 because of the potential magnitude and extraordinary nature of the COVID-19 impacts. Because  
2 the COVID-19 emergency is so unprecedented, Avista believes that the impacts are outside of  
3 reasonable business risk.

4 Under ORS 757.259(2)(e), deferral of utility expenses or revenues is allowed when it will  
5 appropriately match the costs borne and benefits received by customers. Deferral of these  
6 restoration costs will align the costs of Avista's service with the benefits Avista customers receive  
7 from such service.

### 8 **C. Proposed Accounting**

9 Avista proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other  
10 Regulatory Assets), crediting FERC Account 407.4 (Regulatory Credits). In the absence of a  
11 deferred accounting order, Avista would record the costs to a variety of accounts. Interest does  
12 not accrued on this balancing account.

### 13 **D. Estimate of Amounts**

14 Given the unprecedented nature of the emergency, Avista cannot estimate the costs  
15 associated with COVID-19 or the length of time in which the costs will be incurred.

### 16 **E. Notice**

17 A copy of the Notice of Application for Deferral of Costs Associated with the COVID-19  
18 Emergency and a list of persons served with the Notice are attached to the application as  
19 Attachment A.

## 20 **II. Summary of Filing Conditions**

### 21 **A. Earnings Review**

22 Cost recovery for costs associated with the COVID-19 emergency will be subject to an  
23 earnings review in accordance with ORS 757.259(5).

### 24 **B. Prudence Review**

1 A prudence review will be performed by the OPUC Staff no later than the proceeding to  
2 authorize amortization of the costs associated with COVID-19.

3 **C. Sharing Percentages**

4 All prudently incurred costs are to be recoverable by Avista with no sharing mechanism.

5 **D. Rate Spread / Rate Design**

6 The rate spread/rate design will be determined during the proceeding to authorize  
7 amortization of the costs associated with COVID-19.

8 **E. Three or Six Percent Tests (ORS 757.259(6)(7)(8))**

9 Amortization of the deferred costs will be subject to a three percent test in accordance with  
10 ORS 757.259(7) or possible six percent test in accordance with ORS 757.259(8) and with  
11 Commission authorization. These tests limit aggregated deferral amortizations during a 12-month  
12 period to no more than three or six percent of the utility's gross revenues for the preceding year.

13 **III. Conclusion**

14 WHEREFORE, Avista Utilities respectfully requests that the Commission authorize the  
15 Company to defer the costs associated with COVID-19 in Avista's service territory for the Deferral  
16 Period.

17 DATED this 25<sup>th</sup> day of March 2020.

18 Respectfully submitted,

19 Avista Utilities

20 By: /s/ David J. Meyer

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



**Docket No. UM \_\_\_\_\_**

**NOTICE OF APPLICATION FOR AUTHORIZATION OF DEFERRAL OF  
CERTAIN ACCOUNTS**

March 25, 2020

To All Parties Who Participated in UG 389:

Please be advised that on March 25, 2020, Avista Corporation, dba Avista Utilities ("Avista" or "Company"), applied to the Public Utility Commission of Oregon ("Commission") for an order authorizing Avista to defer for later ratemaking treatment the recovery of costs from the COVID-19 impacts in Avista's service territory (the "Deferred Amount"). Avista seeks authorization to defer the recovery of costs incurred from the date of this application until at least through year-end 2020 (the "Deferral Period"). Avista will seek amortization of the Deferred Amount in a future Commission proceeding. This filing has been made pursuant to ORS 757.259 and OAR 860-027-0300(4).

This Notice is being sent to all parties that are participating in Avista's most recent general rate case, Docket No. UG 389, to inform them that an Application for Authorization has been filed. Parties wanting more information or who wish to obtain a copy of the filing can access the Application on the Commission website, or by contacting either of the following:

**Avista Utilities  
Attn: Patrick Ehrbar  
P.O. Box 3727  
1411 E. Mission, MSC-27  
Spokane, WA 99220-3727  
(509) 495-8620**

**Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
PO Box 1088  
Salem, OR 97301-1088  
(503) 378-6678**

Any person may submit to the Commission written comments on this matter by April 25, 2020. Approval of Avista's Application will not authorize a change in the Company's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

DATED this 25<sup>th</sup> day of March 2020.

By: \_\_\_\_\_

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

**CERTIFICATE OF SERVICE**

**Docket No. UM \_\_\_\_\_**

**I HEREBY CERTIFY** that I have on this day, March 25, 2020, served by electronic mail the foregoing Notice of Application for Deferred Accounting of Costs Associated with Response to COVID-19, to all parties of record for Avista’s most recent general rate case, Docket No. UG 389, as indicated below:

**Alliance of Western Energy Consumers (AWEC)**

Edward Finklea, Director of Natural Gas  
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**Oregon Public Utilities Commission (OPUC)**

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**Department of Justice**

Summer Moser  
[summer.moser@doj.state.or.us](mailto:summer.moser@doj.state.or.us)

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 25<sup>th</sup> day of March, 2020.

/s/ Paul Kimball

Paul Kimball  
Manager of Compliance & Discovery  
Avista Utilities  
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