

ORDER NO. 21-450

ENTERED Dec 02 2021

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1979(3)

In the Matter of

AVISTA CORPORATION, dba AVISTA
UTILITIES,

Application for Reauthorization to Defer
Energy Efficiency Program Expenses
Collected Through Rate Schedule 469.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 30, 2021, 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:

A handwritten signature in blue ink, appearing to read "Nolan Moser".

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: November 30, 2021**

REGULAR CONSENT EFFECTIVE DATE January 1, 2022

DATE: November 19, 2021

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: AVISTA UTILITIES:
(Docket No. UM 1979(3))
Requests reauthorization to defer costs associated with energy efficiency programs.

STAFF RECOMMENDATION:

Approve Avista Utilities' (Avista, AVA, or Company) request to authorize the deferral of costs associated with its energy efficiency programs for the 12-month period beginning January 1, 2022.

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. 21-064.

Proposed Accounting

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

Current Deferral Balances

Avista's unspent balance as of December 31, 2020, was \$540,275. This amount was carried over to the 2021 program year. 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.
- 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))

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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, 2022.

AVA UM 1979(3) PPC Deferral