



Avista Corp.

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Toll Free 800-727-9170

October 27, 2023

Public Utilities Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3612

RE: Docket UM 2254 - Avista Utilities Application for Reauthorization of Deferred Accounting of Costs Associated with the Climate Protection Program

Filing Center:

In accordance with ORS 757.259 and OAR 860-027-0300, Avista Corporation, dba Avista Utilities (Avista or Company), hereby submits for electronic filing an Application for Reauthorization of Deferred Accounting for all costs associated with the Climate Protection Program.

As required by OAR 860-027-0300(3)(e), a Notice of Application and list of persons served with the Notice has been sent to all parties in the Company's current general rate case, Docket No. UG 461. A copy of the Notice and the Certificate of Service are attached to the Application.

If you have any questions regarding this filing, please contact me at (509) 495-2782 or email shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
DOCKET NO. UM 2254

IN THE MATTER OF THE APPLICATION OF)
AVISTA UTILITIES FOR AN ORDER) APPLICATION FOR
AUTHORIZING DEFERRAL OF COSTS) REAUTHORIZATION OF
ASSOCIATED WITH THE CLIMATE PROTECTION) CERTAIN DEFERRAL
PROGRAM) ACCOUNTS

Pursuant to Oregon Revised Statute (ORS) 757.259(2)(e) and Oregon Administrative Rule (OAR) 860-027-0300, Avista Corporation, dba Avista Utilities (Avista or Company), hereby applies to the Public Utility Commission of Oregon (Commission) for an order reauthorizing deferred accounting treatment for all costs associated with the Company’s compliance with the Climate Protection Program (CPP). Avista respectfully requests that this deferral be effective for the 12-month period commencing on September 22, 2023. Due to the significant number of filings the Company was required to make during the summer and fall of 2023, it failed to apply for this reauthorization prior to the approved deferral expiring. As such, the Company requests reauthorization of the deferral beginning on September 22, 2023, when the approved deferral period expired.

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 Governmental Affairs
P.O. Box 3727	Avista Corporation
1411 E. Mission, MSC-27	P.O. Box 3727
Spokane, WA 99220-3727	1411 E. Mission, MSC-27
(509) 495-8620	Spokane, WA 99220-3727
Patrick.ehrbar@avistacorp.com	(509) 495-4316
	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 In support of this Application, the Company states:

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

6
7 **BACKGROUND**

8 On December 16, 2021, the Oregon Department of Environmental Quality (ODEQ)
9 adopted the CPP, which are administrative rules that set GHG reduction targets.¹ The CPP sets a
10 declining limit, or cap, on greenhouse gas emissions from fossil fuels used throughout the state
11 of Oregon, including diesel, gasoline, natural gas and propane, used in transportation, residential,
12 commercial and industrial settings (the program is not inclusive of fossil fuel used in electric
13 generation).² The CPP also regulates site-specific greenhouse gas emissions at large stationary
14 sources, such as emissions from industrial processes.³ The program baseline is set at average
15 greenhouse gas emissions from covered entities from years 2017-2019.⁴ Reductions from this
16 baseline are set at 50 percent by 2035 and 90 percent by 2050.⁵

17 Avista is a “covered fuel supplier”⁶ under the CPP and is the point of regulation for the
18 emissions associated with natural gas used by its sales and transport customers.⁷ Transport
19 customers purchase the commodity they use directly from marketers and suppliers and have

¹ OAR 340-271-0010 – 9000.

² OAR 340-271-0110.

³ OAR 340-271-0310.

⁴ Rulemaking, Action Item A, Greenhouse Gas Emissions Program 2021 Rulemaking Climate Protection Program, at 8 (Dec. 16, 2021), available at: https://www.oregon.gov/deq/EQCdocs/121621_ItemA.pdf.

⁵ Id.

⁶ OAR 340-271-0020(15).

⁷ OAR 340-271-0110(4).

1 historically only paid Avista for delivery via the distribution system.

2 Covered entities' emissions are reported annually through the existing ODEQ greenhouse
3 gas reporting program⁸ and compliance will be demonstrated by each covered entity at the end of
4 each three-year compliance period.⁹ To comply, Avista can work to reduce natural gas usage
5 through efficiency measures, introduce renewable and low carbon alternative fuels, trade for
6 additional compliance instruments with other covered entities, or purchase a limited amount of
7 Community Climate Investments (CCIs).¹⁰

8 On September 13, 2022, Avista's filed an application seeking authorization of deferred
9 accounting for CPP costs, for the 12-month period beginning on September 13, 2022. On April 21,
10 2023, the Commission approved Avista's request per Order No. 23-145.

11

12 **DESCRIPTION OF DEFERRAL**

13 Presently, Avista records CPP compliance costs to FERC account 182.3 (Other Regulatory
14 Assets), crediting FERC Account 407.4 (Regulatory Credits). Interest does not accrue on this
15 balancing account.

16

17 **PROPOSED ACCOUNTING**

18 In this Application for reauthorization, Avista proposes to continue to record and track the
19 funds as described above. In the original deferral Avista did not propose to accrue interest. Given
20 that the deferred amounts may increase significantly over the next 12-month period, Avista proposes
21 to accrue interest Avista on the unamortized balance at a rate equal to its authorized weighted
22 average cost of capital most recently approved by the Commission.

⁸ OAR 340-215.

⁹ OAR 340-271-0440.

¹⁰ OAR 340-271-0450.

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CURRENT DEFERRAL BALANCES

As of October 27, 2023, the total balance in the Regulatory Asset for the CPP account (FERC account 182.3), was \$403,638. The deferred amounts incurred were for payments made to the Energy Trust of Oregon for an interruptible customer energy efficiency program. In its original application, Avista stated that it will seek amortization of the amounts deferred in a tariff rider filing in 2023, for a rate adjustment that coincides with other annual tariff rider adjustments. Because deferred amounts were not significant for much of 2023, the Company did not seek to recover any deferred amounts. The Company anticipates seeking amortization of the deferred amounts in a tariff rider filing in 2024.

WHEREFORE, Avista Utilities respectfully requests that the Commission reauthorize the Company to defer for later rate-making treatment any costs associated with CPP compliance for the 12-month period, September 13, 2023, through September 12, 2024. The Company is not proposing an adjustment to customers’ retail rates through this Application, but rather will seek recovery of the deferral in a future proceeding. Pursuant to OAR 800-027-0300(3)(e)(6), a copy of the Notice of Application and list of persons served with the Notice is attached to this Application.

DATED this 27th day of October 2023.

Respectfully submitted,

Avista Utilities
By: /s/ David Meyer
David J. Meyer, Vice President and Chief
Counsel for Regulatory and Governmental Affairs



NOTICE OF APPLICATION FOR REAUTHORIZATION OF CERTAIN DEFERRAL ACCOUNTS

October 27, 2023

To All Parties Who Participated in UG 461:

Please be advised that on October 27, 2023, Avista Corporation, dba Avista Utilities (Avista or Company), applied to the Public Utility Commission of Oregon (Commission) for an order reauthorizing the Company to utilize deferred accounting for all costs associated with the Climate Protection Program. This filing has been made pursuant to ORS 757.259 and OAR 860-027-0300.

This Notice is being sent to all parties participating in Avista's most recent general rate case, Docket No. UG 461, to inform them that an Application for Deferred Accounting 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
(509) 373-0886

Any person may submit to the Commission written comments on this matter within 25 days of the date of this filing. 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 27th day of October 2023.

By: /s/David Meyer

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



CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have on this day, October 27, 2023, served by electronic mail the foregoing Notice of Application for Reauthorization of Certain Deferral Accounts, related to the deferral of costs associated with the Climate Protection Program to all parties of record for Avista's most recent general rate case, Docket No. UG 461, as indicated below:

<p><u>Alliance of Western Energy Consumers (AWEC)</u> Bradley Mullins bmullins@mwanalytics.com</p> <p>Chad M. Stokes cstokes@cablehouston.com</p>	<p><u>Oregon Citizens Utility Board (CUB)</u> dockets@oregoncub.org</p> <p>Mike Goetz mike@oregoncub.org</p> <p>John Garrett john@oregoncub.org</p>
<p><u>Oregon Public Utilities Commission (OPUC)</u> Matthew Muldoon matt.muldoon@puc.oregon.gov</p>	<p><u>Oregon Department of Justice</u> Johanna Reimenschneider joahanna.reimenschneider@doj.state.or.us</p>
<p><u>Earthjustice</u> nwparalegals@earthjustice.org</p> <p>Noelia Gravotta ngravotta@earthjustice.org</p> <p>Jan Hasselman jhasselman@earthjustice.org</p>	<p><u>Sierra Club</u> Jim Dennison jim.dennison@sierraclub.org</p> <p>Dylan Plummer dylan.plummer@sierraclub.org</p>
<p><u>Climate Solutions</u> Greer Ryan greer.ryan@climatesolutions.org</p>	

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

Dated at Spokane, Washington this 27th day of October 2023.

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy
Avista Utilities
shawn.bonfield@avistacorp.com
509.495.2782

