

ORDER NO. 20-058

ENTERED Mar 03 2020

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1979(1)

In the Matter of

AVISTA CORPORATION, dba AVISTA  
UTILITIES,

Application for Deferral of Energy Efficiency  
Program Expenses Collected Through Rate  
Schedule 469.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 25, 2020, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



**Nolan Moser**  
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: February 25, 2020**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE** January 1, 2020

**DATE:** February 14, 2020

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

**THROUGH:** Michael Dougherty, John Crider, and Matt Muldoon **SIGNED**

**SUBJECT:** AVISTA UTILITIES:  
(Docket No. UM 1979(1))  
Requests reauthorization to defer costs associated with energy efficiency programs.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Avista Utilities' (Avista or Company) request to authorize the deferral of costs associated with its energy efficiency programs for the 12-month period beginning January 1, 2020.

**DISCUSSION:**

Issue

Whether the Commission should approve Avista's request for reauthorization to defer costs associated with its energy efficiency programs.

Applicable Law

Avista makes this filing in accordance with 757.259 and OAR 860-027-0300. ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer, for later recovery in rates, expenses or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers. OAR 860-027-0300 sets forth several requirements for applications to defer.

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### Analysis

#### *Background:*

In Avista's 2015 general rate case (Docket No. UG 288), the Commission approved the implementation of Avista's Public Purpose Charge (PPC) tariff, Schedule 469, established to provide for the recovery of costs associated with energy efficiency programs. Programs funded through the PPC include: conservation acquisition managed by the Energy Trust of Oregon (ETO); Avista Oregon Low Income Energy Efficiency Program (AOLIEE); and Company energy efficient program administrative costs.

This deferral authorization captures any over-collected or under-collected funds associated with energy efficiency costs that are amortized through Avista's Schedule 469 tariff. The Company makes an annual filing to update the PPC rates in Schedule 469 to collect forecasted costs for the current year. This deferral was previously authorized by the Commission in Order No. 18-480.

#### *Proposed Accounting:*

Avista proposes to account for the expenses associated with the PPC by recording the expenses in FERC Account 242.6.

#### *2020 Budget:*

Avista's proposed budget for the 2020 program year as stated in Advice No. 19-10-G is approximately \$3.2 million. Rates in Schedule 469 are proposed to collect this amount in 2020. Any unspent or uncollected costs will be held over to the following year.

#### *Information Related to Future Amortization:*

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5).
- 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.

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- 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.

### **PROPOSED COMMISSION MOTION:**

Approve Avista's request to authorize the deferral of costs associated with its energy efficiency programs for the 12-month period beginning January 1, 2020.

Avista UM 1979(1) PPC deferral