

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 23, 2016

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE March 1, 2016

DATE: February 8, 2016

TO: Public Utility Commission

FROM: Erik Colville *EC*

THROUGH: Jason Eisdorfer and Aster Adams *MH G for AK*

SUBJECT: AVISTA UTILITIES:  
(Docket No. ADV 199/Advice No. 16-01-G) Revisions to Tariff P.U.C. OR.  
No. 5 - Imbalance Penalties and Overrun/Underrun Charges.

**STAFF RECOMMENDATION:**

Staff recommends that Avista Utilities' (Avista) Advice No. 16-01-G be approved and the replacement tariff sheet revisions be allowed to go into effect on and after March 1, 2016.

**ISSUE:**

Should the Commission approve Avista's proposal to revise Tariff P.U.C. OR. No. 5, Rule NO 21 to change the pipeline overrun and underrun charges and the monthly imbalance thresholds to mirror changes approved by the Federal Energy Regulatory Commission (FERC) for Northwest Pipeline (Pipeline) on October 23, 2014, in FERC Docket No. RP14-1283-000.

**APPLICABLE RULES AND LAWS:**

Oregon Administrative Rule (OAR) 860-022-0015 requires energy utilities to file with the Commission all tariffs containing any change in rates, tolls, charges, rules, or regulations at least 30 days before the effective date of such changes.

OAR 860-022-0025(2) states that each energy utility filing tariffs or schedules changing existing tariffs or schedules shall submit a: (a) statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and

regulations; (b) statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

OAR 860-022-0030(1) states that each energy utility filing tariffs or schedules increase rates shall also submit a: (a) statement setting forth for each separate schedule the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule; (b) statement setting forth for each separate schedule the average monthly use and resulting bills under both the existing rates and the proposed rates for characteristic customers, which will fairly represent the application of the proposed tariff or schedules; and (c) detailed statement setting forth the reasons or grounds relied upon in support of the proposed increase.

## **ANALYSIS:**

Avista filed Advice No. 16-01-G on January 15, 2016, proposing to revise Tariff P.U.C. OR. No. 5, Rule NO 21 to change the pipeline overrun and underrun charges and the monthly imbalance thresholds to mirror changes approved by the FERC for the Pipeline. These changes also necessitate minor wording changes in Schedules 440 and 456 to reflect the Rule NO 21 changes.

### Overrun and Underrun<sup>1</sup> Charges

The Pipeline's daily overrun penalty has changed from \$5/dekatherm (Dth) (50 cents per therm) for the first two percent of unauthorized quantities and \$10/Dth (\$1.00 per therm) for unauthorized quantities over two percent, to an overrun penalty of the greater of \$10/Dth (\$1.00 per therm) or, 150 percent of the highest spot price index for the day in question. For this purpose, the spot price index will be the highest midpoint prices at Northwest Wyoming Pool, Northwest South of Green River, Stanfield Oregon, Northwest Canadian Border (Sumas), Kern River Opal, or El Paso Bondad supply pricing points (as reflected in the Daily Price Survey published in "Gas Daily.")

The Pipeline's underrun penalty rate has also changed to a flat rate of \$10/Dth

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<sup>1</sup> "Overrun" is the term used to describe the situation where a receiving party uses more gas than that party is scheduled to use. "Underrun" describes the opposite situation to overrun, i.e. where a receiving party uses less gas than that party is scheduled to use.

for all unauthorized underrun quantities rather than the current tier penalty rates of \$5/Dth for the first five to ten percent of unauthorized quantities and \$10/Dth for any additional unauthorized quantities above ten percent.

#### Monthly Imbalance Threshold

The monthly imbalance threshold has been changed by the Pipeline to three percent above or below total monthly confirmed nominations during the August through February period, with an imbalance threshold of five percent above or below confirmed nominations during the March through July period. The Pipeline's filing states that reducing the upper imbalance limit from five percent to three percent from the end of August through the end of February will allow the Pipeline to utilize its system balancing flexibility in a more equitable manner in meeting peak heating season demands.

Avista has historically attempted to mirror Pipeline's tariff provisions for imbalances and overrun and underrun charges in the Tariff P.U.C. OR. No. 5. The proposed changes mirror those approved for Northwest Natural Gas Company on December 29, 2014, and Cascade Natural Gas Corporation on March 10, 2015.

Citizens' Utility Board of Oregon and Northwest Industrial Gas Users did not offer a position regarding approval of this filing.

#### **CONCLUSION:**

Staff reviewed the proposed revisions in this filing and recommends their implementation as filed by Avista. Avista requests that the revisions be approved to become effective for service on and after March 1, 2016.

#### **PROPOSED COMMISSION MOTION:**

Avista Utilities' Advice No. 16-01-G be approved and the replacement tariff sheet revisions be allowed to go into effect for service on and after March 1, 2016.