

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1978

In the Matter of

AVISTA CORPORATION, dba AVISTA  
UTILITIES,

Application for Reauthorization to Defer  
Low-Income Rate Assistance Program  
Expenses Collected Through Rate  
Schedule 493.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on March 27, 2025, 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 "Alison Lackey".

**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. CA10

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 27, 2025**

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

**DATE:** March 18, 2025

**TO:** Public Utility Commission

**FROM:** Kate Ayres

**THROUGH:** Scott Gibbens and Michelle Scala **SIGNED**

**SUBJECT:** AVISTA UTILITIES:  
(Docket No. UM 1978)  
Request to reauthorize deferred accounting of expenses associated with the Low-Income Rate Assistance Program.

**STAFF RECOMMENDATION:**

Staff recommends that the Oregon Public Utility Commission (Commission) approve Avista Utilities' (Avista or the Company) request to reauthorize the deferral of costs associated with its Low-Income Rate Assistance Program (LIRAP) for the 12-month period beginning January 1, 2025.

**DISCUSSION:**

Issue

Whether the Commission should approve Avista's request for reauthorization to defer costs associated with its LIRAP program.

Applicable Rule or Law

Under ORS 757.259(2)(e), the Commission may authorize a utility to defer identifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to 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. In OAR 860-027-0300(3) the Commission has set forth the requirements for the contents of deferred accounting applications. Notice of the application must be provided pursuant to OAR 860-027-0300(6). A deferral may be authorized under

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ORS 757.259(4) for a period not to exceed 12 months beginning on or after the date of application.

ORS 757.230, as amended by House Bill (HB) 2475, provides the Commission authority to take certain considerations into account when determining a comprehensive classification of service for each public utility; including, the quantity used, the time when used, the purpose for which used, the existence of price competition or a service alternative, the services being provided, the conditions of service, differential energy burdens on low-income customers, and other economic, social equity, or environmental justice factors that affect affordability for certain classes of utility customers.<sup>1</sup>

### Analysis

#### *Background*

On January 1, 2022, HB 2475 became effective. The bill expanded language under ORS 757.230 to include additional factors the Commission may consider when establishing rate classifications, such as the "differential energy burdens on low-income customers and other economic, social equality or environmental justice factors that affect affordability for certain classes of utility customers." In response to HB 2475, the Commission has initiated a broad implementation effort that includes both interim actions to provide customers near-term relief under the new authority and a longer-term investigation to fully explore and establish the Commission's policies for differential rate design and administration.<sup>2</sup>

As a result of this law, the Commission approved Avista's LIRAP program with an effective date of August 1, 2022.<sup>3</sup> The new program replaced Avista's original grant-based Schedule 493, Low-Income Rate Assistance program to provide income-tiered monthly bill discounts, arrearage management, and arrearage forgiveness for eligible customers. As stated by the Company, the purpose of LIRAP is to reduce energy cost burden among those customers least able to pay energy bills, and the revenue collected is disbursed to qualifying households by Avista as well as by the four Community Action Agencies (CAAs or Agencies) within the Company's Oregon service territory.

Deferral of the revenues related to the Company's LIRAP was previously authorized by the Commission on May 28, 2024, through Order No. 24-163.<sup>4</sup> Under the Company's Schedule 493, Residential Low-Income Rate Assistance Program (LIRAP) – Oregon,

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<sup>1</sup> The Energy Affordability Act (HB 2475 - 2021 Regular Session) amended ORS 756.610, ORS 757.230, and ORS 757.072 and enacted new provisions to address equity in rate setting and participating in PUC proceedings, effective January 1, 2022. Or Laws 2021 Ch. 90.

<sup>2</sup> See Docket No. UM 2211.

<sup>3</sup> See Docket No. ADV 1410.

<sup>4</sup> Docket No. UM 1978, Order 24-163.

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Avista collects funds to administer and deliver low-income programs to its Oregon customers.

Over a 12-month period, the Company records the funds collected through Schedule 493, netted with the costs of the LIRAP, in a balancing account, any unspent funds or uncollected costs are held over the following year, with any adjustments needed requested in July of each year along with the Company's Purchased Gas Adjustment (PGA) filings. On October 29, 2024, the Company submitted the current application for reauthorization to defer costs associated with its LIRAP Program.

*Description of Current Deferral*

Currently, Avista records the funds collected with Schedule 493 and the costs of managing LIRAP in FERC Account No. 242.7 (Low Income Energy Assistance). The accounting entries are shown below (Figure 1).

**Figure 1. Transactions to Record LIRAP Revenues and Costs**

Transactions to Record LIRAP Revenues and Costs			
<u>FERC</u>	<u>Account Description</u>	<u>DR</u>	<u>CR</u>
142.1	Customer Accounts Receivable	\$XXX	
48X.X	Revenue from Customers		\$XXX
	To record revenue collected from Schedule 493.		
908.6	Customer Service & Information Expense	\$XXX	
242.7	Low Income Energy Assistance		\$XXX
	To transfer funds collected from Schedule 493 to balancing account.		
242.7	Low Income Energy Assistance	\$XXX	
232.1	Accounts Payable		\$XXX
	To record LIRAP costs.		

As funds are distributed for LIRAP activities, the balancing account is debited for the amount of the expenditure disbursement. The balance in the account, including both unspent funds or uncollected costs, is deferred on December 31 each year, with the net amount in the account included in the Company's filing when the LIRAP Surcharge is updated. In absence of a deferred accounting order from the Commission, Avista would instead transfer the balance of the account on December 31st into earnings. Interest accrues on this balancing account each month based on the effective Modified Blended

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Treasury Rate (MBT), in accordance with Order 23-294 in Docket No. UG 471 and aligned with previous reauthorization in Docket No. UM 1978.

*Proposed Accounting*

Avista is not requesting any additional adjustments to the current deferral accounting in this Reauthorization request and would continue to record funds collected through Schedule 493 as described above.

Additionally, the Company is not proposing an adjustment to customers' retail rates through this Application.

*Current Deferral Balances*

As of December 31, 2023, the total unspent balance in the Low-Income Energy Assistance account, subject to deferral, was \$140,532 (Figure 2).

**Figure 2. Avista's LIRAP Summary**

Avista's LIRAP Summary	
Transactions Recorded in Balancing Account (FERC Account No. 242.7)	
For December 31, 2021 through December 31, 2023	
Balance at December 31, 2021	\$ (87,811)
2022 Tariff Collections	(234,198)
2022 LIRAP Costs	247,065
2022 Interest	(5,682)
Balance at December 31, 2022	\$ (80,626)
2023 Tariff Collections	(184,945)
2023 LIRAP Costs	135,935
2023 Interest	(10,896)
Balance at December 31, 2023	\$ (140,532)

As of December 31, 2021, the Company's program-to-date collections exceeded its costs by \$87,811, with these funds subsequently spent in 2022. On December 31, 2022, the program costs exceeded the funds collected by \$12,867, decreasing the total carryover balance to \$80,626 after accounting for \$5,682 in accumulated interest, with costs then exceeding by \$49,010 in 2023. The carryover balance on December 31, 2023 was \$140,532.

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#### *Estimated Deferral in Authorization Period*

For 2025, the Company did not provide an estimate of the expected deferral balance. The Company requests that the Commission reauthorize the Company to defer the unspent funds or uncollected costs of its low-income program for the 12-month period.

#### *Information Related to Future Amortization*

- Earnings Review – ORS 757.259(5) requires an earnings review prior to amortization of amounts deferred under ORS 757.259(2)(e). Staff is not proposing to apply an earnings test for recovery in rates of this deferral at this time but will continue to review the reasonableness of this omission in any and all subsequent filings of this nature.
- Prudence Review – Prudence review is required prior to deferral amortization.
- Sharing – This deferral is not subject to a sharing mechanism.
- Three Percent Test (OAR 757.259(6)) – The amortization of the deferral costs will be subject to the three percent test in accordance with ORS 757.259(6), which limits 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

Based on Staff's review of Avista's application, Staff concludes that the proposal represents an appropriate use of deferred accounting under ORS 757.259. Further, the Company's request for reauthorization for deferred accounting meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, Staff recommends Avista's application be approved.

#### **PROPOSED COMMISSION MOTION:**

Approve Avista's application for re-authorization to defer costs associated with its LIRAP program for the 12-month period beginning January 1, 2025.

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