

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: December 28, 2021

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2022

DATE: December 20, 2021

TO: Public Utility Commission

FROM: Curtis Dlouhy

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: AVISTA UTILITIES:
(Docket No. ADV 1354/Advice No. 21-09-G)
Avista Utilities Update to Schedule 469, Establishment of Schedule 470,
and Removal of Schedule 488.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Avista Utilities' (Avista, AVA, or Company) Advice No. 21-09-G filing to update Schedule 469, establish Schedule 470, and remove Schedule 488 with an effective date of January 1, 2022, with Less than Statutory Notice (LSN).

DISCUSSION:

Issue

Whether the Commission should approve Avista's proposed revisions to Schedule 469, the Company's Public Purpose Funding Surcharge (Public Purpose Charge or PPC), establish Schedule 470, the Company's Voluntary On-Bill Repayment (OBR) Program, and remove Schedule 488, the Company's Promotional Concessions, with LSN.

Applicable Rule or Law

Avista filed its proposed changes to Schedule 469, establishment of Schedule 470, and removal of Schedule 488 under ORS 757.205 and OAR 860-022-0025. Under ORS 757.205(1), every public utility shall file with the Public Utility Commission schedules showing all rates, tolls, and charges that it has established and are in force at the time for any service performed by it within the state, or for any service in connection

therewith or performed by any public utility controlled or operated by it. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable under ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025.

OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. Filings that propose 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 change. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

ORS 470.660(1) provides that all investor-owned utilities, except those that have withheld consent under ORS 470.510(3) shall provide on-bill financing for small scale energy efficiency projects, except when the commission grants a waiver under ORS 470.660(4). On-bill financing may not assign responsibility for the repayment of an energy efficiency and sustainable technology loan on the utility. Per ORS 470.66(2) a utility's on-bill financing system must:

- a. Enable a customer to make a single payment to satisfy the periodic utility charges and repayment on an energy efficiency and sustainable technology loan;
- b. Provide a clearly identifiable line item or separate statement in the utility bill that shows the energy efficiency and sustainable technology loan repayment amount; and
- c. Direct energy efficiency and sustainable technology loan repayment amounts collected by the utility to the appropriate sustainable energy project manager or to the department for deposit to the credit of the Small Scale Local Energy Project Administration and Bond Sinking Fund, Energy Project Bond Loan Fund or Energy Project Supplemental Fund.

Analysis

Background

On November 23, 2021, Avista filed Tariff Advice No. 21-09-G. On December 20, 2021, the Company filed an updated version of Tariff Advice No. 21-09-G with less than statutory notice. The purpose of this filing is to do three things:

1. Adjust Schedule 469 to reflect the rates required to fund the Company's 2022 energy efficiency programs, namely the programs administered by the Energy Trust of Oregon (ETO), the Avista Oregon Low-Income Energy Efficiency Program (AOLIEE), and the Company's associated energy efficiency program marketing and administrative costs;¹
2. Introduce Avista's new tariff Schedule 40, "Voluntary On-Bill Repayment (OBR) Program"; and²
3. Remove Schedule 488, "Promotional Concessions – Oregon" as it is antiquated and has not been utilized in many years.³

The Company states that it is requesting a rate increase of \$2,048,727, or 1.7 percent, effective January 1, 2022, and states that the primary driver of this increase is due to the increase in the ETO budget for the 2022 program year.⁴ In its table on Page 2 of its initial filing, the Company states that the budget for ETO increased from \$2,443,292 in 2021 to \$4,943,292 for 2022, an increase of \$2,500,000. Avista states that this is due to increased savings targets that have already been presented to the Commission in a November 16, 2021, presentation.

The Company states that after establishing an OBR Program in Washington, it will now be able to leverage this experience to establish an OBR program in Oregon as well. This new program is established in Schedule 470.⁵ This new schedule will allow customers to access financing for energy efficiency measures through specific ETO programs and for the repayment of these loans to be included in the customers' natural gas bills.⁶ The Company refers to these as "Energy-Smart Loans." The Schedule notes that a customer that is engaged in an Energy-Smart Loan will see the loan repayment as a separate line item on their bill.⁷ As the name of this Schedule suggests, enrollment in this program is entirely voluntary.

¹ Initial Filing at Pages 1-2.

² Initial Filing at Page 2.

³ Id.

⁴ Id.

⁵ Initial Filing at Page 4.

⁶ Initial Filing at Page 8.

⁷ Id.

As a final part of this filing, the Company requests to cancel Schedule 488, “Promotional Concessions – Oregon” on the basis that it is simply not being used. The Company states that the primary intent of the programs in Schedule 488 are better served by establishing the new OBR program in Schedule 470.⁸ Avista also states that should it decide to offer promotional concessions in the future, these will be filed with the Commission as required.⁹

Staff Review

Staff reviewed all three tariffs separately and found all changes, deletions, and additions to be acceptable and consistent with applicable requirements. Staff summarizes its analysis for each Tariff in this section.

Schedule 469

Staff reviewed the Company’s workpapers and the past Commission presentation on the ETO budget. Staff notes that in the draft ETO budget, Avista’s contribution to ETO was set to be \$2,000,000, but this amount was eventually changed to \$2,500,000 in the final ETO budget. Staff found that this change in the ETO budget, as well as all other line items contained in Schedule 469, are properly addressed in the Company’s workpapers.

Schedule 470

Staff met with the Company on December 20, 2021, to discuss concerns with the language in Schedule 470. The Company filed an updated tariff with Less than Statutory Notice on December 20, 2021, with Staff’s suggested changes incorporated.¹⁰ In particular, Staff wanted the Company to remove some items about program requirements, add an item about delinquent payments, and clarify some language about administrative fees and less than full payments. Staff reviewed the updated language of Schedule 470 and found the Company’s language in the tariff to be consistent with its portrayal of Schedule 470 in its initial filing. The language of the updated tariff filing is consistent with the language contained in other utilities’ OBR tariffs. Staff supports the establishment of Schedule 470.

Schedule 488

Staff sees no need to maintain a schedule that is no longer being used. In the event that the services are offered in the future, Avista stated that it will bring a filing to the Commission. Staff reviewed the language of Schedule 488 and Schedule 470 to see if the services offered appear to overlap, as was claimed by the Company in its initial

⁸ Initial Filing at Page 5.

⁹ Id.

¹⁰ Supplemental Filing at Pages 3-7.

filing. Staff finds that these two tariffs do appear to serve the same purpose and supports the removal of this schedule.

Conclusion

Staff verified that the workpapers are supportive of the rate change in Schedule 469 and that the updates to Schedule 469, addition of Schedule 470, and removal of Schedule 488 are acceptable.

PROPOSED COMMISSION MOTION:

Approve Avista's Advice No. 21-09-G filing to update Schedule 469, establish Schedule 470, and remove Schedule 488 with an effective date of January 1, 2022, with Less than Statutory Notice.