

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	DOCKET UE-220350
AVISTA CORPORATION d/b/a AVISTA UTILITIES	ORDER 01
Petitioner,	GRANTING PETITION TO DEFER COSTS ASSOCIATED WITH THE CLEAN ENERGY
For an Order Approving Deferral of Costs Associated with the Clean Energy Implementation Plan and Named Communities Investment	IMPLEMENTATION PLAN AND NAMED COMMUNITIES INVESTMENT FUND

**BACKGROUND**

- 1 On May 19, 2022, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order (Petition) under WAC 480-07- 370(3). Avista requests the Commission’s approval to defer costs associated with the implementation of its 2021 Clean Energy Implementation Plan (CEIP or Plan) as required by the Clean Energy Transformation Act (CETA) pursuant to RCW 19.405.060 and per WAC 480-100-640. Cost deferment would begin upon approval of Avista’s CEIP with conditions forward.
- 2 On June 16, 2022, the Commission approved Avista’s CEIP, subject to 38 conditions. Condition 37 indicates the Company “will file a separate accounting petition to address deferred accounting for [CEIP implementation costs] until they are reviewed and deemed prudent for recovery or not by the Commission.”<sup>1</sup>
- 3 On July 8, 2022, after conferring with Commission staff (Staff), Avista filed with the Commission a Second Amended Petition updating the interest rate from the Company’s authorized rate of return to the then-published Federal Energy Regulatory Commission (FERC) interest rate and changing from FERC Account 182.3, Other Regulatory Assets, to FERC Account 186, Miscellaneous Deferred Debits.
- 4 Avista seeks deferral treatment to track and preserve non-capital costs to implement its CEIP, and associated CEIP conditions, for later ratemaking purposes because these costs are not currently included in rates. These non-capital costs include consulting fees, translation services, customer outreach costs, and additional dedicated staffing.

---

<sup>1</sup> See UE-210628, Order 01, Appendix A, 7 ¶ 37.

Additionally, as a specific action in its CEIP, Avista will establish a Named Communities Investment Fund (Fund). The Fund's objective will be to equitably distribute energy and non-energy benefits and reduction in burdens to Named Communities. Potential Fund investments are outside the purview of Avista's existing energy efficiency (Schedule 91) and energy assistance (Schedule 92) tariff riders and will likely require new funding sources.<sup>2</sup>

5 Staff reviewed the Second Amended Petition and recommends the Commission grant it because Avista has demonstrated extraordinary circumstances, which is the Commission's standard for authorizing deferred accounting.<sup>3</sup> Staff further recommends the Commission clarify that it does not preapprove costs.

### DISCUSSION

6 Staff correctly observes that utilities seeking deferred accounting must demonstrate that extraordinary circumstances exist to justify such treatment. Circumstances that qualify as extraordinary are beyond the Company's control and generate costs that have a material impact on the Company's financial results.

7 Avista indicates the CEIP implementation costs were not known at the time the Company filed its current general rate case (GRC) on January 21, 2022.<sup>4</sup> Pending the outcome of this GRC and the Company's proposed two-year rate plan ending December 31, 2024, Avista does not have an alternative near-term means to account for these costs. While relevant deferred costs depend on future action and are not yet known, Avista estimates it may spend up to one percent of its electric retail revenues, or approximately \$5 million, for the Fund starting in 2022.<sup>5</sup>

8 Staff believes that the timing of the Company's current GRC and proposed two-year rate plan coupled with the Commission's conditional approval of Avista's CEIP nearly five months later has created extraordinary circumstances that warrant granting the Second Amended Petition. We agree. As Staff correctly observes, however, the Commission makes no prudence determination at this time. The Commission will consider whether

---

<sup>2</sup> *In the Matter of Avista Corporation's Final Clean Energy Implementation Plan*, Docket UE-210628, Avista Clean Energy Implementation Plan, pp. 4-34 to 4-35 (Avista CEIP) (filed Oct. 1, 2021).

<sup>3</sup> FERC Account 186, Miscellaneous deferred debits at 18 C.F.R. 367.1860.

<sup>4</sup> See UE-220053, UG-220054, UE-210854 (consolidated).

<sup>5</sup> Avista CEIP, p. 4-34.

Avista prudently incurred these costs as part of its CEIP implementation in the context of the Company's next general rate case.

9 The Commission is also pleased that after consulting with affected organizations, including the Washington State Attorney General Office's Public Counsel Unit, Staff is not aware of any opposition to Avista's Petition.

10 Accordingly, Avista's Second Amended Petition for Deferred Accounting for costs the Company attributes to implementing its CEIP, associated CEIP conditions, and Named Communities Investment Fund in Docket UE-220350 is granted effective from the date of Avista's CEIP approval, June 16, 2022, until the Company's next general rate case.

### FINDINGS AND CONCLUSIONS

11 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.

12 (2) Avista is an electric company and a public service company subject to Commission jurisdiction. RCW 80.04.010.

13 (3) WAC 480-07-370(3) allows companies to file petitions including that for which Avista seeks approval.

14 (4) Staff has reviewed the Second Amended Petition in Docket UE-220350.

15 (5) Staff believes the proposed accounting order Avista requests is reasonable and should be granted. The request allows Avista to accurately track costs incurred to implement the Company's approved CEIP, particularly set up of the new Named Communities Investment Fund, and associated CEIP conditions.

16 (6) This matter came before the Commission at its regularly scheduled meeting on July 28, 2022.

17 (7) After reviewing Avista's Second Amended Petition filed in Docket UE- 220350 on July 8, 2022, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Second Amended Petition should be granted because it is reasonable and consistent with the public interest.

**ORDER**

**THE COMMISSION ORDERS:**

- 18 (1) Avista Corporation d/b/a Avista Utilities' request to defer non-capital costs incurred while implementing its approved CEIP and associated CEIP conditions, as reflected in its Second Amended Petition is granted.
- 19 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 20 (3) The Commission retains jurisdiction over the subject matter and Avista Corporation d/b/a Avista Utilities to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective July 28, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL  
Executive Director and Secretary