

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
SPECIAL PUBLIC MEETING DATE: October 26, 2023**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** November 1, 2023

**DATE:** September 22, 2023

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

**THROUGH:** Bryan Conway, Marc Hellman, Anna Kim, and Rawleigh White **SIGNED**

**SUBJECT:** AVISTA UTILITIES:  
(Docket No. UG 470/Advice No. 23-05-G)  
Requests Amortization of Amounts Deferred for Oregon Regulatory Fees,  
Revises Schedule 482.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Avista Corporation's, dba Avista Utilities (Avista, AVA, or Company), Advice No. 23-05-G, requesting amortization of the Commission Regulatory Fee for inclusion in rates for service rendered on and after November 1, 2023.

**DISCUSSION:**

Issue

Whether to approve Avista's request to update to Schedule 482 to amortize deferred costs for changes in the Commission Regulatory Fee.

Applicable Rule or Law

Under ORS 756.310, each public utility must pay a fee to the Commission each calendar year. The amount of the fee is equal to the amount that the Commission deems necessary, together with the amount of all other fees paid or payable to the Commission, to defray the costs of performing the duties imposed by law upon the Commission with respect to the public utilities.

ORS 757.205 requires public utilities to file all rates, rules, and charges with the Commission. ORS 757.210 provides that the Commission may approve tariff changes if they are fair, just, and reasonable.

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation into rates. Unless subject to an automatic adjustment clause, amounts deferred under ORS 757.259 shall only be allowed in rates to the extent authorized by the Commission and upon review of the utility's earnings at the time of application to amortize the deferral. The overall average rate impact of the amortizations authorized under this section in any one year may not exceed three percent of the utility's gross revenues for the preceding calendar year.

OAR 860-022-0025 requires that revised tariff filings include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

OAR 860-022-0030 requires that tariff filings which result in increased rates include statements showing the number of customers affected, the annual revenue under existing schedules, the annual revenue under proposed schedules, the average monthly bills under existing and proposed schedules, and the reasons supporting the proposed tariff.

OAR 860-021-0034 sets forth the regulatory requirements and procedures for annual fees payable to the Commission by gas or steam heat utilities.

OAR 860-027-0300 sets forth the deferred accounting procedures for public utilities.

## Analysis

### *Background*

Pursuant to ORS 756.310 and OAR 860-021-0034, as a gas utility, Avista must pay the Commission a regulatory fee each year by April 1. The fee is determined by the Commission and assessed as a percentage of the utility's gross operating revenues attributable to Oregon. The rate is set annually, by March 1, in Docket No. UM 1012. In 2022, per Order No. 22-062, the annual fee was set at 0.43 percent of 2021 gross operating revenues.<sup>1</sup>

---

<sup>1</sup> In 2020, per Order No. 20-054, the Commission approved a rate of 0.35 percent. That rate was increased in 2021, per Order No. 21-066 to 0.375 percent and again in 2022, per Order No. 22-062, to 0.43 percent.

The Company submits an annual filing to defer costs associated with incremental changes in the annual regulatory fee. The Commission most recently reauthorized the deferral application in Docket No. UM 2053(3), Order No. 23-054. The deferral allows the Company to recover any differences between the Commission regulatory fee percentage collected in base rates and the Commission regulatory fee percentage set in Docket No. UM 1012.

The purpose of the Company's filing is to request amortization of amounts deferred pursuant to Commission Order No. 23-054 in UM 2053(3). The requested amortization is the difference between the 0.375 percent collected in base rates under Docket No. UG 433, and the new rate of 0.430 percent approved in UM 1012, minus the forecasted surplus balance.

The effect of applying the new temporary rate adjustments is to decrease the Company's annual revenues by \$19,000 or about 0.01 percent. The amounts sought for recovery represent an equal-percentage-of-revenue basis. The proposed rate adjustment will affect 106,736 total customers.

<b>Customer Type</b>	<b>Count</b>
Residential	95,451
Commercial	12,013
Industrial	181

The following table illustrates the average monthly bill impact to Avista Residential (Rate Schedule 410), Commercial (Rate Schedule 420), and Industrial (Rate Schedule 424) customers.

<b>Customer Type</b>	<b>Avg Therms/month</b>	<b>Current Avg. Monthly Bill</b>	<b>Proposed Avg. Monthly Bill</b>	<b>Difference \$</b>
Residential	47	\$77.01	\$77.00	(\$.01)
Commercial	203	\$290.01	\$289.98	(\$.03)
Industrial	3,822	\$3,271.67	\$3,270.98	(\$.69)

Staff reviewed the work papers provided by the Company and found them sufficient to demonstrate the validity of its calculations. Staff's review consisted of verifying the accounting methodology employed by the Company to derive the final amortization balance. Staff further confirmed that, pursuant to ORS 757.259(6), this filing does not impose a rate increase greater than three percent of Avista's gross revenues. An

earnings review was not performed in this review as the Commission regulatory fee is not subject to sharing.<sup>2</sup>

### Conclusion

Staff concludes that the proposed rates are correctly calculated and applied to amortize deferred costs associated with the Commission Regulatory fee. For these reasons, Staff recommends the Commission approve this filing.

The Company has reviewed this memo and agrees with its content.

### **PROPOSED COMMISSION MOTION:**

Approve Avista Advice No. 23-05-G, requesting amortization of the Commission Regulatory Fee for inclusion in rates for service rendered on and after November 1, 2023.

AVA UG 470 Advice 23-05-G Regulatory Fee

---

<sup>2</sup> It is a fee that each public utility must pay pursuant to ORS 756.310 and OAR 860-021-0034.