



July 25, 2014

Public Utility Commission of Oregon
Attention: Filing Center
3930 Fairview Industrial Drive SE
Salem, OR 97302

RE: Docket No: UM 1497

Pursuant to ORS 757.259 and OAR 860-027-300(4), Avista Utilities submits an original and three (3) copies of its Application for Reauthorization to utilize deferred accounting for Purchase Gas Cost differences.

Avista seeks, with this application, to receive reauthorization of these deferrals for the twelve month period beginning November 1, 2014 and ending October 31, 2015.

Please direct any questions regarding this order request to Patrick Ehrbar at (509) 495-8620 or Ryan Finesilver at (509) 495-4873.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Meyer", is positioned above the typed name of the sender.

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

Enclosure

Cc: Certificate of Service

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served Avista Corporation's Application for an Order Reauthorizing Deferral Accounting for the Company's Purchase Gas Cost differences upon the parties listed below by mailing a copy thereof, postage prepaid and/or by electronic mail.

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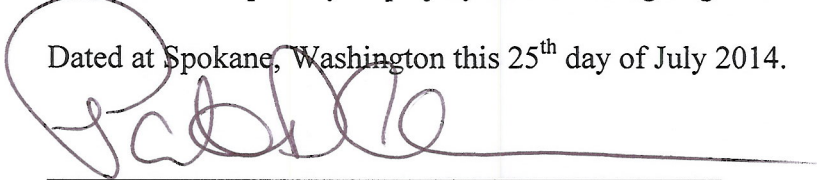
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W Jason W. Jones

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

Dated at Spokane, Washington this 25th day of July 2014.



Patrick Ehrbar
Manager, Rates and Tariffs

1 BACKGROUND

2 Deferral of Purchased Gas Cost differences was previously authorized, effective
3 November 1, 2013 by Order No. 13-357.

4
5 DESCRIPTION OF EXPENSES

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

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

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

20
21 PROPOSED ACCOUNTING

22 The commodity portion of Purchased Gas Cost differences includes the actual cost of
23 purchasing natural gas, the variable cost of transporting the gas from the supply basins to the

1 citygate, the benefits received from storage optimization, off-system sales and other
2 miscellaneous costs or benefits. These costs are compared with the actual commodity costs
3 collected from customers, with 90% of the difference recorded monthly to account number
4 191909.

5 The demand portion of the Purchased Gas Cost differences includes fixed pipeline costs,
6 capacity releases and miscellaneous pipeline related refunds or surcharges. These costs are
7 compared with the actual demand costs collected from customers and the difference is recorded
8 monthly to account number 191910.

9 Interest is calculated on the average net balance and included in the deferral accounts.

10 CURRENT DEFERRAL BALANCES

11 As of June 30, 2014, the outstanding balances for the Purchased Gas Cost deferral
12 accounts are:

13	Account 191909, Commodity Deferrals	\$ 3,487,902
14	Account 191910, Demand Deferrals	<\$2,183,433>
15		
16	Total	<u>\$1,304,469</u>
17		=====

18 Avista seeks with this application to receive reauthorization of the use of sub-accounts of
19 FERC Account No. 191 to account for the Company's Purchased Gas Cost differences for the
20 12 month period, November 1, 2014 through October 31, 2015.

21 This Application will have no effect on Company revenue or customer rates. A copy of
22 the Company's reauthorization request has been provided to all of the parties in Avista's last
23 general rate case, pursuant to OAR 860-027-0300(6), as shown on the Certificate of Service.

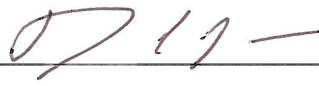
24 WHEREFORE, Avista Utilities respectfully requests that the Commission reauthorize the
25 Company to defer the costs described in this Application.

26 DATED this 25th day of July 2014.

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Respectfully submitted,

Avista Utilities

By:  _____

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