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April 29, 2022

Advice No. 22-02-G

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301

Attention: Filing Center

In accordance with ORS 757.259 and OAR 860-027-0300, Avista Utilities hereby electronically submits its proposed tariff sheet, P.U.C. OR No. 5, Original Tariff Schedule 467 (COVID Deferred Costs) applicable to its Oregon natural gas operations along with a copy of its supporting work papers.

Sheet 467 represents the amount to be recovered from Oregon customers for the deferred costs associated with the Company's COVID deferral as of December 31, 2021. The Company is requesting an increase in overall retail revenues of approximately $800,000, or 0.6%, effective November 1, 2022.

Background Description

On March 8, 2020, Oregon Governor Kate Brown declared a state of emergency over the COVID-19 outbreak. Since that time, Avista incurred extraordinary costs in its response to the public health emergency, including increased bad debt expense resulting from higher than average levels of write-offs of uncollectible accounts associated with the suspension of disconnects and late payment fees to assist customers facing unprecedented economic pressures. The Company also experienced increased costs associated with required equipment for employees to work remotely and expenses to maintain the health and safety of those employees whose jobs do not allow for remote work. In addition to the extraordinary costs, the Company experienced a reduction in employee travel and training expenses and a reduction in costs associated with Company vehicle usage. The benefits experienced to date have been applied as an offset to Avista's deferred COVID-19 expenses. These items and others, including the arrearage management program, are described in the Settlement Stipulation adopted by the Commission in Order 20-401 in Docket UM 2114.

Reason for Deferral

The Commission initially authorized deferred accounting of Avista's costs related to COVID-19 for the 12-month period beginning March 25, 2020, in Order No. 20-378. Reauthorization for the 12-month period beginning March 25, 2021, and the 12-month period beginning March 25, 2022, was approved in Order No. 22-103 on March 24, 2022.

Deferral Determination

As of December 31, 2021, the Company has identified and/or deferred the following direct costs and benefits associated with the COVID-19 pandemic resulting in an Oregon net asset balance of $777,658. The table below provides a summary as of December 31, 2021.

Oregon COVID Deferral Summary as of 12/31/2021	
Deferral Type	**Amount**
Bad Debt Expense	$ 546,034
COVID Debt Relief Program	970,429
Term Loan Interest/Fees	59,991
Other Direct COVID Costs	47,805
Late Fees	538,413
Total 182.3	2,162,672
Other Direct COVID Benefits	(436,311)
CARES Act Tax Benefit	(948,703)
Total 254	(1,385,014)
Total Ending Balance at 12.31.2021	**$ 777,658**

Bad Debt Expense

The Company's bad debt expense has significantly increased as a result of the COVID-19 pandemic. To determine the incremental impact on bad debt expense, the Company compared the actual bad debt expense incurred to the amounts set per amounts established in general rate cases UG 366 (2020 balances) and UG 389 (2021 balances). In all instances, bad debt exceeded the levels built into customers' rates. As of December 31, 2021, actual bad debt expense incurred for Oregon has exceeded the amount authorized by $1,435,907. This balance has been separately recorded as "Bad Debt Expense" of $546,034, and "COVID Debt Relief Program" of $970,429, as noted in the table above. See also section "COVID Debt Relief Program" below. Incremental bad debt expense is being deferred to account 182.3 Regulatory Assets.

COVID Debt Relief Program

The Company filed a tariff for its temporary COVID-19 Debt Relief Program per the Stipulation in Docket UM 2114 on February 3, 2021, which the Commission approved with an effective date of March 26, 2021. The costs to fund the program, approximately $890,000 or one percent of the

Company's 2019 Commission Basis Report, were deferred as funds were provided to customers. As of December 31, 2021, funds were distributed to customers in the amount of $889,873, which was recorded as a reduction to the bad debt deferral. In additional, bill payment assistance administration costs of $80,556 were deferred. Therefore, total COVID Debt Relief Program deferred totaled $970,429, as shown in the table above. These bill payment assistance costs have been deferred to account 182.3 Regulatory Assets.

Term Loan Interest/Fees

In April 2020, the Company entered into a short-term credit agreement in the amount of $100 million to provide additional liquidity to the Company due to the pandemic. The incremental interest expense and loan fees associated with obtaining the term loan were analyzed. For Oregon, as short-term debt is excluded in the authorized capital structure and debt costs, actual costs of the term loan, net of interest income, was $59,991 as of December 31, 2021 and were deferred to account 182.3 Regulatory Assets.

Other Direct COVID Costs

Other direct costs identified by the Company as of December 31, 2021 include those charged directly to specific pandemic projects set up to capture costs incurred to protect the health and safety of utility employees, including personal protective equipment, janitorial services, cleaning supplies and additional hardware/software and other equipment not capitalized to allow employees to work from home. Oregon's share of these direct costs is $47,805 and were deferred to account 182.3 Regulatory Assets.

Late Fees

The Company's late fee revenues have decreased $538,413 (Oregon share) from March 1, 2020 through December 31, 2021 as compared to 2019. These lost revenues have been deferred to account 182.3 Regulatory Assets.

Other Direct COVID Benefits

Other direct benefits (reductions in costs as a result of the pandemic) identified by the Company as of December 31, 2021 were identified as employee expenses related to travel and training due to COVID-19 restrictions, as well as a reduction in fleet fuel consumption at the beginning of the pandemic when crews were at limited capacity. Oregon's share of these direct benefits are $436,311 and has been deferred to account 254 Other Regulatory Liabilities, offsetting deferred expenses.

CARES Act Tax Benefit

As described in the Supplemental filing on May 1, 2020 in Docket No. UM 2069, the Company will receive a benefit from carrying back its 2019 NOL to the five prior tax years. The benefit is approximately $7.9M on a system basis, or $948,703 allocated to Oregon. The Company filed the carry back form during Q4 2020 and recorded this benefit as an offset to COVID-19 deferral costs. Oregon's share of this benefit has been deferred to account 254 Other Regulatory Liabilities.

The Company filed several accounting method changes for tax purposes with its 2019 federal tax return. The IRS Tax Forms 3115, Application for a Change in Accounting Method, were filed with the Commission on October 19, 2020. The method changes provided a significant amount of deductions that resulted in a 2019 net operating loss. Without these method change deductions, the Company would not have recognized a net operating loss and would therefore not have received this benefit. The service allocations from these additional method change deductions were used to allocate the benefit.

Rate Class Allocation

The Company is proposing to allocate each incremental cost and/or benefit itemized above based on the percentage of billing revenue of the individual rate schedules who shared in those costs or benefits. For costs and benefits associated with bad debt expense, term loan interest/fees, other direct COVID costs, late fees, other direct COVID benefits, and the CARES act tax benefit those items have been allocated to Schedules 410, 420, 424, 425, 439, 440, 444 and 456. All of these costs and/or benefits are attributable to all customers just as they have been prior to the pandemic, and therefore assigning an allocation to all customers classes is appropriate.

The costs associated with the COVID Debt Relief Program were solely attributable to residential customers (Schedule 410) and therefore those costs have been assigned solely to rate schedule 410. For purposes of rate design the Company is proposing to surcharge or rebate the proposed revenue allocation on a uniform cent per therm basis by rate schedule. Pursuant to OAR 860-022-0025 and OAR 860-022-0030, the total number of customers affected by the filing, and the annual revenue before and after the impact of the proposed rate change, are as follows:

Rate Schedule	Number of Customers
Schedule 410	94,617
Schedule 420	12,016
Schedule 424/425	102
Schedule 439/440	42
Schedule 444	3
Schedule 456	31

Rate Schedule	Present Revenue	Change	Proposed Revenue	% Change
Schedule 410	$ 77,045,613	$ 878,343	$ 77,923,956	1.1%
Schedule 420	$ 35,788,162	$ (56,902)	$ 35,731,260	-0.2%
Schedule 424/425	$ 3,096,165	$ (4,923)	$ 3,091,242	-0.2%
Schedule 439/440	$ 6,108,266	$ (9,712)	$ 6,098,554	-0.2%
Schedule 444	$ 137,482	$ (219)	$ 137,263	-0.2%
Schedule 456	$ 2,866,426	$ (4,558)	$ 2,861,868	-0.2%
	$ 125,042,114	**$ 802,030**	**$ 125,844,144**	**0.6%**

If approved, a residential customer using an average of 48 therms a month could expect their bill to *increase* by $0.74, or 1.1 percent, for a revised monthly bill of $67.71 effective November 1, 2022.

Below is a table showing the net impact to the Company's customers, by rate schedule, with a proposed effective date of November 1, 2022:

Rate Schedule	**Proposed Rate Change**
Schedule 410	1.1%
Schedule 420	(0.2)%
Schedule 424/425	(0.2)%
Schedule 439/440	(0.2)%
Schedule 444	(0.2)%
Schedule 456	(0.2)%
Total	0.6%

The Company will provide notice to customers via a bill insert.

Please direct any questions regarding this filing to Joe Miller at (509) 495-4546 or Liz Andrews at (509) 495-8601.

Sincerely,

/S/ Patrick Ehrbar

Patrick Ehrbar
Director of Regulatory Affairs

Enc.

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 467

(N)

COVID DEFERRED COSTS - 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 recover funds related to the deferred costs associated with the Company's COVID deferral as of December 31, 2021.

MONTHLY RATE:

The Commodity Rate per therm of the individual rate schedules are as follows:

Rate Schedule	Rate
Schedule 410	$0.01571 per Therm
Schedule 420	($0.00189) per Therm
Schedule 424/425	($0.00098) per Therm
Schedule 439/440	($0.00062) per Therm
Schedule 444	($0.00101) per Therm
Schedule 456	($0.00013) per Therm

TERM

The COVID Deferred Costs tariff will be in effect through October 31, 2023. Any residual balance at the end of the one-year term will be transferred to the Company's residual balancing account at the end of the final amortization period or handled in a future general rate case or other proceeding.

SPECIAL TERMS AND CONDITIONS:

This schedule is subject to the General Rules and Regulations contained in this tariff and to those prescribed by regulatory authorities. (N)