

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: EDWARD JEWELL
DEPUTY ATTORNEY GENERAL**

DATE: FEBRUARY 22, 2019

**SUBJECT: APPLICATION OF AVISTA FOR AN ACCOUNTING ORDER
AUTHORIZING ACCOUNTING TREATMENT OF COSTS RELATED
TO ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION;
AVU-E-19-02 & AVU-G-19-01**

On February 1, 2019, Avista Corporation (“Avista” or “Company”) filed an Application seeking authorization of accounting and ratemaking treatment related to its Allowance for Funds Used During Construction (“AFUDC”).

THE APPLICATION

The Company states that during an audit conducted by the Federal Energy Regulatory Commission (“FERC”) regarding the Company’s compliance with the Uniform System of Accounts, FERC staff made recommendations regarding the recording of AFUDC and the tax treatment of equity in AFUDC. Application at 2. The Company requests authorization to defer the difference between the State AFUDC rate and the FERC AFUDC rate as a regulatory asset and amortize this regulatory asset over the composite remaining life of the plant-in-service. *Id.* The Company also requests authorization of a deferred accounting treatment related to the decrease in deferred federal income taxes that will result from the accounting change for the equity portion of the AFUDC. *Id.* The Company states that neither of the recommended changes will result in changes to Avista’s overall rate base. *Id.* The Company states that it concurrently made similar filings in Washington and Oregon. *Id.* at 9.

STAFF RECOMMENDATION

Staff recommends the Commission issue a Notice of Application and Notice of Modified Procedure and set a thirty-five day comment period and a seven day reply period.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure and set a thirty-five day comment period and a seven day reply period?



Edward J. Jewell
Deputy Attorney General

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