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IDAHO PUBLIC
UTILITIES COMMISSION

NEW CASE

April 9, 2020

AVU-E-20-03//AVU-G-20-03

Diane Hanian, Commission Secretary
Idaho Public Utilities Commission
P O Box 83720
Boise, ID 83720-0074

RE: Application of Avista Corporation for an Accounting Order Authorizing Deferred Accounting of Incremental Costs Associated with the COVID-19 Public Health Emergency.

Dear Ms. Hanian:

Attached for electronic filing in the above matter is Avista's Application for an Accounting Order Authorizing Deferred Accounting Treatment of Incremental Costs Related to the COVID-19 Public Health Emergency.

Please direct any questions on this matter to Elizabeth Andrews at (509) 495-8601 or myself at (509) 495-8620.

Sincerely,

A handwritten signature in black ink, reading "Patrick Ehrbar". The signature is written in a cursive style with a long horizontal stroke at the end.

Patrick Ehrbar
Director of Regulatory Affairs
Avista Utilities
pat.ehrbar@avistacorp.com
509-495-8620

Enclosures

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2020 April 9, PM1:13
IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
AVISTA CORPORATION, D/B/A AVISTA)
UTILITIES, FOR AN ACCOUNTING ORDER)
AUTHORIZING DEFERRED ACCOUNTING) CASE NO. AVU-E-20-____
OF INCREMENTAL COSTS ASSOCIATED) CASE NO. AVU-G-20-____
WITH THE COVID-19 PUBLIC HEALTH)
EMERGENCY)

APPLICATION OF AVISTA CORPORATION

I. INTRODUCTION

Avista Corporation, doing business as Avista Utilities (hereinafter “Avista” or “Company”), at 1411 East Mission Avenue, Spokane, Washington, pursuant to Section 61-524 Idaho Code and Rule 52 of the Idaho Public Utilities Commission (“Commission Rules of Procedure”), hereby applies to the Commission for an order authorizing it to defer to a regulatory asset the incremental costs from the COVID-19 public health emergency and the normal business costs not recovered due to the reduction in electricity and natural gas use by its customers. No change in customer rates is proposed at this time. Avista would seek a prudence determination and recovery method of the deferred costs on a future Commission proceeding.¹

Avista is a utility that provides service to approximately 387,000 electric customers and 251,000 natural gas customers in a 26,000 square-mile area in eastern Washington and northern Idaho. Avista Utilities also serves approximately 103,000 natural gas customers in Oregon. The largest community served by Avista is Spokane, Washington, which is the location of its main office.

Pursuant to Commission Rule of Procedure 201, the Company requests that this filing be processed under the Commission’s rules for Modified Procedure.

¹ Certain other jurisdictions across the United States have approved similar accounting treatment, with ultimate recovery of such revenues and costs, subject to a prudence review in a future proceeding, i.e., Public Utilities Commission of Nevada, Docket No. 20-03021 dated March 27, 2020; Public Service Commission of Wisconsin, Docket No. 5-AF-105, Order 386353 dated March 24, 2020; Public Utility Commission of Texas, Project No. 50664 dated March 26, 2020; and State of Connecticut Public Utilities Regulatory Authority, Docket No. 20-03-15, Motion No. 2 dated March 18, 2020.

Communications in reference to this Application should be addressed to:

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II. BACKGROUND

In February 2020, the World Health Organization designated the novel coronavirus disease outbreak that began in 2019 as COVID-19 ('CO' stands for 'corona,' 'VI' for 'virus,' and 'D' for disease). The infectious disease causes respiratory illness such as fever, cough, and shortness of breath 2-14 days after exposure from another infected person.

On March 25, 2020, Idaho Governor Brad Little issued an "extreme emergency declaration" over the COVID-19 outbreak. As permitted by Idaho Code § 56-1003(7), on March 25, 2020, Governor Little and the Director of Idaho Department of Health and Welfare issued an Order to Self-Isolate for the State of Idaho ("Stay-Home Order") "to protect the public from the spread of infectious or communicable diseases" through April 15, 2020, or until it is extended, rescinded, superseded, or amended in writing by the Director.²

² Idaho Department of Health & Welfare Director Dave Jeppesen to All Citizens of the State of Idaho, Elected and Appointed Officials, Order to Self-Isolate for the State of Idaho (March 25, 2020).

As a result of the impacts of COVID-19 and Idaho's state and local stay-home orders on Idaho businesses, Avista expects that there will be a new subset of its customers that will have an inability, or will be challenged financially, to pay their Avista bills until they can return to work. In anticipation of this likely scenario, the Company temporarily suspended service disconnections for non-payment applicable to all of Avista's residential and small/medium business customers and began a temporary suspension of all late fees for applicable customer billings. The Company hopes that these measures will help contribute to the health and safety of its customers during this unprecedented crisis.

III. AVISTA'S COVID-19 RESPONSE

Functioning electric and natural gas critical infrastructure is imperative during the COVID-19 emergency for both public health and safety, as well as community well-being. Avista expects that it may incur significant incremental costs in its response to the public health emergency, including bad debt expense resulting from higher than average levels of write-offs of uncollectible accounts associated with the suspension of disconnects and late payment fees to assist customers facing unprecedented economic pressures. Avista also expects to incur additional costs that cannot currently be predicted given the unprecedented nature of this public health emergency. At the same time the Company expects to incur these additional costs, revenues that are designed to recover Avista's normal business costs could be reduced significantly due to the statewide Stay-Home Order, which has caused shut downs or slowdowns of many commercial and industrial businesses throughout Avista's service area. Accordingly, Avista requests authorization to establish a new regulatory asset to record the deferral of incremental and unrecovered costs associated with its COVID-19 response.

Avista is also seeking authorization for the deferral of the costs because of the potential magnitude and unprecedented nature of the COVID-19 public health emergency. The associated risks of the COVID-19 public health emergency are well outside reasonable business risk for the Company that might otherwise be considered normal “regulatory lag.” During this COVID-19 emergency, Avista welcomes, and is fully capable of executing, its obligation to provide safe, reliable electric and natural gas service to its customers. At the same time, it is important to the ongoing financial health of the Company to have a reasonable opportunity to recover its prudently incurred costs.

IV. PROPOSED ACCOUNTING TREATMENT

Avista seeks authorization from the Commission to defer, for future amortization, incremental costs incurred to respond to the COVID-19 outbreak within its Idaho service area and normal business costs not recovered due to reduction in electricity and natural gas use by its customers, due to the statewide Stay-Home Order. Avista proposes to record amounts that would be subject to the deferral in accordance with the Code of Federal Regulations to the Federal Energy Regulatory Commission (“FERC”) Account 182.3 (Other Regulatory Assets) and credit FERC Account 407.4 (Regulatory Credits). The costs as incurred will be debited to various expense accounts.

Given the unprecedented nature of this public health emergency, Avista cannot estimate the incremental costs associated with its COVID-19 response, or the length of time in which the costs may be incurred. Avista does not propose to accrue interest on the unamortized balance. The Company is not seeking to establish the method by which these costs would be identified and tracked in this case. Rather, the Company expects to present as part of a future regulatory proceeding the nature and prudence of the associated costs

and why such costs were incremental and necessary to directly respond to the COVID-19 emergency. The requested deferred accounting treatment will minimize the frequency of rate changes or the fluctuation of rate levels that would otherwise be necessary to match appropriately the costs borne by and benefits received by customers.

V. MODIFIED PROCEDURE

Avista believes that a hearing is not necessary to consider the issues presented herein, and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, et seq.

VI. REQUEST FOR RELIEF

WHEREFORE, Avista respectfully requests that the Commission issue an Order approving the requested deferred accounting and ratemaking treatment, as described above, and processed under Modified Procedure. Avista is prepared and able to provide safe, reliable electric and natural gas service to its customers during this COVID-19 emergency. To maintain the ongoing financial health of the Company during this extraordinary time, Avista requests authorization to defer for later ratemaking treatment its prudently incurred incremental costs from the COVID-19 public health emergency and normal business costs not recovered due to reduction in electricity and natural gas use by its customers to a regulatory asset until it can request amortization of the deferred costs in a future Commission proceeding.

DATED at Spokane, Washington, this 9th day of April 2020.

AVISTA CORPORATION



By _____

Patrick Ehrbar
Director of Regulatory Affairs
Avista Corp