



e-FILING REPORT COVER SHEET

COMPANY NAME: Avista Utilities

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Report is required by:  OAR  
 Statute  
 Order 20-378

Note: A one-time submission required by an order is a compliance filing and not a report (file compliance in the applicable docket)

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Is this report associated with a specific docket/case?  No  Yes, docket number: UM 2069

List Key Words for this report. We use these to improve search results.

COVID-19, Deferred Accounting

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Send confidential information, voluminous reports, or energy utility Results of Operations Reports to PUC Filing Center, PO Box 1088, Salem, OR 97308-1088 or by delivery service to 201 High Street SE Suite 100, Salem, OR 97301.



**Avista Corp.**

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October 29, 2020

Public Utility Commission of Oregon  
550 Capitol St. N.E. Suite 215  
Salem, OR 97301-2551

Re: UM 2069 - Avista COVID-19 Deferred Accounting Quarterly Report

Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits its first COVID-19 deferred accounting quarterly report. As described in the energy Stipulation in Docket UM 2114 (to be approved at the OPUC Public Meeting held on November 3, 2020), this quarterly report complies with the following condition:

*Each Utility shall provide the Commission with reports that itemize the utility costs, savings, and benefits resulting from COVID-19 described in paragraph 25. The first report will be for the period between March 1, 2020 and September 30, 2020, and shall be filed by November 1, 2020. Thereafter, reports will be due 30 days after the close of each quarter and shall include information from previous quarter. Each Utility shall file a Report for every quarter until the quarter ending December 31, 2023, unless waived by the Commission.*

As of September 30, 2020, the Company has identified the following direct costs and benefits associated with the COVID-19 pandemic. None of the costs related to Oregon have been deferred yet as the Company is awaiting final orders both in Dockets UM 2069 and UM 2114.<sup>1</sup>

**Short-Term Loan Interest/Fees**

In April 2020, the Company entered into a short-term credit agreement in the amount of \$100 million to provide additional liquidity to the Company due to the pandemic. The incremental interest expense and loan fees associated with obtaining the term loan were analyzed. For Oregon, as short-term debt is excluded in the authorized capital structure and debt costs, actual costs of the term loan, net of interest income, were calculated to be \$50 thousand as of September 30, 2020. Once the final order is received in Docket UM 2114, the Company believes it is prudent to record a deferral.

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<sup>1</sup> Order No. 20-278 in Docket UM 2069 was entered on October 27, 2020, approving the Company's application for deferred accounting of COVID-19 related costs.

### **CARES Act Tax Benefit**

As described in the Supplemental filing on May 1, 2020 in Docket No. UM 2069, the Company will receive a benefit from carrying back its 2019 NOL to the five prior tax years. The current estimate of the benefit is approximately \$6.3M on a system basis, or approximately \$749,000 allocated to Oregon. The Company expects to file the carry back form during Q4 2020 and will record this benefit as an offset to COVID-19 deferral costs.

The Company filed several accounting method changes for tax purposes with its 2019 federal tax return. The IRS Tax Forms 3115, Application for a Change in Accounting Method, were filed with the Commission on October 19, 2020. The method changes provided a significant amount of deductions that resulted in a 2019 net operating loss. Without these method change deductions, the Company would not have recognized a net operating loss and would therefore not have received this benefit. The service allocations from these additional method change deductions are being used to allocate the benefit.

The original allocations as provided in the Supplemental filing were based on the historical allocation of the tax repairs deduction only, since the Company did not have estimates for the other method changes, as a best estimate for the new method change deductions. This allocation has now been updated with the actual method change deductions from the 2019 federal tax return. Therefore, the benefits that are actually available to Oregon customers are slightly greater than the amount estimated in the original filing.

### **Other Direct Costs**

Other pandemic related response increases and reductions in expenses and revenues will continue to be analyzed; no deferral has been recorded in any jurisdiction at this time. Based on complete annual data, a determination as to what is appropriate to additionally include in the deferral will be made by the end of the year.

### **Late Payment Fees**

The Company's late fee revenues have decreased approximately \$190,000 (Oregon share) from March 1, 2020 through September 30, 2020 as compared to 2019. The Company is currently analyzing revenue recognition accounting rules and has not recorded a deferral for any jurisdiction at this time.

### **Bad Debt Expense**

The Company's bad debt expense has significantly increased as a result of the COVID-19 pandemic. In order to determine the incremental impact on bad debt expense, the Company compared the actual bad debt expense incurred to the amounts set in each of its jurisdiction's most recent general rate cases. In all instances, bad debt exceeded the levels built into customers' rates. As of September 30, 2020, actual bad debt expense incurred for Oregon has exceeded the amount authorized by approximately \$1.1 million. Once the order is received in Docket UM 2114, the Company believes it is prudent to record a deferral.

### **Reconnection Charges**

Reconnection charges are being analyzed and a deferral determination will be made at a later date.

**Bill Payment Assistance Program Costs**

The Company is developing a program proposal to identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on customer accounts per the Stipulation in Docket UM 2114. A programmatic tariff is expected to be filed in February 2021. The costs to fund such program will be deferred after the program has been approved by the Commission and is being offered to customers.

Please direct any questions regarding this report to me at 509-495-8601 or [liz.andrews@avistacorp.com](mailto:liz.andrews@avistacorp.com).

Sincerely,

*/s/ Elizabeth Andrews*

Elizabeth Andrews  
Sr. Manager, Revenue Requirements