

ORDER NO. 24-372

ENTERED Oct 31 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1356(17)

In the Matter of

AVISTA CORPORATION dba AVISTA
UTILITIES,

Request for Reauthorization to Defer
Certain Costs Related to Intervenor
Funding Grants.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Special Public Meeting on October 29, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: October 29, 2024**

REGULAR__ CONSENT X EFFECTIVE DATE November 1, 2024

DATE: October 9, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Caroline Moore, Scott Gibbens, Anna Kim, and Ted Drennan **SIGNED**

SUBJECT: AVISTA UTILITIES:
 (Docket No. UM 1356(17))
 Request for Re-authorization for Deferral of Costs Associated with
 Intervenor Funding Grants

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Avista Corporation's, dba Avista Utilities (Avista, AVA, or Company) application for reauthorization to defer costs associated with intervenor funding grants for the 12-month period beginning November 1, 2024.

DISCUSSION:

Issue

Whether the Commission should approve Avista's request for reauthorization to record and defer costs related to intervenor funding grants for the 12-month period beginning November 1, 2024.

Applicable Law

ORS 757.259(3) and OAR 860-027-0300 allow the deferral of expenses provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.

ORS 757.072 is the statute that authorizes public utilities to enter into funding agreements with organizations that represent broad customer interests in Commission proceedings. Once a funding agreement is approved by the Commission, organizations

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eligible to receive grants under the funding agreement are identified pursuant to OAR 860-001-0120. When a public utility provides financial assistance under a funding agreement, ORS 757.072(4) states that the Commission must allow a public utility to defer inclusion of the funding provided in rates as provided in ORS 757.259.

OAR 860-027-0300 specifies the required contents of an application for deferred accounting, including a description of the expense or revenue for which deferral is requested, the basis for the request, the accounts proposed for recording the amounts to be deferred, an estimate of the amounts to be recorded in the deferred account, and a copy of the notice of the application for deferred accounting.

Analysis

Background

Three funds are established by which grants could be made to certain intervenors (CUB Fund, Preauthorized Matching Fund and an Issues Fund). The most recent Intervenor Funding Agreement is the Fifth Amended and Restated Intervenor Funding Agreement by Order No. 22-506 dated December 29, 2022, between the Company, Citizens' Utility Board of Oregon (CUB) and Alliance of Western Energy Consumers (AWEC).

The Interim Funding Agreement (Interim Agreement), approved in Order No. 22-043 dated February 10, 2022 (Docket No. UM 2211), established one fund from which grants could be made and approved Rogue Climate, the Coalition of Communities of Color (CCC), the Community Action Partnership of Oregon (CAPO), and Community 12 Energy Project (CEP) as the preliminary groups eligible for funding.¹ The Interim Agreement was later replaced with the Environmental Justice Communities Funding Agreement (EJC Agreement) via Order No. 23-033 in Docket No. UM 2211, dated February 8, 2023; the EJC Agreement was between the Company, Rogue Climate, Verde, and Community Energy Project (CEP) and established two funds from which grants could be made (Pre-certification Fund and Case Fund).²

Reason for Deferral

This request is made in accordance with ORS 757.259(3) that allows for the deferral of Intervenor funds, which directs the Company to pay to intervenors the amounts made available as defined and provided for in the Agreement.

¹ Id. Appendix A, at 89.

² Commission Order No. 23-033, Docket No. UM 2211, In the Matter of Public Utility Commission of Oregon, Implementation of House Bill 2475, February 8, 2023, accessed at <https://apps.puc.state.or.us/orders/2023ords/23-033.pdf>.

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Description of Expenses

The intervenor Funding Agreement provides that pre-certified intervenors must submit a proposed fund budget to the Commission that includes the following:

- A statement of the work to be performed by the applicant for which the applicant is seeking an Issue Fund Grant;
- A description of the areas to be investigated by the intervenor;
- A description of the customer class(es) that will benefit from the intervenor's participation;
- Identification of the specific account or accounts from which the intervenor is seeking an Issue Fund Grant and an estimate of the amount of available funds in that account;
- A budget showing estimated attorney fees, which may include the cost for appropriate support staff and operational support;
- A budget showing estimated consultant fees and expert witness fees, which may include the cost for appropriate support staff and operational support; and
- A representation that the intervenor will use matching funds from either in-house resources or outside funding to account for or pay at least 20 percent of the "Eligible Expenses" for the work to be performed for which the intervenor is seeking an Issue Fund Grant.

The Interim Agreement provides that eligible recipients must submit a proposed budget to the Commission that contains the following information:

- A statement of the work to be performed by the recipient for which the recipient is seeking funding;
- A description of the areas to be investigated and addressed by the recipient;
- A budget showing estimated attorney fees, which may include the cost for appropriate support staff and operational support; and
- A budget showing estimated consultant fees and expert witness fees, which may include the cost for appropriate support staff and operational support.

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The EJC Agreement provides that eligible recipients must submit a proposed budget to the Commission that contains the following information:

- A statement of the work to be performed by the recipient for which the recipient is seeking funding;
- A description of the areas to be investigated and addressed by the recipient;
- A budget showing estimated attorney fees, which may include the cost for appropriate support staff and operational support;
- A budget showing estimated consultant fees and expert witness fees, which may include the cost for appropriate support staff and operational support;
- A description of the low-income customers or Environmental Justice Communities that will benefit from the recipient's participation; and
- A description of the Participating Public Utility account or accounts for which the applicant seeks funds and how the initial payment should be apportioned.

After Commission approval of the proposed budget, the intervenor must file a Request for Payment with the Commission. If the request meets the Intervenor Funding, Interim, or EJC Agreement requirements, the Commission will order payment and specify which customer class will be responsible for the grant.

Proposed Accounting

The Company proposes sub-accounts of FERC Account No. 191 to be used to record the grant payments, specifically Account Nos. 191720, 191721, 191722, and 191725.

Current Deferral Activity

In accordance with Order No. 23-411, issued October 27, 2023, the Company deferred the following:

	CUB Fund (191720)	Preauthorized Matching Fund (191721)	Issues Fund (191722)	HB2475 Fund (191725)
Per Order No. 23-335			\$31,056	
Per Order No. 23-368			\$71,920	
Per Order No. 24-081			\$20,000	
Interest	\$1,317	\$58	\$7,790	\$65
Balance at 6/30/2024	\$1,317	\$58	\$130,766	\$65
Interest 7/1/2024 – 10/31/2024	\$32	\$1	\$3,182	\$2
Balance to Amortize 11/1/2024	\$1,349	\$59	\$133,948	\$67

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Future Estimated Deferral

The Company estimates that the following amounts may be deferred during the 12-month period proposed in this application (November 1, 2024, through October 31, 2025):

- | | |
|-------------------------------|----------|
| • CUB Fund ³ | \$54,028 |
| • Preauthorized Matching Fund | \$43,780 |
| • Issues Fund ⁴ | \$84,988 |
| • Interim Agreement Fund | \$ 0 |
| • E J C Agreement Fund | \$ 0 |

Amortization

Avista's annual PGA filing includes a request to recover the current deferral balances shown and the remaining unamortized residual balances, over the upcoming traditional PGA period (November 1, 2024 to October 31, 2025).

If this deferral application is approved, Avista proposes that the funds in general ledger Account 191720 (CUB Fund) in the amount of \$1,349 will be transferred to Account 191723 (Residential); the funds in general ledger Account 191721 (Preauthorized Matching Fund) in the amount of \$59 will be transferred to Account 191724 (Industrial); \$78,607 of the balance in general ledger Account 191722 (Issues Fund) will be transferred to Account 191723 (Residential); \$55,341 of the balance in general ledger Account 191722 (Issues Fund) will be transferred to Account 191724 (Industrial); and the funds in general ledger Account 191725 (HB 2475 Fund) in the amount of \$67 will be transferred to Account 191723 (Residential) for amortization. These amounts include interest that will be accrued from July 1, 2024 through October 31, 2024, in accordance with the Intervenor Funding Agreement, Interim Agreement, and E JC Agreement, all previously approved by the Commission.

Information Related to Future Amortization

- Earnings Review – Pursuant to ORS 757.259(4) and Commission Order No. 18-017, Appendix A, page 28, paragraph 7.9, these costs are exempt from the amortization caps and earnings test:

If a Participating Public Utility seeks rate recovery through a deferred account,

³ As stated in the Fifth Amended Intervenor Funding Agreement, the amount for 2023 is \$51,175 increased by three percent each year thereafter resulting in an amount of \$54,028 for the period November 1, 2024 through October 31, 2025.

⁴ As stated in the Fifth Amended Intervenor Funding Agreement, the amount for 2023 is \$80,500 increased by three percent each year thereafter resulting in an amount of \$84,988 for the period November 1, 2024 through October 31, 2025.

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the account and amortization of the account shall be exempt from the amortization caps and earnings test set forth in Subsections 5, 6, 7, 8, and 10 of ORS 757.259, as such subsections may be amended from time to time and shall not be included in any calculation of the amortization cap for other deferred accounts.

- Prudence Review – For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.
- Sharing – This deferral is not subject to a sharing mechanism.
- Rate Spread/Design – Account balances are to be spread to the appropriate customer classes per Order No. 18-017, Appendix A, page 27, paragraph 7.7(b).
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Conclusion

Staff finds that the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300 for deferred accounting, and the reason for the deferral—costs related to intervenor funding grants—is still valid. Therefore, Staff recommends the Commission approve Avista's application.

The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve Avista's application for reauthorization to defer the costs associated with intervenor funding grants for the 12-month period beginning November 1, 2024.

Avista UM 1356(17)