

Avista Corporation
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



August 19, 2011

Public Utility Commission of Oregon
Attention: Filing Center
550 Capitol Street, NE, Suite 215
Salem, OR 97308-2148

Docket UM 1356

Pursuant to ORS 757.259 and OAR 860-27-300(4) Avista Utilities submits an original and ten (10) copies of a request for an order authorizing it to utilize deferred accounting for intervenor funding grants provided to various qualifying organizations.

Avista seeks, with this application, to receive additional authorization of these deferrals for the twelve month period beginning November 1, 2011 and ending October 31, 2012.

Please direct any questions regarding this order request to Patrick Ehrbar at (509) 495-8620 or Craig Bertholf at (509) 495-4124.

Sincerely,

A handwritten signature in cursive script that reads "Kelly O. Norwood".

Kelly O. Norwood, Vice President
State and Federal Regulation

Enclosure

1 BEFORE THE PUBLIC UTILITY COMMISSION
2 OF OREGON

3 Docket UM 1356

4 IN THE MATTER OF THE APPLICATION OF) APPLICATION FOR
5 AVISTA UTILITIES FOR AN ORDER) REAUTHORIZATION TO
6 REAUTHORIZING DEFERRAL OF CERTAIN) DEFER COSTS
7 COSTS)
8

9 Pursuant to ORS 757.259 and OAR 860-27-300(4), Avista Corporation, dba
10 Avista Utilities (“Avista” or “Company”) applies to the Public Utility Commission of
11 Oregon ("Commission") for an order authorizing it to utilize deferred accounting for
12 Intervenor Funding Grants provided to various qualifying organizations. Avista
13 respectfully requests that this authorization become effective November 1, 2011.

14 The Company requests that all notices, pleadings and correspondence regarding
15 this Application be sent to the following:

16 Kelly Norwood	David J. Meyer, Esq.
17 Vice President, State and Federal	Chief Counsel for Regulatory and
18 Regulation	Governmental Affairs
19 Avista Corporation	Avista Corporation
20 P.O. Box 3727	P.O. Box 3727
21 1411 E. Mission, MSC-13	1411 E. Mission, MSC-13
22 Spokane, WA 99220-3727	Spokane, WA 99220-3727
23 (509) 495-4267	(509) 495-4316

24 This Application is filed pursuant to ORS 757.259, which empowers the
25 Commission to authorize the deferral of expenses or revenues of a public utility for
26 later incorporation in rates.

27 BACKGROUND

28 The Intervenor Funding Agreement between the Company, Citizens’ Utility
29 Board of Oregon (CUB) and Northwest Industrial Gas Users (NWIGU) established

1 three funds from which Grants could be made (CUB Fund, Preauthorized Matching
2 Fund and an Issues Fund).

3 DESCRIPTION OF EXPENSES

4 The Intervenor Funding Agreement provides that pre-certified intervenors must
5 submit a proposed fund budget to the Commission that contains the following
6 information:

- 7 1) A statement of the work to be performed;
- 8 2) A description of the areas to be investigated;
- 9 3) A description of the particular customer class(es) that will benefit from their
10 participation;
- 11 4) Identification of the specific fund from which the intervenor is seeking
12 monies and an estimate of the amount of available funds in that account;
- 13 5) A budget showing estimated costs;
- 14 6) A representation that the intervenor will use matching funds from either in-
15 house resources or outside funding to pay for at least 20 percent of the
16 eligible expenses for which the intervenor is seeking a grant.

17 After Commission approval of the proposed budget, the intervenor must file a
18 Request for Payment with the Commission. If the Request meets the Intervenor
19 Funding Agreement requirements the Commission will order payment and specify
20 which customer class will be responsible for the grant.

21 A sub-account of FERC account number 191 is used to record the grant
22 payments.

1 GRANTS APPROVED THIS PERIOD

2 On November 3, 2010 by Order No. 10-430 the Commission approved
 3 continued deferred accounting treatment for the three intervenor funds. In accordance
 4 with this Order the Company deferred the following:

	CUB Fund	Preauthorized Matching Fund	Issues Fund
Per Order No. 11-010	\$ 30,000.00		
Per Order No. 11-125			\$ 17,048.04
Per Order No. 11-126		\$ 1,497.52	
Per Order No. 11-185			\$ 27,631.00
	<u>\$ 30,000.00</u>	<u>\$ 1,497.52</u>	<u>\$ 44,679.04</u>

5

6 RECOVERY OF INTERVENOR FUNDING GRANTS

7 On November 1, 2010, in accordance with Order No. 10-433, the Company
 8 began amortizing the Intervenor Funding deferrals through Schedule 476. This
 9 Schedule was revised in association with the 2010 Purchased Gas Cost Adjustment
 10 (PGA) filing. The different funds were combined together based on the different
 11 customer groups that the Commission ordered the grant to be assessed (residential or
 12 industrial).

13 As of June 30, 2011 the remaining balances for these groups, after amortization
 14 and interest total;

	Residential Acct 191723	Industrial Acct 191724
Balance to be amortized	\$ 49,845.57	\$ 19,488.48
Less: Amortization	\$ 43,030.81	\$ 4,382.70
Add: Interest	\$ 368.26	\$ 280.96
	<u>\$ 7,183.02</u>	<u>\$ 15,386.74</u>

15

1 The Company anticipates that as of November 1, 2011 the remaining
2 unamortized balance in the Residential Account will be very minor. However, when
3 the Company filed its 2009 PGA was filed in Docket UG 188, the proposed
4 amortization rate increase for industrial customers was not reflected in the actual
5 Schedule 476 rate when it was approved by order No. 09-447. Therefore, the
6 amortization rate was set too low to allow full recovery of the deferred balance over
7 the normal PGA period. It is estimated that, due to this under recovery, the remaining
8 unamortized balance for Industrial customers as of November 1, 2011 will be
9 approximately \$10,000. The Company discussed this error with Staff and a
10 representative from NWIUG earlier this year and they both concurred with the
11 Company's findings. This error will be corrected when the amortization rates are
12 updated in association with the 2011 PGA.

13 SCHEDULE 476 TARIFF FILING

14 Within a few weeks of filing this Application the Company, in Docket UG 192,
15 will be asking for authorization to recover the remaining unamortized residual
16 balances and the current deferrals over the upcoming PGA period (November 1, 2011
17 – October 31, 2012).

18 FUTURE ESTIMATED DEFERRALS

19 The Company estimates that the following amounts maybe deferred during the
20 twelve month period subsequent to this Application:

21 CUB Fund	\$30,000.00
22 Preauthorized Matching Fund	\$60,000.00
23 Issues Fund	\$60,000.00

1 Absent Commission's authorization of deferred accounting, the Company
2 would not incur the cost of Funding Grants.

3 Avista seeks with this application to receive reauthorization of the sub-accounts
4 of FERC Account No. 191 used to account for the Intervenor Funding Grants awarded
5 over the twelve month period beginning November 1, 2011 and ending October 31,
6 2012.

7 DATED this 22nd day of August 2011.

8 Respectfully submitted,

9 Avista Utilities

10

11



12

By: _____

13

Kelly O. Norwood, Vice President
State and Federal Regulation

14