

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



July 29, 2016

Advice No. 16-10-G / UG-____
(UM 1147)

Public Utility Commission of Oregon
201 High Street SE
Suite 100
Salem, OR 97301

Attention: Filing Center

Pursuant to Docket UM 1147, ORS 757.210, ORS 757.259(5), OAR 860-027-0300(9), OAR 860-022-0025, and OAR 860-022-0030. Avista Utilities hereby submits the following tariff revision applicable to its Oregon natural gas operations along with a copy of its supporting workpapers.

Residual Deferral Account Amortization - Oregon

Original Sheet 477

In Order No. 10-279 in Docket No. UM 1147, the Commission stated that “(e)ach utility may create a deferred account for purpose of rolling any residual amount left at the end of the amortization period of any other deferred account that is subject to annual or biannual requests for amortization-so long as the amount is equal to or less than .05 percent of a utility’s retail operating revenues in the previous calendar year.” Avista has three such deferrals that, after the end of their amortizations, have a small residual rebate balance of \$7,111, or (0.01%), including the effects of interest. Those accounts are:

Oregon Commission Fees – Schedule 477 was established in Docket No. UG-194, Order No. 10-436 with a November 1, 2010 effective date and was designed to rebate to customers approximately \$160,000 related to a reduction in Commission fees from 0.25% to 0.15% for 2010. The reduction in Commission fees for 2010 was approved in Order No. 10-083 in Docket No. UM-1012. The Commission on p. 3 of that order requested that each “electric and natural gas public utility must defer the difference between the fees payable under ORS 756.310 in 2010 calculated at .25 percent and at .15 percent. By July 1, 2010, each electric and natural gas utility must submit a proposal and request to amortize all or a portion of the deferral.” The Company amortized the majority of the deferral between November 1, 2010 and October 31, 2011. As a result, the Commission approved the Company’s request effective November 1, 2011 to set the rates for Schedule 477 at \$0.00000 per therm in Docket No. UG-211, Order No. 11-471. Avista filed to cancel Schedule 477 on February 8, 2013, and the Commission allowed Avista’s filing to

become effective on February 26, 2013. The remaining balance in Account No. 254120 is a surcharge balance of \$1,942, excluding interest.

Roseburg/Medford Deferrals – Schedule 499 was established in Docket No. UG-222, Order No. 12-187. The purpose of Schedule 499 was to surcharge customers for the recovery of the deferred revenue requirement (\$465,133) for the Roseburg Reinforcement Project Phase II and the Medford Integrity Management Pipe Replacement Project as provided for in Order No. 11-080 in Docket No. UG-201. The revenue requirement for the November 1, 2011 through May 31, 2012 was deferred for later recovery in Schedule 499. Schedule 499 was created with an effective date of June 1, 2012 and expired on May 31, 2013. On May 10, 2013, Avista filed to cancel Schedule 499 effective June 10, 2013 (Advice No. 13-02-G). The Commission allowed the filing to go into effect on June 4, 2013. The remaining balance in Account No. 182321 is a rebate balance of \$8,729, excluding interest.

Margin Reduction – The purpose of Schedule 496 was to recover deferred revenue in compliance with Commission Order No. 03-570 in Docket No. UG-153. The deferred revenue resulted from a reduction in Schedule 440 and 456 rates. The Company filed on October 12, 2012 to move the rate per therm to \$0.00000 because the residual balance in the account was too small to create a rate. That request was approved in Docket No. UG-225, Order No. 12-432. Avista filed to cancel Schedule 496 on February 8, 2013, and the Commission allowed Avista's filing to become effective on February 26, 2013. The remaining balance in Account No. 191890 is a rebate balance of \$279, excluding interest.

As shown in the Company's workpapers, Avista used the approved rate spread for each of the three accounts listed above, and then combined those individual rates for purposes of one billing rate for Schedule 477. The proposed rates are as follows:

	Proposed
Rate	Amortization
<u>Schedule</u>	<u>Rate</u>
410	(\$0.00010)
420	(\$0.00007)
424	-
440	\$0.00001
444	-
456	(\$0.00001)

This filing is in compliance with ORS 757.210 which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Commission in a proceeding to change rates. All of the deferrals included in this filing occurred with appropriate application and Commission authorization, as rate orders or under approved tariffs.

Pursuant to ORS 757.210, ORS 757.259(5-7) and OAR 860-027-0300(9), the overall annual average rate impact of the amortizations authorized under the statutes may not exceed three percent of the natural gas utility's gross revenues for the preceding calendar year, unless the Commission finds that allowing

a higher amortization rate is reasonable under the circumstances. Total Oregon gross revenues for calendar year 2015 was \$166,153,077. The total rate impact of the amortization requested in this filing, along with three other filings made today that are subject to the three percent test, are summarized below:

Filing Name	Schedule	Advice No.	Amortization
Prior Period Gas Cost deferral true-up	Schedule 462	Advice No. 16-08-G	\$ (5,932,808)
Residual Deferral Account Amortization	Schedule 477	Advice No. 16-10-G	(7,111)
Demand Side Management Cost Recovery	Schedule 478	Advice No. 16-11-G	1,517,750
Senate Bill 408 Cost Recovery	Schedule 479	Advice No. 16-12-G	79,371
Total Amortization			<u>\$ (4,342,798)</u>

The net effect of combining the results of these four filings is an amortization balance of (\$4,342,798) or (2.6%) which falls within the requirements of the statute.

Pursuant to OAR 860-022-0025 and OAR 860-022-0030, the total number of customers affected by this filing, the annual revenue before and after the impact of the rate change, and the average monthly use and resulting bills under existing and proposed rates are as follows:

<u>Rate Schedule</u>	<u>Number of Customers</u>
Schedule 410	88,800
Schedule 420	11,590
Schedule 424	81
Schedule 440	36
Schedule 444	4
Schedule 456	38

Sch No	Description	Present Revenues	Proposed Revenues	Revenue Incr (Decr)	Percent Incr (Decr)	Monthly Use (Therms)	Present Monthly Cost	Proposed Monthly Cost	Monthly Change	Proposed Change to Monthly Cost
410	Residential	\$63,090,463	\$63,085,582	\$ (4,881)	-0.01%	46	\$ 59.42	\$ 59.42	\$ (0.00)	-0.01%
420	General	\$28,455,892	\$28,454,029	\$ (1,863)	-0.01%	191	\$ 204.23	\$ 204.22	\$ (0.01)	-0.01%
424	Large General	\$ 2,445,093	\$ 2,445,093	\$ -	0.00%	3,960	\$ 2,510.19	\$ 2,510.19	\$ -	0.00%
440	Interruptible	\$ 1,426,177	\$ 1,426,218	\$ 41	0.00%	9,675	\$ 3,293.85	\$ 3,293.95	\$ 0.10	0.00%
444	Seasonal 3/1-11/30 (Firm)	\$ 171,014	\$ 171,014	\$ -	0.00%	5,609	\$ 3,638.84	\$ 3,638.84	\$ -	0.00%
456	Int. Transportation	\$ 3,266,597	\$ 3,266,188	\$ (409)	-0.01%	89,724	\$ 7,163.56	\$ 7,162.67	\$ (0.90)	-0.01%

After combining the impact of this filing with the four other regulatory filings made today¹, a residential customer using an average of 46 therms a month could expect their bill to *decrease* by \$4.09, or 6.9 percent, for a revised monthly bill of \$55.12 effective November 1, 2016.

The Company will issue a media release coincident with the annual PGA filing and provide notice to customers via a newspaper advertisement following the updated PGA filing in mid-September.

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

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly O. Norwood,
Vice President, State and Federal Regulation

Enc.

¹ On July 29, 2016, Avista filed to update effective November 1, 2016 Schedules 461/462 (Purchased Gas Cost Adjustment Schedules - Advice No. 16-08-G), Schedule 476 (Intervenor Funding Schedule - Advice No. 16-09-G), Schedule 478 (Oregon DSM – Advice No. 16-11-G), and Schedule 479 (Schedule 408 Amortization – Advice No. 16-12-G).

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 477

RESIDUAL DEFERRAL AMORTIZATION - OREGON

APPLICABLE: Adjustments under this schedule are applicable to all bills calculated under all schedules of this Tariff.

PURPOSE: Accounts included in this tariff have previously been approved by the Commission for amortization, but which still had a small balance remaining at the end of that amortization. The accounts include the residual balances in the following:

1. Schedule 477 - Oregon Commission Fees, established in Docket No. UG-194, Order No. 10-436 with a November 1, 2010 effective date, designed to rebate customers for costs related to a reduction in commission fees from 0.25% to 0.15%. The balance in this account is a surcharge balance of \$1,942.
2. Schedule 499 - Roseburg and Medford Deferrals, established in Docket No. UG-222, Order No. 12-187, was designed to surcharge customers for the recovery of the deferred revenue requirement for the Roseburg Reinforcement Project Phase II and the Medford Integrity Management Pipe Replacement Project. The balance in this account is a rebate balance of \$8,729.
3. Schedule 496 – Margin Reduction was designed to recover deferred revenue in compliance with Commission Order No. 03-570 in Docket No. UG-153. The deferred revenue resulted from a reduction in Schedule 440 and 456 rates. The balance in this account is a rebate balance of \$279.

The total balance to be amortized is a rebate of \$7,122.

MONTHLY RATE: Effective November 1, 2016, the charge per therm of the individual rate schedules are to be adjusted by the following amounts:

Rate Schedule	Rate
Schedule 410	(\$0.00010) per Therm
Schedule 420	(\$0.00007) per Therm
Schedule 424	\$0.00000 per Therm
Schedule 440	\$0.00001 per Therm
Schedule 444	\$0.00000 per Therm
Schedule 456	(\$0.00001) per Therm

SPECIAL TERMS AND CONDITIONS: This schedule is subject to the General Rules and Regulations contained in this tariff and to those prescribed by regulatory authorities.

Advice No. 16-10-G
Issued July 29, 2016

Effective For Service On & After
November 1, 2016

Issued by Avista Utilities
By *Kelly Norwood*

Kelly Norwood, Vice President, State & Federal Regulation

(N)

(N)