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January 21, 2015

Public Utility Commission of Oregon
3930 Fairview Industrial Dr SE
Salem, OR 97302-1166

Attention: Filing Center

Via Electronic and Overnight Mail

RE: Docket No. _____ – Application for Authorization to Defer Certain Expenses or Revenues

Avista Corporation, dba Avista Utilities, hereby submits an original and three (3) copies of its Application for Authorization to Defer Certain Expenses or Revenues. This Application is being filed coincident with the Stipulation Resolving All Issues in Avista's General Rate Case, UM-284.

The original documents have been sent via overnight mail. Please direct any questions related to the transmission of this filing to me at 509.495.8620 or via email at pat.ehrbar@avistacorp.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ehrbar", with a long horizontal line extending to the right.

Patrick Ehrbar
Manager, Rates & Tariffs

Enclosure

cc: See attached service list

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the Application for Authorization to Defer Certain Expenses or Revenues of Avista Utilities, a division of Avista Corporation, upon the parties listed below by mailing a copy thereof, postage prepaid and/or by electronic mail.

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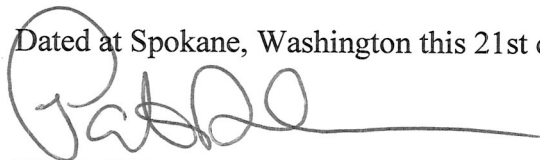
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I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 21st day of January, 2015.



Patrick Ehrbar
Manager, Rates & Tariffs

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

IN THE MATTER OF THE APPLICATION OF)
AVISTA UTILITIES FOR AN AUTHORIZATION TO)
DEFER CERTAIN EXPENSES OR REVENUES)
PURSUANT TO ORS 757.259)

APPLICATION FOR AUTHORIZATION
TO DEFER CERTAIN EXPENSES OR REVENUES

Avista Utilities (“Avista” or “Company”) pursuant to ORS 757.259, and OAR 860-027-0300(4), hereby applies to the Public Utility Commission of Oregon ("Commission") for an order authorizing the deferral of margin related to the Customer Count Tracking Mechanism, described below, and which is included as an essential term in the all-party Stipulation pending before the Commission for approval in Docket UG 284.

This Application is being filed coincident with a Settlement Stipulation in Docket No. UG 284, Avista’s 2014 general rate case. Because the two matters are interrelated (in fact, the Stipulation is dependent upon Commission approval of this Deferral Application), the Parties request that both filings be acted upon by the Commission at the same time.

A. Avista Utilities

Avista provides natural gas service in the State of Oregon and is a public utility subject to the Public Utility Commission of Oregon’s jurisdiction under ORS 757.005(1)(a)(A). Avista provides natural gas distribution service in southwestern and northeastern Oregon. The Company also provides electric and natural gas service within a 26,000 square mile area of eastern Washington and northern Idaho. As of December 31, 2013, Avista supplied retail

1 electric service to 366,305 customers and retail natural gas service to 325,919 customers,
2 including approximately 97,486 customers in Oregon who will be affected by the proposed rate
3 revision. Avista’s principal place of business is located in Spokane, Washington.

4 **B. Statutory Authority**

5 This application is filed pursuant to ORS 757.259, which empowers the Commission to
6 authorize the deferral of expenses or revenues of a public utility for later inclusion in rates.

7 **C. Communications**

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

10	Kelly Norwood	David J. Meyer, Esq.
11	Vice President, State and Federal Regulation	Vice President and Chief Counsel
12	Avista Corporation	for Regulatory and
13	P.O. Box 3727	Governmental Affairs
14	Avista Corporation	P.O. Box 3727
15	1411 E. Mission, MSC-27	1411 E. Mission, MSC-27
16	Spokane, WA 99220-3727	Spokane, WA 99220-3727
17	(509) 495-4267	(509) 495-4316
18		

19 **D. Description of Expenses or Revenues for which Deferred Accounting is Requested –**

20 **OAR 860-027-0300(3)(a)**

21 Under the terms of the “Customer Count Tracking Mechanism,” beginning on the March
22 1, 2015 effective date of the Stipulation in Docket No. UG-284 (if approved), Avista will
23 compare, on a monthly basis, the actual number of its Oregon customers at the end of each
24 month, by rate schedule, to the number of customers included in the Company’s general rate
25 case (i.e., “base” number of customers). If the actual number of customers in the month is
26 higher than the base level, the margin associated with the number of customers above the base
27 level of customers will be deferred, by rate schedule, and returned to customers. If the actual

1 number of customers in the month is less than the base number of customers, there will be no
2 deferral for that month.

3 1. Term of Mechanism – The mechanism will be effective as of the effective date of
4 the Stipulation, proposed to be March 1, 2015, and will end per the stipulation in UG 284.

5 2. Base Level of Customers, Usage, and Margin by Rate Schedule – Appendix C to
6 the Stipulation in UG 284 contains the base level of customers by month and by rate schedule.
7 Appendix C also contains the average annual use per customer, shaped by month, for each rate
8 schedule, as well as the stipulated margin by rate schedule, net of the Schedule 491 “Early
9 Implementation Credit,” that will be used to calculate any deferral.

10 3. Rate Adjustment – On May 1, 2016, the Company will file a tariff and supporting
11 workpapers with the Commission to rebate to customers, effective November 1, 2016 (i.e.,
12 coincident with any PGA adjustment), any deferrals from the March 2015 through February
13 2016 deferral period. The rates will be calculated on an equal percent of margin spread to all
14 customers.

15 4. Deferral Limitation – The Parties agree that the Company will not defer more
16 than \$530,000 on a rolling 12-month average under the mechanism.

17 5. Interest on Deferrals – Interest will accrue on deferrals at the Company’s
18 authorized rate of return of 7.516%, similar to other Company deferrals.

19 6. Interest on Amortization of Deferrals – Once a deferral balance is approved for
20 amortization, interest will accrue at the Modified Blended Treasury Rate, similar to other
21 Company amortizations.

22 **E. Reason for Application for Authorization of Deferred Accounting – OAR 860-027-**
23 **0300(3)(c)**

1 The authorization for deferred accounting treatment as described above can be authorized
2 pursuant to ORS 757.259(2)(e). Under the Customer Count Tracking Mechanism, margin from
3 added customers above the base level established in Docket No. UG 284, will be tracked over a
4 12-month period, and later returned to customers. This meets the requirement under ORS
5 757.259(2)(e), specifically “identifiable utility expenses or revenues, the recovery or refund of
6 which the commission finds should be deferred in order to minimize the frequency of rate
7 changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits
8 received by ratepayers.”

9 **F. Accounting – OAR 860-027-0300(3)(c)**

10 The deferral of margin related to the Customer Count Tracking Mechanism would be
11 recorded in FERC Account 254.3, Other Regulatory Liabilities. Upon Commission approval, the
12 Company would amortize this balance over 12 months beginning November 1, 2016 and
13 recorded in FERC Account 407.4, Regulatory Credits.

14 **G. Estimated Amounts Subject to Deferral – OAR 860-027-0300(3)(d)**

15 The amount deferred will not exceed \$530,000 on a rolling 12-month average, per the
16 terms of the Settlement Agreement in Docket No. UG 284.

17 **H. The effective date of the Deferral**

18 The effective date of the deferral is for the 12-month period beginning March 1, 2015,
19 coincident with the effective date of the proposed Stipulation in the Company’s General Rate
20 Case Docket No. UG 284.

21 **I. Interest rate will apply to the accounts**

22 Interest will be accrued based on the Company’s authorized rate of return. Once the
23 deferral is approved for recovery and associated amortization, interest will accrue at the

1 Modified Blended Treasury Rate similar to the Company's other amortization accounts.

2 **J. Notice of filing**

3 A notice of this Application has been served on all parties who participated in the
4 Company's most recent general rate case UG 284 pursuant to OAR 860-027-0300(6), as shown
5 on the Certificate of Service.

6 WHEREFORE, Avista Utilities respectfully requests that the Commission authorize the
7 Company to defer the margin related to the Customer Count Tracking Mechanism described in
8 this Application.

9 DATED this 21st day of January 2015.


10 Respectfully submitted,

11 Avista Utilities

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By:  _____

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