

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF OREGON

3 DOCKET NO. UM _____

4	IN THE MATTER OF THE APPLICATION OF) APPLICATION
5	AVISTA UTILITIES FOR AN ORDER) FOR AUTHORIZATION
6	AUTHORIZING DEFERRAL OF LOW-INCOME) OF CERTAIN DEFERRAL
7	RATE ASSISTANCE PROGRAM EXPENSES) ACCOUNTS
8	COLLECTED THROUGH RATE SCHEDULE 493)
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12 Avista Corporation, dba Avista Utilities (“Avista” or “Company”), pursuant to ORS

13 757.259 and OAR 860-027-0300(4), applies to the Public Utility Commission of Oregon

14 (“Commission”) for an order authorizing it to utilize deferred accounting for Avista’s Low-Income

15 Rate Assistance Program (“LIRAP”). The Company respectfully requests that this deferral be

16 effective beginning December 31, 2018.

17 In support of this Application, the Company states:

18 Avista provides natural gas service in southwestern and northeastern Oregon and is a public

19 utility subject to the Commission’s jurisdiction under ORS 757.005(1)(a)(A).

20 Avista requests that all notices, pleadings and correspondence regarding this Application be

21 sent to the following:

22

23 Patrick Ehrbar

24 Director of Regulatory Affairs

25 Avista Corporation

26 P.O. Box 3727

27 Avista Corporation

28 1411 E. Mission, MSC-27

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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.

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4 BACKGROUND

5 Avista’s Low-Income Rate Assistance Program approved by the Public Utility Commission
6 of Oregon (PUC) in 2002 collects revenue under Schedule 410, “General Residential Natural Gas
7 Service–Oregon.” The purpose of LIRAP is to reduce the energy cost burden among those
8 customers least able to pay energy bills. The revenue collected is provided to the four Community
9 Action Agencies in Avista’s Oregon service territory for disbursement to qualifying customers and for
10 administration of the program.

11 For illustrative purposes, since December 31, 2015, a summary of LIRAP funds collected
12 and spent is as follows:

Avista's LIRAP Summary	
Transactions Recorded in Balancing Account (FERC Account No. 242.7)	
For December 31, 2015 through December 31, 2017	
Balance at December 31, 2015	\$ (61,370)
2016 Tariff Collections	(194,601)
2016 LIRAP Costs	228,791
2016 Interest	<u>(21,174)</u>
Balance at December 31, 2016	(48,354)
2017 Tariff Collections	(230,659)
2017 LIRAP Costs	219,809
2017 Interest	<u>(3,082)</u>
Balance at December 31, 2017	<u>\$ (62,286)</u>

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21 At December 31, 2016, the Company’s program-to-date collections exceeded its costs by
22 \$48,354. These funds were used in 2017. At December 31, 2017, the funds collected exceeded
23 costs by an additional \$13,932. The balance of \$62,286 were used in 2018. The Company expects
24 to carryover a small credit balance at December 31, 2018.

1 With the approval of this deferral application, Avista will continue to record the funds
2 collected with Schedule 493, netted with the costs of the low-income rate assistance program, in a
3 balancing account and any unspent funds or uncollected costs will be held over to the following
4 year.

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6 NEED FOR COMMISSION APPROVAL FOR DEFERRAL

7 In April 2018, the Commission ordered Pacificorp to remove any balancing account
8 adjustment it had included in its update filing to Schedule 103 (Multnomah County Business Income
9 Tax Recovery) in Docket No, UE 388/Advice No. 18-001.¹ Staff had determined that the Company
10 had not obtained authority to defer past over-collected amounts that were maintained in the
11 balancing account. In accordance with a 1987 AG Opinion (Opinion Request OP-6076), Staff
12 determined that balancing accounts that track and recover costs on a dollar-for-dollar basis required
13 an underlying deferral, as this is in essence a deferred billing system as was described in the
14 “Additional Power Costs” portion of the AG’s Opinion. So if, rather than refunding or surcharging
15 customers for past over- or under-collection, the balance carries forward in a balancing account that
16 serves as the basis for setting future rates, such that the over- or under-collection is reflected in rates
17 in a future period, Staff maintains that a deferral is required.

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19 PROPOSED ACCOUNTING

20 Avista currently records the funds collected with Schedule 493 and the costs of managing
21 the low-income energy assistance program in FERC Account No. 242.7 (Low Income Energy
22 Assistance). A summary of the accounting entries recorded by Avista is as follows:

¹ Order No. 18-126, issued April 12, 2018.

Transactions to Record LIRAP Revenues and Costs			
<u>FERC</u>	<u>Account Description</u>	<u>DR</u>	<u>CR</u>
142.1	Customer Accounts Receivable	\$XXX	
48X.X	Revenue from Customers To record revenue collected from Schedule 493.		\$XXX
908.6	Customer Service & Information Expense	\$XXX	
242.7	Low Income Energy Assistance To tranfer funds collected from Schedule 493 to balancing account.		\$XXX
242.7	Low Income Energy Assistance	\$XXX	
232.1	Accounts Payable To record LIRAP costs.		\$XXX


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The balance in the account (either unspent funds or uncollected costs) will be deferred at December 31 each year. The net amount in the account will be included in the Company's filing when the LIRAP Surcharge is updated. In absence of a deferred accounting order from the Commission, Avista would transfer the balance of the account at December 31, into earnings.

Interest accrues each month based on the average monthly fund balance at the Company's currently authorized rate of return.

WHEREFORE, Avista Utilities respectfully requests that the Commission authorize the Company to defer the unspent funds or uncollected costs of its energy efficiency programs for calendar year 2019.

DATED this 9th day of November 2018.

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