



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

November 19, 2021

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 Reauthorization

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 to defer a portion of AFUDC.

As required by OAR 800-027-0300(3)(e)(6), 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 433. 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 Jaime Majure at (509) 495-7839 or email jaime.majure@avistacorp.com.

Sincerely,

/s/Joe Miller

Joe Miller
Sr. Manager of Rates & Tariffs
Avista Utilities
509-495-4546
joe.miller@avistacorp.com

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF OREGON

3 DOCKET NO. UM ____

4 IN THE MATTER OF THE APPLICATION OF)
5 AVISTA CORPORATION FOR AN ORDER) APPLICATION
6 AUTHORIZING DEFERRAL OF AFUDC) FOR REAUTHORIZATION
7 (ALLOWANCE FOR FUNDS USED DURING) OF DEFERRAL ACCOUNTS
8 CONSTRUCTION))
9

10
11 Pursuant to ORS 757.259 and OAR 860-027-0300(4), Avista Corporation, dba Avista
12 Utilities (“Avista” or “Company”), hereby applies to the Public Utility Commission of Oregon
13 (“Commission”) for an order reauthorizing the Company to utilize deferred accounting for a
14 portion of AFUDC, as described below. Avista respectfully requests that this deferral be effective
15 for the 12-month period beginning January 15, 2022¹.

16 In support of this Application, the Company states:

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

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

21 Patrick Ehrbar
22 Director of Regulatory Affairs
23 Avista Corporation
24 P.O. Box 3727
25 Avista Corporation
26 1411 E. Mission, MSC-27
27 Spokane, WA 99220-3727
28 (509) 495-8620
29 pat.ehrbar@avistacorp.com

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

¹ The deferral of AFUDC was approved by the Commission in Docket No. UG 389, Order No. 20-468, dated December 10, 2020 and which became effective January 15, 2021. Therefore, the Commission has approved this deferral through January 14, 2022.

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 As required by ORS 757.259(4), any amortization of the deferred amount will be subject to an
4 earnings review and a finding by the Commission that the costs were prudently incurred. Avista
5 does not expect that amortization of the deferred amount will cause Avista to meet or exceed its
6 most recently authorized return on equity.

8 I. BACKGROUND

9 In the Company’s last general rate case (Docket No. UG 389), the parties to the case (Avista
10 Corporation, the Staff of the Public Utility Commission of Oregon (“Staff”), the Oregon Citizens’
11 Utility Board (“CUB”), and the Alliance of Western Energy Consumers (“AWEC”)) had agreed
12 that Avista would be allowed to record AFUDC as recommended by the Federal Energy
13 Regulatory Commission (FERC). The Second Settlement Stipulation at page 13, lines 9 through
14 14, stated the following:

15 15. **Allowance for Funds Used During Construction (AFUDC):** Due to
16 recommendations made by the Federal Energy Regulatory Commission (FERC) in
17 a recent audit of Avista, the Parties agree that the Company would defer the
18 AFUDC difference calculated between using the State AFUDC rate and the FERC
19 AFUDC rate as a regulatory asset (i.e. FERC Account No. 182.3), which is included
20 in rate base, and amortize this regulatory asset over the composite remaining life²
21 of the plant-in-service.
22

23 FERC notified Avista in December 2017 that they would be auditing the Company’s
24 compliance with Form 1 and 3-Q, and accounting requirements of the Uniform System of
25 Accounts under CFR part 101. During the course of the audit (which was completed in

² In Docket No. UM 2187 (Order No. 21-288 dated September 10, 2021) the Commission approved Avista’s request to change from using the composite remaining life to the actual depreciation rate for each plant FERC account.

1 September 2019), FERC staff made recommendations regarding the recording of AFUDC. The
2 recommended change did not result in changes to Avista’s overall rate base.

3 AFUDC represents the cost of both the debt and equity funds used to finance utility plant
4 additions during the construction period. As prescribed by regulatory authorities, AFUDC is
5 capitalized, during construction, as part of the cost of utility plant. The offsetting entries are
6 recorded in the income statement. The Company is permitted, under established regulatory
7 practices, to recover the capitalized AFUDC through its inclusion in rate base and the provision
8 for depreciation after the related utility plant is placed in service. Avista capitalizes AFUDC in
9 Washington, Idaho and Oregon on a monthly basis using the Washington Utilities and
10 Transportation Commission (WUTC) approved Rate of Return (ROR) from the most recent
11 general rate case.³ The most recent approved ROR was from the 2020 general rate case (Docket
12 Nos. UE-200900 and UG-200901) effective October 1, 2021.

13 The AFUDC FERC rate is calculated based on guidance in the Uniform System of
14 Accounts under CFR part 101. FERC has indicated that if the FERC AFUDC rate is different
15 than the state approved rate, the AFUDC capitalized should be split between utility plant and
16 regulatory asset. The amount included in the regulatory asset would be the difference between
17 the state AFUDC rate and the FERC AFUDC rate.

18 As noted above, Avista obtained approval from the Oregon Commission to defer the
19 difference of the calculated AFUDC between the state rate and the FERC rate in its last general
20 rate case. This application seeks reauthorization by the Commission.

21 22 **II. PROPOSED ACCOUNTING**

³ The use of Avista’s ROR authorized by the Washington Commission, its major jurisdiction, as the AFUDC rate has been consistently used in Oregon since its acquisition in 1991.

1 As plant is being constructed, for the deferral amount of AFUDC (which is the calculated
2 difference between the state rate and the FERC rate) the Company debits FERC Account No.
3 182311 – Regulatory Asset-AFUDC (CWIP) and credits the income statement (FERC Account
4 No. 407411 – Regulatory Credit-AFUDC Debt and FERC Account No. 407412 – Regulatory
5 Credit-AFUDC Equity). When the plant is in service and transfers from Construction Work in
6 Progress to Plant-in-Service, the deferred AFUDC is transferred from FERC Account No.
7 182311 – Regulatory Asset-AFUDC (CWIP) to FERC Account No. 182332 – Regulatory Asset-
8 AFUDC (Plant-in-Service). When transferred to in service, amortization begins and the
9 Company debits FERC Account No. 407311 – Regulatory Debit-AFUDC Amortization and
10 credits FERC Account No. 182318 – Regulatory Asset-AFUDC Accumulated Amortization.

11 At December 31, 2020, for Oregon operations, the Company had \$1.77 million recorded
12 in FERC Account No. 182332 – Regulatory Asset-AFUDC (Plant-in-Service) and (\$0.30
13 million) recorded in FERC Account No. 182318 – Regulatory Asset-AFUDC Accumulated
14 Amortization, for net addition to rate base of \$1.47 million. During 2020, the Company recorded
15 amortization of \$70,000 in FERC Account No. 407311 – Regulatory Debit-AFUDC
16 Amortization. The Company believes the 2020 amortization amount is representative of the
17 future amortization during the deferral period beginning January 15, 2022.

18 19 **III. REQUEST FOR RELIEF**

20 WHEREFORE, Avista Utilities respectfully requests that the Commission reauthorize the
21 Company to defer the AFUDC difference calculated between using the State AFUDC rate and the
22 FERC AFUDC rate as a regulatory asset. The Company is not proposing an adjustment to
23 customers’ retail rates through this Application. Pursuant to OAR 800-027-0300(3)(e)(6), a copy

1 of the Notice of Application and list of persons served with the Notice is attached to this
2 Application as Exhibit A.

3

4 DATED this 19th day of November 2021.

5

Respectfully submitted,

6

Avista Corporation

7



8

By _____

9

Patrick Ehrbar

10

Director of Regulatory Affairs

11

Avista Corporation

12



Docket No. UM ____

**NOTICE OF APPLICATION FOR REAUTHORIZATION OF CERTAIN
DEFERRAL ACCOUNTS**

November 19, 2021

To All Parties Who Participated in UG 433:

Please be advised that on November 19, 2021, 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 a portion of AFUDC. 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 433, to inform them that an Application for Reauthorization 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 by December 20, 2021. 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 19th day of November 2021. By: /s/David Meyer

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

CERTIFICATE OF SERVICE

Docket No. UM ____

I HEREBY CERTIFY that I have on this day, November 19, 2021, served by electronic mail the foregoing Notice of Application for Reauthorization of Certain Deferral Accounts, related to the deferral of a portion of AFUDC, to all parties of record for Avista's most recent general rate case, Docket No. UG 433, as indicated below:

Alliance of Western Energy Consumers (AWEC)

Edward Finklea, Director of Natural Gas
efinklea@awec.solutions

Chad M. Stokes
Cable Huston, LLP
cstokes@cablehuston.com

Oregon Public Utilities Commission (OPUC)

Matt Muldoon, OPUC Staff
Matt.Muldoon@state.or.us

Oregon Citizens Utility Board (CUB)

dockets@oregoncub.org

Mike Goetz, Staff Attorney
mike@oregoncub.org

William Gehrke
will@oregoncub.org

Department of Justice

Johanna Riemenschneider
johanna.riemenschneider@doj.state.or.us

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

Dated at Spokane, Washington this 19th day of November 2021.

/s/ Jaime Majure

Jaime Majure
Regulatory Policy Analyst
Avista Utilities
jaime.majure@avistacorp.com
509.495.7839