



**Avista Corp.**

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Toll Free 800-727-9170

March 12, 2024

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

**RE: Docket No. UM \_\_\_\_ — Avista Utilities Application for Deferred Accounting**

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 Authorization to Defer the Costs Associated with Providing Energy Efficiency Services to Natural Gas Transport Customers.

As required by OAR 860-027-0300(3)(e) and (6), a Notice of Application and list of persons served with the Notice has been sent to all parties in the Company's most recent general rate case, Docket No. UG 461. A copy of the Notice and the Certificate of Service are attached as an Exhibit to the Application.

If you have any questions regarding this filing, please contact me at (509) 495-7839 or [jaime.majure@avistacorp.com](mailto:jaime.majure@avistacorp.com).

Sincerely,

*/s/ Jaime Majure*

Jaime Majure  
Regulatory Affairs Manager  
Avista Utilities

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

DOCKET NO. UM \_\_\_\_

IN THE MATTER OF THE APPLICATION OF )  
AVISTA CORPORATION FOR AN ORDER ) APPLICATION  
AUTHORIZING DEFERRAL OF COSTS ) FOR AUTHORIZATION  
ASSOCIATED WITH PROVIDING ENERGY ) OF DEFERRAL OF  
EFFICIENCY SERVICES TO NATURAL GAS ) CERTAIN COSTS  
TRANSPORT CUSTOMERS )

Avista Corporation, dba Avista Utilities (“Avista” or “Company”), pursuant to ORS 757.259 and OAR 860-027-0300(4), applies to the Public Utility Commission of Oregon ("Commission") for an order authorizing Avista to defer for later ratemaking treatment the recovery of costs associated with the provision of energy efficiency services to natural gas transport customers. These costs were previously approved for deferral under Docket No. UM 2254 – Avista’s deferral of costs associated with the Climate Protection Plan (“CPP”), hereafter referred to as the “CPP Deferral” – as funding for such efficiency programs was being offered solely in compliance with the CPP. Through this application, the Company seeks authorization to both 1) defer the recovery of these costs for the 12-month period beginning March 11, 2024, and 2) move all funds remaining in the CPP Deferral related to energy efficiency programs for natural gas transport customers into this new deferral, to allow for more comprehensive tracking of these costs (collectively, “Deferred Amount”). Avista will seek amortization of the Deferred Amount, inclusive of those funds previously recorded within the CPP Deferral and transferred as a result of this filing, if approved, in a tariff rider filing later in 2024.

In support of this Application, the Company states:

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

1 Avista requests that all notices, pleadings and correspondence regarding this Application be  
2 sent to the following:

3 Patrick Ehrbar  
4 Director of Regulatory Affairs  
5 Avista Corporation  
6 P.O. Box 3727  
7 1411 E. Mission, MSC-27  
8 Spokane, WA 99220-3727  
9 (509) 495-8620  
10 patrick.ehrbar@avistacorp.com  
11

David J. Meyer  
Vice President and Chief Counsel  
for Regulatory and Governmental Affairs  
Avista Corporation  
P.O. Box 3727  
1411 E. Mission, MSC-27  
Spokane, WA 99220-3727  
(509) 495-4316  
david.meyer@avistacorp.com

12 This Application is filed pursuant to ORS 757.259, which empowers the Commission to  
13 authorize the deferral of expenses or revenues of a public utility for later incorporation into rates.  
14 As required by ORS 757.259(4), any amortization of the Deferred Amount will be subject to an  
15 earnings review and a finding by the Commission that the costs were prudently incurred. Avista  
16 does not expect that amortization of the Deferred Amount will cause Avista to meet or exceed its  
17 most recently authorized return on equity.

18 **I. BACKGROUND**  
19

20 The following is provided pursuant to OAR 860-027-0300(3):  
21

22 **A. Background Description**  
23

24 On December 16, 2021, the Oregon Department of Environmental Quality (“ODEQ”)  
25 adopted the CPP, which are administrative rules that set GHG reduction targets.<sup>1</sup> In response to  
26 this legislation, Avista filed its CPP deferral to track and record the costs associated with CPP  
27 compliance. In its initial CPP deferral application,<sup>2</sup> Avista noted that, as a covered fuel supplier  
28 under the CPP,<sup>3</sup> its “...emissions are reported annually through the existing [Oregon Department of

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<sup>1</sup> OAR 340-271-0010 – 9000.

<sup>2</sup> See Docket No. UM 2254, September 13, 2022, CPP Deferral at pg. 3.

<sup>3</sup> OAR 340-271-0020(15).

1 Environmental Quality] ODEQ greenhouse gas reporting program<sup>4</sup> and compliance will be  
2 demonstrated by each covered entity at the end of each three-year compliance period.<sup>5</sup> To comply,  
3 Avista can work to reduce natural gas usage through efficiency measures, introduce renewable and  
4 low carbon alternative fuels, trade for additional compliance instruments with other covered entities,  
5 or purchase a limited amount of Community Climate Investments (“CCIs”).<sup>6</sup> [ Emphasis Added].  
6 One such effort to reduce natural gas usage through efficiency measures was to expand the reach of  
7 Avista’s energy efficiency programs, administered through the Energy Trust of Oregon (“ETO”), to  
8 the Company’s interruptible and transport customers. To effectuate this change, Avista filed  
9 modifications to its Schedule 469, “Public Purpose Funding Surcharge – Oregon” (PPC), to allow  
10 ETO to serve the Company’s interruptible and transport customers with efficiency services. This filing  
11 included the provision that the costs associated with serving these customer classes would be deferred  
12 as part of the UM 2254 CPP Deferral; this approach was approved in Advice No. 22-11-G/ADV 1452,  
13 effective January 1, 2023.

14 On December 20, 2023, the Oregon Court of Appeals issued an order invalidating the CPP,  
15 determining that specific disclosure requirements were not adhered to by the Environmental Quality  
16 Commission, the policy and rulemaking board for ODEQ, during the rulemaking process. Further, on  
17 January 22, 2024, ODEQ issued notice that it accepted the court’s decision, and it will begin the  
18 process to reinstate the CPP in the first quarter of 2024, anticipating the rulemaking process will take  
19 about 12 months. Until the new rulemaking process is complete, it is unclear if the future CPP will  
20 take a similar form to what was previously adopted or not, and when it will take effect. To reconcile  
21 the expansion of ETO’s reach to include interruptible customers in its energy efficiency programs  
22 with the Company’s ability to fund such offerings into the future, the Company received approval to  
23 incorporate interruptible customers into the funding mechanism already in place for the Company’s

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<sup>4</sup> OAR 340-215.

<sup>5</sup> OAR 340-271-0440.

<sup>6</sup> OAR 340-271-0450.

1 other energy efficiency programs (Schedule 469, with costs tracked and recorded under the existing  
2 associated deferral mechanism within Docket No. UM 1979), therefore transferring the monies  
3 recorded under the CPP Deferral in support of interruptible customers to the deferral mechanism  
4 utilized for the Company's PPC. Amortization of these costs will be requested within a future PPC  
5 true-up filing in 2024. To date, however, Avista has not made any such deferral transfer request for  
6 the portion of the CPP Deferral that covers the costs expended in support of transport customers.

### 7 **B. Reason for Deferral**

8 Avista respectfully requests approval authorizing the deferral for future ratemaking  
9 treatment the costs associated with ETO's provision of energy efficiency services for natural gas  
10 transport customers, which are not currently included in rates. While ETO is already currently  
11 offering programs to this subset of customers, an action prompted by compliance with the CPP,  
12 Avista is continuing conversations with Commission Staff and interested parties regarding the  
13 continuation of efficiency programs for transport customers. Without the obligations set forth  
14 within the CPP, questions regarding the avoided costs to be utilized in providing energy efficiency  
15 programs for transport customers, as well as the cost recovery of such programs, have yet to be  
16 determined. With the Commission's permission to continue deferral of these costs, the Company  
17 will be able to explore a potential path forward for these customers and will request cost recovery  
18 of these expenditures in a future filing.

19 Under ORS 757.259(2)(e), deferral of utility expenses or revenues is allowed when it will  
20 appropriately match the costs borne and benefits received by customers. Deferral of these costs  
21 will align the costs of Avista's service with the benefits Avista customers receive from such  
22 service.

### 23 **C. Proposed Accounting**

24 Avista proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other

1 Regulatory Assets), crediting FERC Account 407.4 (Regulatory Credits). In the absence of a  
2 deferred accounting order, Avista would record the costs to a variety of accounts. Avista proposes  
3 to accrue interest on the unamortized balance at a rate equal to its authorized weighted average  
4 cost of capital most recently approved by the Commission.

5 **D. Estimate of Amounts**

6 The current CPP Deferral balance from which Avista is requesting to transfer all costs  
7 already recorded in support of providing energy efficiency services for transport customers is  
8 approximately \$266,847. This amount includes both monthly distributions to ETO for services  
9 rendered to transport customers, as well as approximately \$16,847 expended as the transport  
10 customers' allocation for a third-party study to verify non-energy impacts (NEIs) for transport  
11 customers' avoided costs.<sup>7</sup> The Company expects further costs associated with customer contracts  
12 already committed to by ETO to continue accruing within the new balancing account, if approved,  
13 throughout 2024.

14 **E. Notice**

15 A copy of the Notice of Application for Deferral of Costs Associated with Providing  
16 Energy Efficiency Services to Natural Gas Transport Customers and a list of persons served with  
17 the Notice are attached to the application as Attachment A.

18 **II. SUMMARY OF FILING CONDITIONS**

19 **A. Earnings Review**

20 Cost recovery for costs associated with providing energy efficiency services to natural gas  
21 transport customers may be subject to an earnings review in accordance with ORS 757.259(5).

22 **B. Prudence Review**

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<sup>7</sup> DNV was contracted for the third-party NEI study. Because the study was conducted for the benefit of both Avista's Washington and Oregon jurisdictions, the allocation of costs was split 50% to WA and 50% to OR, then further split 50/50 between Avista's Oregon interruptible customers and transport customers.

1 A prudence review will be performed by Commission Staff no later than the proceeding to  
2 authorize amortization of the costs associated with the costs associated with providing energy  
3 efficiency services to natural gas transport customers.

4 **C. Sharing Percentages**

5 All prudently incurred costs are to be recoverable by Avista with no sharing mechanism.

6 **D. Rate Spread / Rate Design**

7 The rate spread/rate design will be determined during the proceeding to authorize  
8 amortization of the costs associated with the Deferred Amount.

9 **E. Three Percent Test (ORS 757.259(6))**

10 Amortization of the deferred costs will be subject to a three percent test in accordance with  
11 ORS 757.259(6) and with Commission authorization.

12 **III. CONCLUSION**

13 WHEREFORE, Avista Utilities respectfully requests that the Commission authorize the  
14 Company to 1) defer the recovery of all costs associated with the provision of energy efficiency  
15 services for natural gas transport customers for the 12-month period beginning March 11, 2024, and  
16 2) move all funds remaining in the CPP Deferral related to energy efficiency programs for natural  
17 gas transport customers into this new deferral, to allow for more comprehensive tracking of these  
18 costs.

19 DATED this 12<sup>th</sup> day of March 2024.

20 Respectfully submitted,

21 Avista Utilities

22 By: /s/ David Meyer

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



**Docket No. UM \_\_\_\_\_**

**NOTICE OF APPLICATION FOR AUTHORIZATION OF DEFERRAL OF CERTAIN COSTS**

March 12, 2024

To All Parties Who Participated in UG 461:

Please be advised that on March 12, 2024, Avista Corporation, dba Avista Utilities (Avista or Company), applied to the Public Utility Commission of Oregon (Commission) for an order authorizing the Company to defer for later ratemaking treatment the recovery of costs related to the provision of energy efficiency services to natural gas transport customers. These costs were previously approved for deferral under Docket No. UM 2254 – Avista’s deferral of costs associated with the Climate Protection Plan (CPP) – and with this new Application, Avista is seeking to continue such deferral under a balancing account unrelated to the CPP. This filing has been made pursuant to ORS 757.259 and OAR 860-027-0300(4).

This Notice is being sent to all parties that participated in Avista’s most recent general rate case, Docket No. UG 461, to inform them that an Application for Authorization 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 service of this Notice. 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 12<sup>th</sup> day of March 2024.

By:                     /s/David Meyer                    

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

UM \_\_\_\_\_ – EXHIBIT A





## CERTIFICATE OF SERVICE

Docket No. UM \_\_\_\_\_

I HEREBY CERTIFY that I have on this day, March 12, 2024, served by electronic mail the foregoing Notice of Application for Authorization of Deferral of Certain Costs, related to the deferral of funds related to the provision of energy efficiency services to natural gas transport customers, to all parties of record for Avista's most recent general rate case, Docket No. UG 461, as indicated below:

**Alliance of Western Energy Consumers (AWEC)**

Chad M. Stokes

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**Department of Justice**

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**Oregon Public Utilities Commission (OPUC)**

Matt Muldoon, OPUC Staff

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Noelia Gravotta

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

Dated at Spokane, Washington this 12<sup>th</sup> day of March 2024.

*/s/ Jaime Majure*

Jaime Majure

Regulatory Affairs Manager

Avista Utilities

[jaime.majure@avistacorp.com](mailto:jaime.majure@avistacorp.com)

(509) 495-7839

UM\_\_\_\_\_ – EXHIBIT A