



Avista Corp.

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January 23, 2024

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

**Re: Advice No. 24-01-G – Avista Utilities Schedule 469 Revision and Associated UM 2254
Deferral Adjustment Request**

Filing Center:

Pursuant to ORS 757.205, ORS 757.259, OAR 860-022-0025 and OAR 860-027-0300, Avista Corporation, dba Avista Utilities (Avista or the Company), hereby submits for filing with the Oregon Public Utility Commission (Commission) its proposed modifications to its tariff Schedule 469, “Public Purpose Funding Surcharge – Oregon” (hereafter referred to as the Public Purpose Charge, or PPC). The Company requests that the following tariff sheets, P.U.C OR No. 5, become effective on March 1, 2024:

Sixth Revision Sheet 469 Canceling **Fifth Revision Sheet 469**

The primary purpose of the requested tariff revisions is to incorporate Avista’s Schedule 440 customers into the collection and distribution of PPC funding, thereby providing a long-term funding mechanism that allows the Energy Trust of Oregon (ETO) to continue offering energy efficiency services to these customers. To accomplish this, the Company is requesting to 1) remove the mention of Schedule 440 from the list of schedules for which ETO’s energy efficiency funding will be recovered *separately* from the PPC, if such services are provided; 2) move the deferral of these costs – currently being tracked and recorded as part of Avista’s approved deferral of costs related to Oregon’s Climate Protection Program (CPP)¹ – from the CPP deferral (Docket No. UM

¹ Docket No. UM 2254.

2254) to the Company’s existing energy efficiency deferral (Docket No. UM 1979). Avista will then request amortization of these costs, to be recovered through Schedule 469, within the Company’s next funding true-up for its PPC; and 3) add to the “Special Terms and Conditions” a provision intended to mitigate the possibility of interruptible customers voluntarily moving to a transportation schedule soon after having received PPC-funded energy efficiency services.

I. BACKGROUND

Avista’s PPC collects funds through the Company’s natural gas tariff Schedule 469 to support the delivery of energy efficiency programs administered by the ETO and the Avista Oregon Low-Income Energy Efficiency (AOLIEE) Program, as well as a portion of the Company’s energy efficiency program marketing and administrative costs. Over a 12-month period, the Company records the funds collected through Schedule 469, netted with the costs of the energy efficiency programs, in a balancing account; interest does not accrue on this account. Any unspent funds or uncollected costs are held over to the following year, with any adjustments needed requested to become effective January 1st of each year. The deferral associated with this accounting treatment is further detailed within Docket No. UM 1979 and was most recently reauthorized by the Commission on August 8, 2023, through Order No. 23-286 in that docket.

Similarly, the Company’s costs of compliance with the CPP are tracked and recorded via a deferral mechanism, which was approved by the Commission effective September 13, 2022, in Docket No. UM 2254; costs recovery of these amounts, however, has yet to be requested by the Company. In its deferral request, Avista noted that, as a covered fuel supplier under the CPP,² its “...emissions are reported annually through the existing [Oregon Department of Environmental Quality] ODEQ greenhouse gas reporting program³ and compliance will be demonstrated by each covered entity at the end of each three-year compliance period.⁴ To comply, Avista can work to reduce natural gas usage through efficiency measures, introduce renewable and low carbon alternative fuels, trade for additional compliance instruments with other covered entities, or purchase a limited amount of Community Climate Investments (“CCIs”).⁵” [Emphasis Added]. One such effort to reduce natural gas usage through efficiency measures was to expand the reach

² OAR 340-271-0020(15).

³ OAR 340-215.

⁴ OAR 340-271-0440.

⁵ OAR 340-271-0450.

of energy efficiency programs to Avista’s “interruptible customers” (i.e., customers taking service under Schedule 440, Interruptible Natural Gas Service for Large Commercial and Industrial). To effectuate this change, Avista filed modifications to its Schedule 469 to allow ETO to serve the Company’s interruptible customers with efficiency services, which included the provision that the costs associated with serving this customer class would be deferred as part of its CPP mechanism approved in Docket No. UM 2254; this approach was approved in Advice No. 22-11-G/ADV 1452, effective January 1, 2023.

On December 20, 2023, the Oregon Court of Appeals issued an order invalidating the CPP, determining that specific disclosure requirements were not adhered to by the Environmental Quality Commission, the policy and rulemaking board for ODEQ, during the rulemaking process. Further, on January 22, 2024, ODEQ issued notice that it accepted the court’s decision, and it will begin the process to reinstate the CPP in the first quarter of 2024, anticipating the rulemaking process will take about 12 months. Until the new rulemaking process is complete, it is unclear if the future CPP will take a similar form to what was previously adopted or not, and when it will take effect. Through this filing Avista aims to reconcile the expansion of ETO’s reach to include interruptible customers in its energy efficiency programs with the Company’s ability to fund such offerings into the future. Maintaining energy efficiency offerings for interruptible customers upholds consistency in this new service offering rather than taking it away from customers, which may lead to customer dissatisfaction, and will provide additional cost-effective energy efficiency savings that benefits all customers. While it is true that interruptible customers are not included in peak day planning for supply or distribution, Avista still must acquire natural gas for these customers. Any reduction in use as a result of installed energy efficiency measures thereby decreases the amount of gas Avista must purchase. Further, because customers have the ability to switch between interruptible and firm service, it is reasonable to offer interruptible customers continued access to energy efficiency programs.

II. PROPOSED MODIFICATIONS

Without the existence of impending CPP targets, which served as the basis for the initial incorporation of Avista’s interruptible customers into ETO’s energy efficiency programs, Avista and ETO remain committed to maintaining any cost-effective efficiency opportunities that may exist for this customer class. To allow for this participation to continue, however, the Company

recognizes that its deferral for CPP-related costs is no longer the appropriate funding mechanism to support these endeavors and is instead seeking a more permanent integration into its existing PPC structure. To accomplish this, Avista proposes that any expenditures already tracked and recorded within its CPP deferral (UM 2254) related to providing energy efficiency to interruptible customers – which, as of December 31, 2023, equates to approximately \$342,822 – be moved to the Company’s existing PPC deferral (UM 1979). Any ongoing and future costs to support interruptible customers’ participation in ETO’s efficiency offerings will then be fully assimilated into the planning and budgeting process already in place between ETO and the Company, with the amortization of the \$342,822 mentioned above to be included within the Company’s next funding true-up for its PPC.

Pursuant to the Company’s Schedule 469, Avista determines annually if the PPC needs to be adjusted so that forecasted collections, plus any unspent collections, are sufficient to meet all programing needs by the ETO and the Company, with any adjustments needed taking place on January 1st of each year. At that time, Avista will request to not only balance its current Schedule 469 collections with actual expenditures and future forecasted funding needed to support its energy efficiency programs, but will also propose amortization of all amounts deferred in support of interruptible customers (the \$342,822 recorded previously, in addition to any amounts spent after December 31, 2023); the Company will also request to add Schedule 440 customers to its Schedule 469 cost recovery allocations. This means that, if approved by the Commission, customers taking service under Schedule 440 will then contribute to, and therefore be eligible to receive benefits from (i.e., participate in the efficiency programs funded by), Avista’s PPC. Avista is therefore not requesting any rate changes as a result of the funding reallocation proposed within this filing, since these costs will now become a part of the Company’s typical true-up process for Schedule 469 as described.

Lastly, Avista proposes to incorporate an additional provision under its “Special Terms and Conditions” of Schedule 469, which states:

If a customer moves to a service Schedule not subject to the Public Purpose Funding Surcharge within 12 months of receiving energy efficiency incentives, such incentives may be subject to repayment by the customer.

This language is intended to ensure appropriate cost spread amongst those customers paying into the PPC by preventing scenarios in which an interruptible customer, subject to PPC charges, will receive energy efficiency incentives and then voluntarily move to a transport service schedule

shortly thereafter, which is then not subject to the PPC. While the customer would see a rate benefit as a result of this schedule transfer, the costs of this participant's energy efficiency expenditures would then be inappropriately borne by those remaining on schedules that pay into the PPC. Such a scenario is not an option for the various other rate schedules subject to PPC costs, as residential customer classes are not so similarly situated that a voluntary schedule change is allowable.

III. CONCLUSION

Avista respectfully requests that the tariff changes proposed for Schedule 469, including the associated movement of expenditures related to energy efficiency programs for Schedule 440 interruptible customers from the balancing accounts approved in Docket No. UM 2254 to those in Docket No. UM 1979, be approved for service rendered on and after March 1, 2024.

If you have any questions regarding this filing, please contact me at (509) 495-7839.

Sincerely,

/s/ Jaime Majure

Jaime Majure
Regulatory Affairs Manager

Enclosures

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 469
PUBLIC PURPOSE FUNDING SURCHARGE - OREGON

APPLICABLE:

Adjustments under this schedule are applicable to all bills calculated under all schedules of this Tariff.

PURPOSE:

The purpose of this schedule is to collect funds to be used to fund energy efficiency programs administered through the Energy Trust of Oregon (ETO) and the Company.

MONTHLY RATE:

A public purpose charge, based on a percentage of revenues on an annualized basis, will be collected through monthly charges for the purpose described above. The Commodity Charge per therm of the individual rate schedules are to be adjusted by the following amounts:

Rate Schedule	Rate
Schedule 410	\$0.04012 per Therm
Schedule 420	\$0.03498 per Therm
Schedule 424/425	\$0.02084 per Therm
Schedule 444	\$0.02125 per Therm

DETERMINATION OF RATE

The Company will annually determine if the Public Purpose Funding Surcharge for energy efficiency programs administered by the ETO and the Company needs to be adjusted so that forecasted collections, plus any unspent collections, are sufficient to meet all programing needs by the ETO and the Company. Any adjustments needed will take place on the 1st of each year.

SPECIAL TERMS AND CONDITIONS:

1. The annual budget funds collected to be transferred to the ETO will be calculated in partnership with the Company and the ETO.
2. The monies collected under this schedule for the purposes of funding energy efficiency program delivered by the ETO will be transferred to the ETO monthly.
3. The Company will retain a portion of the funding collected under this schedule to fund Schedule 485, Avista Oregon Low Income Energy Efficiency Program ("AOLIEE") as well as administrative and marketing expenses.
4. Funding provided to ETO for purposes of providing energy efficiency services to customers taking service under Schedules 439 and 456, if such services are provided, will be recovered separately from the Public Purpose Funding Surcharge.
5. If a customer moves to a service Schedule not subject to the Public Purpose Funding Surcharge within 12 months of receiving energy efficiency incentives, such incentives may be subject to repayment by the customer.

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Advice No. 24-01-G
Issued January 23, 2024

Effective For Service On & After
March 1, 2024

Issued by
By

Avista Utilities



Patrick Ehrbar, Director of Regulatory Affairs