

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, 2020, by Order No. 20-355 dated October 16, 2020.

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, 2021, the outstanding balances for the Purchased Gas Cost deferral and
15 amortization accounts are:

Account 191909, Commodity Deferrals	(\$1,502,205)
Account 191910, Demand Deferrals	\$819,037
Account 191911, Prior Commodity Amortization	(\$63,491)
Account 191912, Prior Demand Amortization	\$51,827
Total	<u><u>(\$694,832)</u></u>

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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, 2021 through October 31, 2022. This Application will have no
20 effect on Company revenue or customer rates.

CERTIFICATE OF SERVICE

Docket No. UM 1497

I HEREBY CERTIFY that I have on this day, July 28, 2021, 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:

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

Dated at Spokane, Washington this 28th day of July 2021.

/s/ Paul Kimball

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