



**Avista Corp.**

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

December 19, 2022

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

RE: Docket No. UM 2205 —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 Marcus Garbarino at (509) 495-2567 or email [marcus.garbarino@avistacorp.com](mailto:marcus.garbarino@avistacorp.com).

Sincerely,

*/s/Joe Miller*

Joe Miller  
Sr. Manager of Rates & Tariffs  
Avista Utilities  
509-495-4546  
[joe.miller@avistacorp.com](mailto:joe.miller@avistacorp.com)

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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

DOCKET NO. UM 2205

IN THE MATTER OF THE APPLICATION OF )  
AVISTA CORPORATION FOR AN ORDER ) APPLICATION  
AUTHORIZING DEFERRAL OF AFUDC ) FOR REAUTHORIZATION  
(ALLOWANCE FOR FUNDS USED DURING ) OF DEFERRAL ACCOUNTS  
CONSTRUCTION) )

Pursuant to ORS 757.259 and OAR 860-027-0300(4), Avista Corporation, dba Avista Utilities (“Avista” or “Company”), hereby applies to the Public Utility Commission of Oregon (“Commission”) for an order reauthorizing the Company to utilize deferred accounting for a portion of AFUDC, as described below. Avista respectfully requests that this deferral be effective for the 12-month period beginning January 15, 2023<sup>1</sup>.

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).

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

Patrick Ehrbar	David J. Meyer
Director of Regulatory Affairs	Vice President and Chief Counsel
Avista Corporation	for Regulatory and
P.O. Box 3727	Governmental Affairs
Avista Corporation	P.O. Box 3727
1411 E. Mission, MSC-27	1411 E. Mission, MSC-27
Spokane, WA 99220-3727	Spokane, WA 99220-3727
(509) 495-8620	(509) 495-4316
pat.ehrbar@avistacorp.com	david.meyer@avistacorp.com

<sup>1</sup> 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 and was re-authorized through January 14, 2023 by Commission Order No. 22-455.

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.

7  
8 **I. BACKGROUND**

9 In the Company’s general rate case filed in 2020 which became effective January 15, 2021  
10 (Docket No. UG 389), the parties to the case (Avista Corporation, the Staff of the Public Utility  
11 Commission of Oregon (“Staff”), the Oregon Citizens’ Utility Board (“CUB”), and the Alliance  
12 of Western Energy Consumers (“AWEC”)) had agreed that Avista would be allowed to record  
13 AFUDC as recommended by the Federal Energy Regulatory Commission (FERC). The Second  
14 Settlement Stipulation at page 13, lines 9 through 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 life<sup>2</sup>  
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

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<sup>2</sup> 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.<sup>3</sup> The most recent approved ROR was from the 2022 general rate case (Docket  
12 Nos. UE-220053 and UG-22054) effective December 21, 2022.

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.

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<sup>3</sup> 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 **II. PROPOSED ACCOUNTING**

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

12 At December 31, 2021, for Oregon operations, the Company had \$1.91 million recorded  
13 in FERC Account No. 182332 – Regulatory Asset-AFUDC (Plant-in-Service) and (\$0.56  
14 million) recorded in FERC Account No. 182318 – Regulatory Asset-AFUDC Accumulated  
15 Amortization, for net addition to rate base of \$1.35 million. During 2021, the Company recorded  
16 amortization of \$118,000 in FERC Account No. 407311 – Regulatory Debit-AFUDC  
17 Amortization. The Company believes the 2021 amortization amount is representative of the  
18 future amortization during the deferral period beginning January 15, 2023.

19  
20 **III. REQUEST FOR RELIEF**

21 WHEREFORE, Avista Utilities respectfully requests that the Commission reauthorize the  
22 Company to defer the AFUDC difference calculated between using the State AFUDC rate and the  
23 FERC AFUDC rate as a regulatory asset. The Company is not proposing an adjustment to  
24 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 December 2022.

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Respectfully submitted,

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Avista Corporation

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By \_\_\_\_\_

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Patrick Ehrbar

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Director of Regulatory Affairs

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Avista Corporation

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## Docket No. UM 2205

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

December 19, 2022

To All Parties Who Participated in UG 433:

Please be advised that on December 19, 2022, 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 January 9, 2023. 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 December 2022. By:           /s/David Meyer          

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



## **CERTIFICATE OF SERVICE**

**Docket No. UM 2205**

**I HEREBY CERTIFY** that I have on this day, December 19, 2022 served by electronic mail the foregoing Notice of Application for Reauthorization of Certain Deferral Accounts, related to the deferral of costs for Intervenor Funding Grants provided to various qualifying organizations, 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](mailto:efinklea@awec.solutions)

Chad M. Stokes  
Cable Huston, LLP  
[cstokes@cablehuston.com](mailto:cstokes@cablehuston.com)

**Oregon Public Utilities Commission (OPUC)**

Matt Muldoon, OPUC Staff  
[matt.muldoon@puc.oregon.gov](mailto:matt.muldoon@puc.oregon.gov)

**Department of Justice**

Johanna Riemenschneider  
[johanna.riemenschneider@doj.state.or.us](mailto:johanna.riemenschneider@doj.state.or.us)

**Oregon Citizens Utility Board (CUB)**

[dockets@oregoncub.org](mailto:dockets@oregoncub.org)

Mike Goetz, Staff Attorney  
[mike@oregoncub.org](mailto:mike@oregoncub.org)

William Gehrke  
[will@oregoncub.org](mailto:will@oregoncub.org)

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

Dated at Spokane, Washington this 19 day of December, 2022.

/s/ Paul Kimball

Paul Kimball  
Manager of Compliance & Discovery  
Avista Utilities  
[Paul.Kimball@avistacorp.com](mailto:Paul.Kimball@avistacorp.com)  
(509) 495-4584