

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of the

AVISTA CORPORATION d/b/a AVISTA
UTILITIES,

Petitioner,

For an Order Approving Deferral of Costs
Associated with the Clean Energy
Implementation Plan and Named
Communities Investment

DOCKET UE-220350

ORDER 02

GRANTING PETITION TO DEFER
COSTS ASSOCIATED WITH THE
CLEAN ENERGY
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 under WAC 480-07- 370(3). The Company requests the Commission’s approval to defer costs associated with the implementation of its 2021 Clean Energy Implementation Plan (CEIP) as required by the Clean Energy Transformation Act (CETA) pursuant to RCW 19.405.060 and per WAC 480-100-640.
- 2 On June 23, 2022, the Commission issued Order 01 in Docket UE-210628, granting approval of Avista’s CEIP, subject to 38 conditions. Condition 37 indicates the Company “will file a separate accounting petition to address deferred accounting for costs associated with the 2021 CEIP until they are reviewed and deemed prudent for recovery or not by the Commission.”¹
- 3 On July 8, 2022, after conferring with Commission Staff (Staff), Avista filed with the Commission an 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.

¹ See UE-210628, Order 01, Appendix A, p. 7 ¶ 37.

- 4 On July 28, 2022, the Commission issued Order 01 in Docket UE-220350 (Order 01), granting approval to Avista's amended petition.
- 5 In Avista's approved, amended petition, the Company proposed to file annual tariff revisions to recover the deferred costs associated with the Named Communities Investment Fund (NCIF). These revisions will be adjusted annually on August 1, aligning with several other existing rate filings by the Company. Regarding other new costs associated with implementing the CEIP, the Company is permitted to defer them until such time that it can propose their recovery in base rates during its next general rate case, along with the recovery of the deferred costs.
- 6 On March 25, 2024, Avista filed with the Commission a Petition for an Amended Order for Continued Deferred Accounting (Petition). This is the Petition at issue in this Order. The Company proposes amending Order 01 to permit Avista 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 as a balancing account when the Company seeks to recover the deferral.
- 7 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. Moreover, considering the relatively minimal and uncertain nature of the other new costs associated with implementing the 2021 CEIP, the Company did not include them in its pending general rate case (Dockets UE-240006 and UG-240007).
- 8 Staff reviewed the Company's Petition and recognized that circumstances are uncertain and beyond the Company's control. Staff recommends that the Commission grant the Petition because Avista has demonstrated extraordinary circumstances and future uncertainty, which is the Commission's standard for authorizing deferred accounting.

DISCUSSION

- 9 In Docket UE-220350, Order 01, only the deferral of costs unrelated to the NCIF incremental CEIP implementation costs were approved through December 21, 2024. Given the relatively insignificant amount of these costs at the time Avista prepared the current general rate case, the Company did not include these CEIP implementation costs in the case. As a result, after December 21, 2024, Avista has no approved accounting treatment for 2021 CEIP implementation cost and no ability to recover future implementation costs beyond December 21, 2024.

- 10 In addition to deferring costs associated with implementing the 2021 CEIP, Avista also requests to utilize the approved deferral for future CEIP implementation costs beyond 2025. The Company requests to extend this deferral process into the future, whereby all incremental CEIP costs, including those related to the NCIF, will be deferred, and recovered through a single accompanying tariff rider.
- 11 Staff believes that the implementation costs of the CEIP have resulted in extraordinary circumstances that justify granting the Petition. We agree. As Staff observes, however, it is noted that the Commission has not made a determination regarding prudence at this juncture. The Commission will evaluate whether Avista prudently incurred these costs as part of its CEIP implementation within the context of the Company's next general rate case.
- 12 Accordingly, Avista's 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.

FINDINGS AND CONCLUSIONS

- 13 (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.
- 14 (2) Avista is an electric company and a public service company subject to Commission jurisdiction. RCW 80.04.010.
- 15 (3) WAC 480-07-370(3) allows companies to file petitions including that for which Avista seeks approval.
- 16 (4) Staff has reviewed the Petition in Docket UE-220350 filed on March 25, 2024.
- 17 (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 regarding the

establishment of the Named Communities Investment Fund, and associated CEIP conditions.

- 18 (6) This matter came before the Commission at its regularly scheduled meeting on May 9, 2024.
- 19 (7) After reviewing Avista's Petition filed in Docket UE-220350 on March 25, 2024, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition should be granted.
- 20 (8) Paragraph 10 of Order 01 in this docket should accordingly be amended to add the following language: "Avista is permitted 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 as a balancing account when the Company seeks to recover the deferral."

ORDER

THE COMMISSION ORDERS:

- 21 (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 Petition is granted.
- 22 (2) Paragraph 10 of Order 01 in this docket is amended as set forth in paragraph 20 of this Order.
- 23 (3) 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.
- 24 (4) 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 May 9, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Jeff Killip
Executive Director and Secretary