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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

Docket No: UM 1497

IN THE MATTER OF THE APPLICATION OF ) APPLICATION  
AVISTA UTILITIES FOR AN ORDER ) FOR REAUTHORIZATION  
REAUTHORIZING DEFERRAL OF CERTAIN ) OF CERTAIN DEFERRAL  
COSTS RELATED TO PURCHASED GAS COSTS ) ACCOUNTS  
DIFFERENCES )

Avista Corporation, dba Avista Utilities (“Avista” or “Company”), pursuant to ORS 757.259 and OAR 860-027-0300(4), applies to the Public Utility Commission of Oregon (“Commission”) for an order reauthorizing it to utilize deferred accounting for Purchased Gas Cost differences. Avista respectfully requests that the reauthorization become effective November 1, 2020.

In support of this Application, the Company states:

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

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

Patrick D. Ehrbar	David J. Meyer
Director of Regulatory Affairs	Vice President and Chief Counsel
Avista Corporation	for Regulatory and Governmental Affairs
P.O. Box 3727	Avista Corporation
1411 E. Mission, MSC-27	P.O. Box 3727
Spokane, WA 99220-3727	1411 E. Mission, MSC-10
(509) 495-8620	Spokane, WA 99220-3727
Patrick.ehrbar@avistacorp.com	(509) 495-4316
	David.meyer@avistacorp.com

1 This Application is filed pursuant to ORS 757.259, which empowers the Commission to  
2 authorize the deferral of expenses or revenues of a public utility for later incorporation into  
3 rates.

4 BACKGROUND

5 Deferral of Purchased Gas Cost differences was previously authorized, effective  
6 November 1, 2019, by Order No. 19-367 dated October 31, 2019.

7 DESCRIPTION OF EXPENSES

8 Currently, the Company accumulates Purchased Gas Cost differences in two sub-accounts  
9 of FERC account number 191, namely account number 191909 and account number 191910.  
10 Account number 191909 is used to record the commodity portion of Purchased Gas Cost  
11 differences and account number 191910 is used to record the demand portion. After the  
12 Commission determines these costs were prudently incurred, these differences are included in  
13 the Company's annual Purchased Gas Cost Adjustment (PGA) filing for refund or surcharge to  
14 customers.

15 Due to the volatility of the price of natural gas purchased and transported for customer use,  
16 the associated costs are difficult to establish with any degree of certainty. This volatility makes  
17 the use of deferred accounting extremely important. It is appropriate that deferred accounting  
18 be reauthorized for the Purchased Gas Cost differences for the same reasons that originally  
19 established the PGA mechanism. Namely, deferred accounting minimizes both the frequency of  
20 rate changes and the fluctuation of rate levels pursuant to subsection (2)(C) of ORS 757.259.

1 PROPOSED ACCOUNTING

2 The commodity portion of Purchased Gas Cost differences includes the actual cost of  
3 purchasing natural gas, the variable cost of transporting the natural gas from the supply basins  
4 to the citygate, the benefits received from storage optimization, off-system sales and other  
5 miscellaneous costs or benefits. These costs are compared with the actual commodity costs  
6 collected from customers, with 90% of the difference recorded monthly to account number  
7 191909.

8 The demand portion of the Purchased Gas Cost differences includes fixed pipeline costs,  
9 capacity releases and miscellaneous pipeline related refunds or surcharges. These costs are  
10 compared with the actual demand costs collected from customers and the difference is recorded  
11 monthly to account number 191910. Interest is calculated on the average net balance and  
12 included in the deferral accounts.

13 CURRENT DEFERRAL AND AMORTIZATION BALANCES

14 As of June 30, 2020, the outstanding balances for the Purchased Gas Cost deferral and  
15 amortization accounts are:

Account 191909, Commodity Deferrals	(\$3,249,757)
Account 191910, Demand Deferrals	\$231,423
Account 191911, Prior Commodity Amortization	\$1,424,073
Account 191912, Prior Demand Amortization	\$153,298
Total	<u><u>(\$1,440,963)</u></u>

16  
17 Avista seeks with this application to receive reauthorization of the use of sub-accounts of  
18 FERC Account No. 191 to account for the Company's Purchased Gas Cost differences for the  
19 12-month period, November 1, 2020 through October 31, 2021. This Application will have no  
20 effect on Company revenue or customer rates.

1           WHEREFORE, Avista respectfully requests that the Commission reauthorize the  
2 Company to defer the costs described in this Application.

3 DATED this 8<sup>th</sup> day of July 2020.

4    Respectfully submitted,

5    Avista Corporation

6     Handwritten signature of Patrick D. Ehrbar in cursive script, positioned above a horizontal line.  
7 By: \_\_\_\_\_

8    Patrick D. Ehrbar  
9    Director of Regulatory Affairs



## **Docket No. UM 1497**

### **NOTICE OF APPLICATION FOR REAUTHORIZATION OF CERTAIN DEFERRAL ACCOUNTS**

July 8, 2020

To All Parties Who Participated in UG 389:

Please be advised that on July 8, 2020, Avista Corporation, dba Avista Utilities (“Avista” or “Company”), applied to the Public Utility Commission of Oregon (“Commission”) for an order reauthorizing the Company to utilize deferred accounting for Purchased Gas Cost differences. This filing has been made pursuant to ORS 757.259 and OAR 860-027-0300(4).

This Notice is being sent to all parties that participated in Avista’s most recent general rate case, Docket No. UG 389, to inform them that an Application for Reauthorization has been filed. Parties wanting more information or who wish to obtain a copy of the filing can access the Application on the Commission website, or by contacting either of the following:

**Avista Utilities  
Attn: Patrick Ehrbar  
P.O. Box 3727  
1411 E. Mission, MSC-27  
Spokane, WA 99220-3727  
(509) 495-8620**

**Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
PO Box 1088  
Salem, OR 97301-1088  
(509) 373-0886**

Any person may submit to the Commission written comments on this matter by August 2, 2020. Approval of Avista’s Application will not authorize a change in the Company’s rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

DATED this 8th day of July 2020

By:                                 */s/ David Meyer*                                

David J. Meyer, Vice President and Chief  
Counsel for Regulatory and Governmental Affairs

## **CERTIFICATE OF SERVICE**

**Docket No. UM 1497**

**I HEREBY CERTIFY** that I have on this day, July 8, 2020, served by electronic mail the foregoing Notice of Application for Reauthorization of Certain Deferral Accounts, related to the deferral of Purchased Gas Cost differences, to all parties of record for Avista's most recent general rate case, Docket No. UG 389, as indicated below:

**Alliance of Western Energy Consumers (AWEC)**

Edward Finklea, Director of Natural Gas  
[efinklea@awec.solutions](mailto:efinklea@awec.solutions)

Chad M. Stokes  
Cable Huston, LLP  
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**Oregon Public Utilities Commission (OPUC)**

John Crider, OPUC Staff  
[john.crider@puc.state.or.us](mailto:john.crider@puc.state.or.us)

**Oregon Citizens Utility Board (CUB)**

Mike Goetz, Staff Attorney  
[mike@oregoncub.org](mailto:mike@oregoncub.org)

William Gehrke  
[will@oregoncub.org](mailto:will@oregoncub.org)

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**Department of Justice**

Johanna Riemenschneider  
[johanna.riemenschneider@doj.state.or.us](mailto:johanna.riemenschneider@doj.state.or.us)

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

Dated at Spokane, Washington this 8th day of July 2020.

/s/ Paul Kimball

Paul Kimball  
Manager of Compliance & Discovery  
Avista Utilities  
[Paul.Kimball@avistacorp.com](mailto:Paul.Kimball@avistacorp.com)  
(509) 495-4584