

minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.”

Analysis

Background

The purpose of the Company’s Public Purpose Charge is to collect funds necessary to administer and deliver energy efficiency programs to its customers. Over a 12-month period, the Company records the funds collected through Schedule 469, netted with the costs of the energy efficiency programs, in a balancing account. Any unspent funds or uncollected costs are held over to the following year, with any adjustments needed requested in January of each year.

The Commission approved the implementation of Avista’s Public Purpose Charge (PPC) tariff, Schedule 469, in Avista’s 2015 general rate case (Docket No. UG 288). Under Schedule 469, Avista recovers costs for conservation acquisition managed by the Energy Trust of Oregon (ETO); Avista Oregon Low Income Energy Efficiency Program (AOLIEE); and Company administrative costs.

The Company makes an annual filing to update the PPC rates in Schedule 469 to collect forecasted costs for the current year while also considering the amount carried over in the balancing account. This deferral was previously authorized by the Commission in Order No. 21-450.

Proposed Accounting

Avista would continue to record the funds collected through Schedule 469 and the costs of managing the energy efficiency programs in a regulatory liability account, FERC Account No. 242.6

Current Deferral Balances

Avista’s unspent balance, that is a credit to customers, as of December 31, 2021, was \$665,804. A summary of energy efficient funds collected and spent is as follows:

Avista's Energy Efficiency Program Summary Transactions Recorded in Balancing Account (FERC Account No. 242.6) For December 31, 2019 through December 31, 2021	
Balance at December 31, 2019	\$ (216,391)
2020 Tariff Collections	(3,063,259)
2020 Energy Efficiency Costs	2,739,375
Balance at December 31, 2020	\$ (540,275)
2021 Tariff Collections	(3,123,807)
2021 Energy Efficiency Costs	2,998,278
Balance at December 31, 2021	\$ (665,804)

Information Related to Future Amortization

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5). Staff recommends no earnings test be applied given the purpose of this deferral.
- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review.
- Rate Spread/Design – The costs are allocated among all Avista’s Oregon customers on an equal cents per therm basis.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility’s gross revenues for the preceding year.

Conclusion

As the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is valid, Staff recommends the Commission approve Avista’s application.

The Company has reviewed this memo and has stated no objection.

PROPOSED COMMISSION MOTION:

Approve Avista’s application for the reauthorization deferral of costs associated with its energy efficiency programs for the 12-month period beginning January 1, 2023.