

ORDER NO. 24-257

ENTERED Aug 07 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1979(5)

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 August 6, 2024, 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:



**Alison Lackey**

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.

ITEM NO. CA2

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 6, 2024**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: July 29, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Caroline Moore and Michelle Scala **SIGNED**

SUBJECT: AVISTA:  
(Docket No. UM 1979(5))  
Requests reauthorization to defer costs associated with energy efficiency programs.

**STAFF RECOMMENDATION:**

Staff recommends the Commission 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, 2024.

**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.

Under ORS 757.259(2)(e), specifically "identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to

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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. 21-064.

### *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*

On December 31, 2020, the Company's program-to-date collections exceeded its costs by \$540,275. On December 31, 2021, the funds collected throughout the year exceeded the program costs by an additional \$125,529, with the \$665,804 balance carrying over to be spent in the 2022 program year, with tariff collections short of program costs in 2022 by \$556,280, and the carryover balance for the 2023 program year, on December 31, 2023, was \$109,524.

### *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.

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- 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.

AVA UM 1979(5) PPC Deferral