

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



September 1, 2009

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

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 purchase gas cost differences.

Avista seeks, with this application, to receive additional authorization of these deferrals for the twelve month period beginning November 1, 2009 and ending October 31, 2010.

Please direct any questions regarding this order request to Craig Bertholf at (509) 495-4124 or Brian Hirschhorn at (509) 495-4723.

Sincerely,

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

Kelly O. Norwood, Vice President
State and Federal Regulation

Enclosure

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served Avista Utilities', a division of Avista Corp, application for reauthorization to utilize deferred accounting for purchase gas cost differences upon the parties listed below by mailing a copy thereof, postage prepaid and/or by electronic mail when paper service has been waived.

Chad M. Stokes (Waived)
Cable Huston Benedict
Haagensen & Lloyd, LLP
1001 SW 5th, Suite 2000
Portland, OR 97204-1136
cstokes@cablehuston.com

Citizens' Utilities Board (Waived)
610 SW Broadway, Suite 308
Portland, OR 97205-3404
Bob@OregonCUB.org

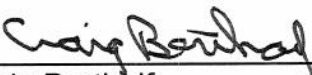
Ms. Paula Pyron (Waived)
Executive Director
Northwest Industrial Gas Users
4113 Wolfberry Court
Lake Oswego, OR 97035

Judy Johnson
Public Utility Commission
P.O. Box 2148
Salem, OR 97308-2148
judy.johnson@state.or.us

David Hatton
Assistant Attorney General
1162 Court Street N.E.
Salem, OR 97301-4096
David.hatton@state.or.us

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 1st day of September, 2009.



Craig Bertholf
Regulatory Analyst

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF OREGON

3
4 IN THE MATTER OF THE APPLICATION OF) APPLICATION FOR
5 AVISTA UTILITIES FOR AN ORDER) AUTHORIZATION TO
6 AUTHORIZING DEFERRAL OF CERTAIN) DEFER COST
7 COSTS)
8

9 Avista Utilities (“Avista” or “Company”) pursuant to ORS 757.259 and OAR
10 860-27-300(4) applies to the Public Utility Commission of Oregon ("Commission")
11 for an order authorizing it to utilize deferred accounting for purchased gas cost
12 differences. The Company respectfully requests that the authorization become
13 effective November 1, 2009.

14 In support of this Application, the Company states:

15 Avista provides natural gas service in southwestern and northeastern Oregon
16 and is a public utility subject to the Commission’s jurisdiction under ORS
17 757.005(1)(a)(A).

18 Avista requests that all notices, pleadings and correspondence regarding this
19 filing be sent to the following:

20 Kelly Norwood	David J. Meyer, Esq.
21 Vice President, State and Federal	Chief Counsel for Regulatory and
22 Regulation	Governmental Affairs
23 Avista Corporation	Avista Corporation
24 P.O. Box 3727	P.O. Box 3727
25 1411 E. Mission, MSC-13	1411 E. Mission, MSC-13
26 Spokane, WA 99220-3727	Spokane, WA 99220-3727
27 (509) 495-4267	(509) 495-4316

28 This Application is filed pursuant to ORS 757.259, which empowers the
29 Commission to authorize the deferral of expenses or revenues of a public utility for

1 later incorporation in rates.

2 The Company requests authorization to continue deferring gas cost differences
3 as set forth currently in Schedule 461, Purchased Gas Cost (PGA) Adjustment
4 Provision. These deferral differences have been accumulated for distribution to or
5 collection from customers at a later date consistent with the dictates of the PGA
6 methodology.

7 Previously these differences have been recorded in Account No. 191905
8 Commodity Deferrals and, Account No. 191906 Demand Deferrals. Effective
9 November 1, 2009 the Company plans to begin amortizing these balances.
10 Additionally, effective November 1, 2009 the Company requests authorization to utilize
11 two new accounts for gas cost differences, namely 1) Account No. 191909 Commodity
12 Deferrals and 2) Account No. 191910 Demand Deferrals.

13 Due to the volatility of the price of gas purchased and transported for customer
14 use the associated costs are difficult to establish with any degree of certainty. This
15 volatility makes the use of deferred accounting extremely important.

16 It is appropriate that deferred accounting be authorized for the same reasons that
17 originally established the PGA mechanism. Namely, deferred accounting minimizes
18 both the frequency of rate changes and the fluctuation of rate levels pursuant to
19 subsection (2) (C) of ORS 757.259.

20 Absent the approval of deferred accounting, standard accounting practices
21 would be utilized for the recording of expenses and customers would not receive any of
22 the benefits of changes in the cost of gas. Therefore, deferral accounting should
23 continue to be authorized in order to permit the benefits of open access purchases to

1 flow to the Oregon customers of Avista.

2 The Company seeks, with this application, to receive authorization of Account
3 No. 191909 Commodity Deferrals and Account No. 191910 Demand Deferrals for the
4 twelve month period beginning November 1, 2009 and ending October 31, 2010.

5 The attached Notice of Application was sent to all parties and interested persons
6 that participated in Avista Utilities most recent Oregon general rate case.

7 WHEREFORE, Avista Utilities respectfully requests that its PGA deferral
8 accounts described above be appropriately authorized for the twelve month period
9 beginning November 1, 2009 and ending October 31, 2010.

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11 DATED this 1st day of September 2009.

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Respectfully submitted,

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Avista Utilities

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By: _____



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Kelly O. Norwood, Vice President
State and Federal Regulation

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