

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA’S)	CASE NOS. AVU-E-22-16
APPLICATION FOR AN ORDER)	AVU-G-22-08
AUTHORIZING DEFERRAL ACCOUNTING)	
AND ACCOUNTING ORDER RELATED TO)	NOTICE OF APPLICATION
NON-CONTRIBUTORY DEFINED BENEFIT)	
PENSIONS PLANS)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 35660

On December 6, 2022, Avista Corporation dba Avista Utilities (“Company”) applied requesting an accounting order allowing it to defer impacts related to certain pension events and to immediately amortize the expense over the same period used to amortize the underlying regulatory assets or liabilities (“Application”).¹ The Company states this proposed accounting treatment would not impact customers, but “continue to allow recovery of these costs consistent with recovery in rates today” by amortizing the gains and losses over the expected life of plan participants. Application at 1, 9. The Company requests that the Application be processed by Modified Procedure.

At the January 3, 2023 Decision Meeting, Staff recommended the Commission process the Applications together and establish a January 31, 2023 public comment deadline with a February 7, 2023 Company reply comment deadline. We find that processing these cases together is reasonable and will be an efficient use of resources for the parties. If circumstances change and the issues diverge, we can consider bifurcating the cases at that time. Consequently, we now issue this Notice of Applications and Notice of Modified Procedure.

NOTICE OF APPLICATIONS

YOU ARE HEREBY NOTIFIED that the Company has a defined benefit pension plan (“Pension Plan”) for regular, full-time employees who were hired prior to January 1, 2014. Case No. AVU-E-22-16; Application at 3. Qualifying employees can opt for early retirement under the

¹ The Company’s filing referred to both a petition and an application. Commission Rule of Procedure 52 states “[a]ll pleadings requesting a right, certificate, permit, or authority from the Commission are called ‘applications’” IDAPA 31.01.01.052. We believe this filing is best characterized as an application and will refer to the filing only as an application to avoid confusion.

Pension Plan. Benefits are paid in the form of life annuities, social security level income, ten-year certain benefits, and lump sum cash payments. *Id.*

YOU ARE FURTHER NOTIFIED that that Pension Plan costs are affected by many factors, including the “employee demographics (including age, and length of service by employees); the amount of cash contributions made by the Company; the actual return on Pension Plan assets; the expected return on Pension Plan assets; the discount rate used in determining the projected benefit obligation and Pension Plan costs; the assumed rate of increase in employee compensation; the life expectancy of participants and other beneficiaries; and the expected method of payment (lump sum or annuity) or pension benefits.” *Id.* at 4.

YOU ARE FURTHER NOTIFIED that under the Accounting Standards Codification (“ASC”) 715-30, the Company is required to immediately recognize the funded status of the Pension Plan on its balance sheet. As of December 31, 2021, the Pension plan had a funded status of \$9.1 million below the projected benefit obligation. *Id.* at 3, 6. ASC 715-30 treats gains and losses arising from “investment activities related to plan assets” and “changes in actuarial assumptions and experience” similarly as arising at the time of plan remeasurement. *Id.* at 5. Unless a reporting entity chooses to immediately recognize these gains and losses, they are charged or credited directly to Accumulated Other Comprehensive Income (“AOCI”). *Id.*

YOU ARE FURTHER NOTIFIED that under ASC 715, pension settlement events require immediate recognition rather than recognition over time. *Id.* at 6. “A settlement is a transaction that (a) is an irrevocable action, (b) relieves the plan of primary responsibility for a pension obligation, and (c) eliminates significant risk related to the obligation and the assets used to affect the settlement.” *Id.* An entity that adopts an accounting policy to apply settlement accounting to one or more settlements must apply the policy to all settlements. *Id.* “ASC 715 requires immediate recognition of a pro rata portion of the unrecognized actuarial gains or losses recorded in AOCI or as a regulatory asset” (settlement accounting). *Id.* If settlement accounting is triggered prior to the last month of the fiscal year, every lump sum distribution after the initial triggering event will result in additional settlement losses to be recorded by the year-end measurement date. *Id.* at 6-7.

YOU ARE FURTHER NOTIFIED that the Company represents through November 2022, lump sum distributions in the Pension Plan totaled \$60.4 million, which surpassed the \$48.8 million threshold that would trigger settlement accounting for a loss of approximately \$11 million.

Id. at 7. Absent the requested accounting order, the Company would be required to immediately recognize this loss on its income statement. *Id.*

YOU ARE FURTHER NOTIFIED that the Company proposes to record deferred amounts in FERC Account 182.3 (Other Regulatory Assets), and credit FERC Account 407.4 (Regulatory Credit). *Id.* at 8. The Company would thereafter amortize the FERC Account 182 (Other Regulatory Assets) monthly over the actuarial assumption of the remaining life expectancy of the plan participants, which is approximately 12 years. *Id.*

YOU ARE FURTHER NOTIFIED that the Company's Application and Exhibits are available for public inspection during regular business hours at the Commission's office. The Application is also available on the Commission's website at www.puc.idaho.gov. Click on the "ELECTRIC" or "GAS" tab, select "Open Cases" and then locate and click on the corresponding case number as shown on the front of this document.²

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted under the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter, and it will review the case through written submissions under the Commission's Rules of Modified Procedure Rules 201-204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that persons desiring to state a position on this Application may file a written comment explaining why they support or oppose the Application. Persons who would like a hearing must specifically request a hearing in their written comments. **Persons shall have until January 31, 2023, to file written comments.** Comments must be filed through the Commission's website or by e-mail unless computer access is unavailable. To

² AVU-E-22-16 is the corresponding electric case and AVU-G-22-08 is the corresponding gas case.

comment electronically, please access the Commission’s website at www.puc.idaho.gov. Click the “Case Comment Form” and complete the form using the case number as it appears on the front of this document. To file by e-mail, the customer must e-mail the comments to the Commission Secretary and the Company at the e-mail addresses listed below. If computer access is unavailable, then comments may be mailed to the Commission and Company at these addresses:

**For the Idaho Public Utilities
Commission:**

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, ID 83714

For Avista Corporation:

David J. Meyer
1411 E Mission Avenue, MSC 13
Spokane, WA 99220-3727
david.meyer@avistacorp.com

Patrick Ehrbar
1411 E. Mission Avenue, MSC 27
Spokane, WA 99220-3727
patrick.ehrbar@avistacorp.com
Avista.Dockets@avistacorp.com

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by February 7, 2023.**

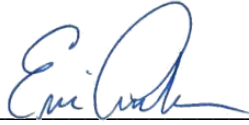
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that the Company’s Application be processed by Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by January 31, 2023. The Company must file any reply comments by February 7, 2023.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

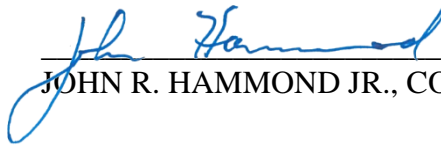
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day of January 2023.



ERIC ANDERSON, PRESIDENT

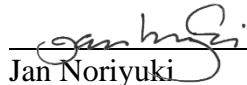


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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