

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	
)	
Avista Corporation, d/b/a Avista Utilities)	Docket UE-220151 and UG-220596
)	
For an Amended Accounting Order Authorizing)	PETITION OF AVISTA
Deferral of Costs Associated with the Provision of)	CORPORATION
Funds to Qualified Parties Pursuant to the Washington)	
Extended Interim Participatory Funding Agreement)	
and Future Participatory Funding Agreements)	

I. INTRODUCTION

1 In accordance with WAC 480-100-203(3) and WAC 480-90-203(3), Avista Corporation, doing business as Avista Utilities (“Avista” or “the Company”), at 1411 East Mission Avenue, Spokane, Washington, hereby petitions the Washington Utilities and Transportation Commission (“Commission”) for an amended order authorizing the Company to utilize deferred accounting for all costs associated with the execution of the Washington Extended Interim Participatory Funding Agreement (“Extended Agreement”), approved by the Commission in Order 02 in Docket No. U-210595, and future Participatory Funding Agreements.

2 Avista is a utility that provides service to approximately 403,000 retail electric customers and 369,000 retail natural gas customers in a 30,000 square-mile service territory covering portions of Washington, Idaho, and Oregon. The largest community served by Avista is Spokane, Washington, which is the location of its corporate headquarters.

3 The Company requests that all correspondence related to this Petition be sent to the following:

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4 Rules and statutes that may be brought at issue in this Petition include RCW 80.01.040,
RCW 80.28.020, and WAC 480-07-370(3)(b).

II. BACKGROUND

5 Engrossed Substitute Senate Bill 5295 (“SB 5295”), passed by the Washington State
Legislature in 2021 and codified as RCW 80.28.430, requires electric and natural gas utilities to
enter into funding agreements with organizations that represent broad customer interests in
Commission-conducted regulatory proceedings, prioritizing such funding with regard to
organizations representing vulnerable populations or highly impacted communities. As part of
this provision, the Commission must govern the manner by which the financial assistance is
provided to an organization, including the amount of financial assistance made available, the
way in which the assistance is distributed, the rate recovery method used by the utility to
recuperate the funding, as well as any other matters necessary to administer the agreement.

6 To provide guidance on these participatory funding agreements, the Commission issued a
Policy Statement on Participatory Funding for Regulatory Proceedings (“Policy Statement”) on
November 19, 2021 in Docket No. U-210595. To comply with the new statute, Avista, Puget
Sound Energy (“PSE”), PacifiCorp, Cascade Natural Gas Corporation (“Cascade”), Northwest
Natural Gas (“NW Natural”), Alliance of Western Energy Consumers (“AWEC”), NW Energy

Coalition (“NWECC”), The Energy Project (“TEP”), Sierra Club, Front & Centered, and Spark Northwest—collectively, the “Joint Parties”—incorporated the direction provided within the Policy Statement into a Washington Interim Participatory Funding Agreement (“Interim Agreement”). The Interim Agreement was filed in Docket U-210595 on February 14, 2022 and approved by the Commission in its Order 01 on February 24, 2022. The Interim Agreement had a one-year term thus expiring on December 31, 2022.

7 Following approval of the Interim Agreement, Avista filed a petition seeking an Accounting Order authorizing the accounting treatment for financial assistance distributed under the Interim Agreement. The Commission granted Avista’s petition by way of Order 01 in Dockets UE-220151 and UG-220596. As of March 1, 2023, Avista has not deferred any costs associated with financial assistance distributed under the Interim Agreement. However, Avista does anticipate distributing financial assistance, for which the costs would be deferred, upon the Commission’s approval of funding requests that are still pending from its most recent general rate case, Dockets UE-220053, UG-220054, and UE-210854 (*Consolidated*).

8 On December 20, 2022, the Joint Parties filed with the Commission a petition seeking an order authorizing approval of the Extended Agreement. Much of the Extended Agreement remain unchanged from the Interim Agreement, with a few exceptions. First, the Extended Agreement has a two-year term, terminating on December 31, 2024. Second, the Extended Agreement included an increase of funding for PSE, while funding for all other utilities remained the same. Third, the Extended Agreement included a new provision 4.2.4, a “safety vale’ provision to increase sub-funds upon showing of good cause. On February 9, 2023, the Commission issued Order 02 approving the Extended Agreement subject to the removal of paragraph 7.9, which pre-approved accounting treatment for the duration of the Interim

Agreement. The Commission also clarified *“that the current deferrals granted pertain only to funds distributed in 2022 and are not ongoing, so either new or amended petitions must be filed for funds distributed under the”* Extended Agreement.

9 Based on Order 02 as described above, Avista hereby petitions the Commission for an Amended Accounting Order, granting the Company to defer costs associated with providing financial assistance under the Extended Agreement and all future Participatory Funding Agreements. While the Commission approved of the proposed two-term of the Extended Agreement, they directed Staff and the Joint Parties to work toward a permanent agreement. Knowing there will be a permanent agreement coming, Avista seeks approval from the Commission to utilize this deferral for the future permanent agreement.

III. PROPOSED ACCOUNTING TREATMENT

10 Pursuant to the Order 01 in Docket UE-220151 and UG-220596, the Commission approved of Avista deferring costs associated with the Interim Agreement to FERC Account 182.3 (Other Regulatory Assets) with a carrying cost equal to Avista’s authorized rate of return, until such time that the deferral is amortized, where it would then receive a return using the then-published FERC rate.¹ The Commission, in an effort to mitigate the potential impact of such carrying costs on its customers, directed the Company to file annual tariff to recover these deferred costs.

11 For the Extended Agreement and future Participatory Funding Agreements, Avista proposes to continue to defer costs to FERC Account 182.3, however, requests a carrying cost equal to Avista’s actual cost of debt, as approved in its most recent general rate case, rather than the Company’s authorized rate of return. Avista understands the actual cost of debt to be a

¹ <https://www.ferc.gov/interest-calculation-rates-and-methodology>

preferred carrying cost to be used by the Commission, as seen in the Commission's recent approvals of deferred accounting for incremental cost attributed to the Climate Commitment Act. Avista also proposes that the carrying cost be updated following the conclusion of future general rate cases. Finally, Avista plans on filing an annual tariff adjustment to seek recovery of the deferral, with rates going into effect on August 1, 2023. Avista will file an annual update each year to adjust the rates accordingly.

IV. REQUEST FOR RELIEF

12 WHEREFORE, Avista respectfully requests that the Commission issue an Order approving the requested deferred accounting and ratemaking treatment, as described above. Customer rates would not be impacted by this approval, and any deferral of costs will be addressed with annual tariff filings.

DATED this 2nd day of March 2023



By: _____
Patrick D. Ehrbar
Director of Regulatory Affairs