BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of Avista Corporation, d/b/a Avista Utilities For an Order Authorizing Deferral of Costs Associated with Clean Energy Implementation Plan And Named Communities Investment Fund	))))))))	Docket No. UE-220350 PETITION OF AVISTA CORPORATION FOR AN AMENDED ORDER FOR CONTINUED DEFERRED ACCOUNTING

I. INTRODUCTION

1 In accordance with WAC 480-100-203(3) and WAC 480-07-370(3), Avista Corporation, doing business as Avista Utilities (Avista or the Company), at 1411 East Mission Avenue, Spokane, Washington, hereby petitions the Commission to amend Order 01 in this docket as it relates to the accounting for the costs associated with the implementation of its 2021 Clean Energy Implementation Plan (CEIP) as required by the Clean Energy Transformation Act (CETA), as well as future CEIPs. On July 28, 2022, the Commission granted Avista's petition to defer costs associated with implementation of its 2021 CEIP and associated conditions and Named Communities Investment Fund (NCIF).[1] Deferral of costs to implement the 2021 CEIP is set to sunset on December 21, 2024, while deferral of costs related to the NCIF will continue into the future. Accordingly, the Company hereby seeks to amend Order 01, allowing it to (1) defer costs associated with implementation of its 2021 CEIP beyond December 21, 2024, (2) defer costs associated with implementation of future CEIPs, and (3) treat the approved deferral

[1] Docket UE-220350, Order 01.

as a balancing account when the Company seeks to recover the deferral.

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, RCW 19.405.060, WAC 480-07-370(3), and WAC 480-100-640.

II. BACKGROUND

5 Avista's 2021 CEIP, its first developed in compliance with CETA, RCW 19.405, and pursuant to WAC 480-100-640, provides an overview of Avista's plan for progressing towards the clean energy requirements of CETA. The CEIP describes identified interim and specific clean energy targets, specific actions demonstrating progress towards these goals for the next four years and identifies Customer Benefit Indicators (CBIs) to measure progress while meeting the cost-cap limitation.

6 On June 16, 2022, the Commission in Order 01 in Docket UE-220350 approving Avista's CEIP, subject to 38 conditions, including the specific action of the NCIF. The NCIF is utilized for direct investment in projects to improve the equitable distribution of energy and non-energy benefits in Named Communities. Condition 37 indicated that the Company would file an accounting petition to address deferred accounting for CEIP implementation costs until they are reviewed and deemed prudent for recovery or not by the Commission.[2] As noted above, the Commission granted Avista's accounting petition on July 28, 2022.

7 In Avista's approved accounting petition, it had proposed that in order to mitigate the potential impact on its customers of carrying costs on deferred balances for a significant length of time, the Company would file annual tariff revisions to recover the deferred costs associated with the NCIF, with adjustments taking place on August 1st of each year to coincide with several other existing Company rate filings. It is during the annual tariff revisions that the Commission will be able to determine the prudency of deferred costs associated with the NCIF. For purposes of the other new costs to implement the CEIP, the Company proposed to defer them until such time as it could propose recovery in base rates in its next general rate case, as well as they recovery of the deferred costs.

8 Due to deferred NCIF costs being minimal through mid-2023, the Company did not propose to begin amortization of deferred costs on August 1, 2023 but expects to do so beginning August 1, 2024. Regarding the other new costs to implement the 2021 CEIP, again because the costs to date are relatively minimal and somewhat uncertain for the future, the Company did not include them in its pending general rate case (Dockets UE-240006 and UG-240007). Because these costs will continue be incurred, however, the Company wants the ability to continue to defer

[2] UE-210628, Order 01, Appendix A, 7¶37.

such costs, and rather than include them in a future rate case, it will seek to recover them through the same cost recovery tariff in which it will also seek recovery of the NCIF.

9 In addition to continue to defer costs related to implementing the 2021 CEIP, the Company seeks to utilize the approved deferral for future CEIP implementation costs beyond 2025, when the deferral would otherwise expire. Essentially, the Company seeks to continue this deferral process into the future, such that all incremental CEIP costs along with the NCIF, will be deferred and recovered through a single accompanying tariff rider. Importantly, the Company is not seeking a prudency determination on any deferred costs; instead, the Commission and other stakeholders will have the ability to review the prudency of deferred costs when the Company seeks to actually recover such costs.

III. PROPOSED ACCOUNTING TREATMENT

10 As per Order 01, Avista is currently recording the deferral as a regulatory asset in FERC Account 186 (Miscellaneous Deferred Debits) with a carrying cost equal to the then-published FERC rate[3] being applied to the deferred costs. The Company proposes to continue with the same accounting treatment; however, it seeks to transition the deferral to be permanent in nature, such that it will be used for implementation of future CEIPs, in addition to Avista's 2021 CEIP. The tariff rider utilized for recovery of deferred costs would be adjusted each year to recover actual deferred costs from the prior period.

11 Through February 2024, Avista has deferred approximately $1,479,243 for implementation of the CEIP, which includes $674,897 for the NCIF and $804,346 in labor and other costs.

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[3] https://www.ferc.gov/interest-calculation-rates-and-methodology

IV. REQUEST FOR RELIEF

12 WHEREFORE, Avista respectfully requests that the Commission amend Order 01 in this docket to approve the continued deferred accounting and ratemaking treatment, as described above, without which the Company will not fully recover its reasonable costs associated with the CEIP – a requirement of the law. Customer rates would not be presently impacted by this approval, and any recovery deferred costs will be addressed with annual tariff filings, where the prudency of any deferred costs will be considered.

DATED this 25th day of March 2024

By: ___________________________________
Patrick D. Ehrbar
Director of Regulatory Affairs