

Agenda Date: October 24, 2024  
Item Number: A1

**Docket:** UE-240656  
Company: Avista Corporation, d/b/a Avista Utilities  
Staff: Molly Morgan, Regulatory Analyst

## **Recommendation**

Take no action, thereby allowing the tariff sheets filed by Avista Corporation in Docket UE-240656 to become effective on November 1, 2024, by operation of law.

## **Background**

On August 30, 2024, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) a proposal for a new electric tariff, Schedule 64. The Company seeks to recover \$2.1 million in costs related to implementation of its Clean Energy Implementation Plan (CEIP) within Schedule 64. These costs were incurred for the period of June 16, 2022, through June 30, 2024.

As a result, the average residential customer would see a bill increase of approximately \$0.39 per month, or a 0.4 percent increase.

On July 28, 2022, the Commission issued Order 01 in Docket UE-220350 which allowed the Company to defer CEIP implementation costs until it could propose recovery in base rates in its next general rate case. On March 25, 2024, the Company sought an amendment to that order in part to extend the deferral beyond December 21, 2024, effectively allowing the Company to seek recovery in a tariff revision rather than in its 2024 general rate case. The Commission approved this and other changes in Order 02.

## **Discussion**

To receive cost recovery, Avista must demonstrate that the costs in this filing were exclusively related to implementing its CEIP, and that costs were prudently incurred. The types of costs at issue fall in two main categories: Named Community Investment Fund (NCIF) costs and other CEIP-related costs.

### *Named Community Investment Fund*

Avista proposed the NCIF<sup>1</sup> in its 2021 CEIP as a specific action the Company would take to assist with the equitable distribution of energy and non-energy benefits and reduction of burdens

---

<sup>1</sup> The Company committed up to approximately one percent of Washington electric retail revenues or approximately \$5 million at the time of the NCIF proposal.

in Named Communities.<sup>2</sup> The Company includes \$784,074 of NCIF costs related to labor, distribution resiliency, customer and third-party grants, outreach and engagement, and other programs in this filing.<sup>3</sup> Decisions on NCIF spending are made in part by Avista employees with input and project evaluation from the Equity Advisory Group (EAG) members.

Commission staff (Staff) reviewed each of these projects and programs and believes that they are incremental expenses, prudently incurred. In discussions with the Company, Staff learned about how each program is related to customer benefit indicators (CBIs). Staff discussed with the Company that in future filings, Avista should include a matrix and/or narrative description of how each program within the NCIF impacts CBIs.

Staff and the Company wish to prioritize and improve on procedural justice<sup>4</sup> as CEIP implementation continues. As such, Staff suggests that in the future when seeking CEIP cost recovery, whether through separate tariffs or part of base rates, the Company should show feedback, or good faith attempts to collect feedback, from the entities that received NCIF funding. This allows Staff, the Company and other parties to work together transparently to improve NCIF program implementation going forward

#### *Other Clean Energy Implementation Plan-Related Costs*

Avista includes \$1.1 million in other CEIP-related costs. These include three full-time incremental employee positions, as well as a variety of contractor and program spending. Program spending includes a contractor for the EAG, data collection expenses for CBIs, fulfilling conditions of the CEIP, and improving language access. The labor expenses include employees to implement aspects of the CEIP and its conditions.

Staff reviewed each of these costs and believes that they are incremental and prudently incurred. Staff discussed with the Company that in future filings, Avista should include more detail that shows how any incremental labor expense is exclusively attributable to CEIP-related work. Additionally, Staff suggests the Company note in the filing when a request for proposal (RFP) is issued for selecting a contractor, and when not issued, how the Company evaluated alternatives. It is Staff's understanding that the Company is amenable to these future changes.

---

<sup>2</sup> Named communities refer to highly impacted communities and vulnerable populations as defined in WAC 480-100-605.

<sup>3</sup> NCIF related Energy Efficiency costs are not included in this Schedule 64 and instead are included in Avista's Demand Side Management Rate Adjustment Schedule 91.

<sup>4</sup> *In re Notice of Opportunity to File Written Comments*, Equity Docket U-230217, at 3 (Sept. 29, 2023).

*Future CEIP Cost Recovery*

While the Commission did approve Avista's amended petition for deferral of costs,<sup>5</sup> it did not specifically state that a cost recovery tariff, as compared to inclusion in base rates, was the appropriate mechanism going forward. As such, Staff looks forward to working with the Company and other parties to determine when recovery through a rate case will be in public interest.

Further, Staff believes that CEIP implementation will be iterative. Staff notes that understanding of prudence in implementing CETA will evolve and reserves the ability to contest other similar costs in the future, as more information becomes available.

*Interested Party Engagement*

Staff reached out to the Public Counsel Unit, NW Energy Coalition, and The Energy Project to inquire if any party took issue with this filing. At the time of publication of this memo, no party had provided comments.

**Conclusion**

Staff reviewed the NCIF and other CEIP-related costs that the Company seeks recovery for in this tariff. Staff believes that what the Company proposes in this docket is aligned with what the Commission approved in UE-220350. Further, Staff believes that to the best of its knowledge, these costs appear to be incremental to the Company's CEIP and were prudently incurred. As such, Staff recommends the Commission take no action, thereby allowing the tariff sheets in Schedule 64 to go into effect by operation of law on November 1, 2024.

---

<sup>5</sup> Order 02 in UE-220350.