

ORDER NO. 25-143

ENTERED Apr 16 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1979(6)

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 April 15, 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:



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. CA8

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 15, 2025**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: March 17, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: AVISTA CORPORATION:
(Docket No. UM 1979(6))
Requests reauthorization to defer costs associated with energy efficiency programs collected through its Tariff Schedule 469

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, 2025.

DISCUSSION:

Issue

Whether the Commission should approve Avista's request for reauthorization to defer costs associated with its energy efficiency programs collected through its Tariff Schedule 469.

Applicable Law

Avista makes this filing in accordance with ORS 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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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 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

On October 29, 2024, the Company filed a request for reauthorization a deferral of the revenues related to the Company's natural gas energy efficiency programs. This is the sixth such deferral request. The Commission issued Order No. 24-257 approving Avista's fifth deferral request regarding revenues received for the energy efficiency programs administered through the Energy Trust.

Under the Company's Public Purpose Charge, Avista collects 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 12 year.

In Section 7 of the Partial Settlement Stipulation in Docket No. UG 288, approved by the Commission in Order No. 16-109, set forth the agreed-upon energy efficiency program, and associated provisions for the Public Purpose Charge.

1. A new rate schedule, Schedule 469, was established to provide recovery of the approved energy efficiency programs.
2. The initial rate for Schedule 469 was set at the rate that was in effect for Schedule 478, which provided for recovery of costs associated with Commission-approved demand side management programs.
3. The Public Purpose Funding Surcharge collected through Schedule 469, would be used for the following programs:
 - Conservation Acquisition Programs managed by the Energy Trust of Oregon (ETO),
 - Avista Oregon Low Income Energy Efficiency Program (AOLIEE) managed by Avista and Community Action Agencies, and;

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- Company energy efficiency program administrative costs¹.

Description of the Expenses

Summary the expenses are on follow table.

Transactions to Record Energy Efficiency Revenues and Costs			
FERC	Account Description	DR	CR
142.1	Customer Accounts Receivable	\$XXX	
48X.X	Revenue from Customers		\$XXX
	To record revenue collected from Schedule 469.		
908.6	Customer Service & Information Expense	\$XXX	
242.6	DSM Tariff Rider		\$XXX
	To transfer funds collected from Schedule 469 to balancing account.		
242.6	DSM Tariff Rider	\$XXX	
232.1	Accounts Payable		\$XXX
	To record energy efficiency program costs.		

Proposed Accounting

The Company will record the funds collected with Schedule 469 and the costs of managing the energy efficiency programs in a regulatory liability account, FERC Account No. 242.6.

Estimate of Amounts

According to the Company, the carryover balance for the 2024 program year on December 31, 2023, was \$570,742.

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.
- 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.

¹ See, Advice No. 16-14-G, dated November 7, 2016, costs of the Northwest Energy Efficiency Alliance (NEEA) natural gas programs were included in the proposed budget for energy efficiency programs covered by Schedule 469.

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- 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 and revenues associated with its energy efficiency programs for the 12-month period beginning January 1, 2025.