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January 15, 2016

Electronic Filing

Advice No. 16-01-G

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

Attention: Filing Center

Attached for electronic filing with the Commission are the Company's proposed tariff revisions:

Second Revision Sheet 21C	Canceling	First Revision Sheet 21C
Second Revision Sheet 21D	Canceling	First Revision Sheet 21D
Second Revision Sheet 21E	Canceling	First Revision Sheet 21E
Second Revision Sheet 21F	Canceling	First Revision Sheet 21F
Third Revision Sheet 440B	Canceling	Second Revision Sheet 440B
Third Revision Sheet 456B	Canceling	Second Revision Sheet 456B

The purpose of this tariff filing is to revise the rate schedules noted above in order to change overrun and underrun penalties, as well as the monthly imbalance thresholds, that affect the Company's natural gas transportation customers. Avista's transportation customers purchase their own natural gas, and through contracted capacity on interstate pipelines, have their natural gas delivered to Avista's local distribution system.

The proposed tariff modifications mirror changes approved by the Federal Energy Regulatory Commission ("FERC") for Northwest Pipeline ("NW Pipeline") on October 23, 2014 in FERC Docket No. RP14-1283-000. In 2014 and 2015, Northwest Natural (Advice No. 14-25) and Cascade Natural Gas (Advice No. 015-02-1) filed tariff revisions with the Commission reflecting the same changes proposed by Avista. The Commission approved Northwest Natural's filing at its December 16, 2014 Public Meeting Agenda (Item No. 1), and approved Cascade Natural Gas' filing at its March 10, 2015 Public Meeting (Consent Agenda Item No. 2).

Avista seeks to mirror NW Pipeline's tariff penalties in order to pass-through any penalties assessed on Avista by NW Pipeline that results from the Company's transportation customers (or their agents) using natural gas above or below their confirmed daily nominations.

The Company receives daily gas nominations from our transportation customers or their agents which report the amount of natural gas they expect to use each day. The Company uses that information to schedule the correct amount of natural gas on the interstate pipeline system. If customers use more or less natural gas than their daily nomination, they can create overrun or

underrun conditions. While overrun or underrun conditions occur on a daily basis, in certain circumstances NW Pipeline, or Avista, may issue an entitlement or curtailment order which will prescribe the allowable overrun or underrun natural gas tolerances. For example, an entitlement order may allow for an overrun or underrun within five percent of the daily nomination. In order to force compliance with these orders, penalties may be assessed.

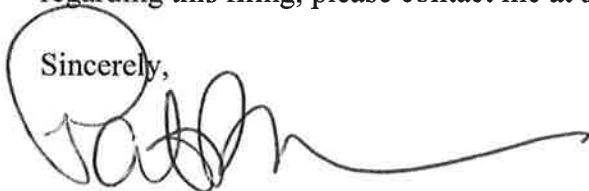
NW Pipeline's daily overrun penalty, through the FERC docket referenced above, has changed from \$0.50/therm for the first 2 percent of unauthorized usage and \$1/therm for unauthorized usage over 2 percent, to an overrun penalty the greater of \$1/therm or 150% of the highest midpoint price at certain supply pricing points on the day in question. The pricing points to be considered in calculating these penalties are the NW Wyoming Pool, NW South of Green River, Stanfield, Oregon, NW Canadian Border (Sumas), Kern River Opal, and the El Paso Bondad supply pricing points as reflected in the Daily Price Survey published in "Gas Daily". The underrun penalty has also changed to a flat rate of \$1/therm for all unauthorized underrun quantities. The previous NW Pipeline penalty was \$0.50/therm for the first 5 to 10 percent of unauthorized quantities and \$1/therm for unauthorized quantities above 10 percent. Transportation customers have the opportunity to mitigate or eliminate overrun and underrun charges through their normal natural gas nomination process.

An additional change included in the proposed tariff changes relates to the monthly accounting for customer's imbalance accounts. The Company's existing tariff has established monthly tolerances for the imbalance accounts to ensure the transportation customers are not using significantly more or less gas than they have nominated and provided to the system. When a customer is in an overrun condition, the Company has essentially "loaned" gas to the customer. When a customer is in an underrun condition, the Company has essentially "borrowed" gas from the customer. The monthly imbalance process ensures the customer uses the natural gas they have nominated. Presently, imbalance charges may be incurred by the customer if the monthly imbalance account "exceeds 105%, or falls below 95%". FERC approved NW Pipeline's monthly imbalance threshold of three percent (3%) above or below total monthly confirmed nominations during August through February and five percent (5%) above or below total monthly confirmed nominations during March through July. Avista's proposed tariff reflect these changes.

Finally, the Company made two minor changes to Schedules 440 and 456. Presently those schedules state that the rates embedded in those schedules would be used for purposes of "balancing penalties". Given the proposed changes to Rule 21, the penalties set forth in that Rule would be the appropriate "balancing penalties".

Avista requests the tariff revision to become effective March 1, 2016. If you have any questions regarding this filing, please contact me at 509-495-8620.

Sincerely,

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

Patrick Ehrbar
Manager, Rates & Tariffs

AVISTA CORPORATION
dba Avista Utilities

RULE NO 21 (continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

D. Imbalances in Deliveries

It is the intent of the customer and the Company that on any day the quantity of customer-owned gas delivered to the customer will approximately equal the quantity of gas received by the Company for transportation to the customer. Any unintentional day-to-day imbalance, as measured in therms, will be handled through a balancing mechanism.

Any imbalance still present at the end of a billing month will be handled as follows:

If a Customer's cumulative imbalance in any billing month during the period August through February is more than three percent (3%) above or below total confirmed nominations for that billing month, or if Customer's cumulative imbalance in any billing month during the period March through July is more than five percent (5%) above or below total confirmed nominations for that billing month, the Company will provide notification by the fifteenth day of the following month that the imbalance exceeds the allowed tolerance and that a penalty situation exists. From the notification date, 45 days will be given to eliminate the imbalance. If at the end of the 45 day period the imbalance has not been corrected to a level within the allowed tolerance, a balancing penalty of \$1.00 per therm will be assessed. The imbalance penalty will continue to be charged at the end of each billing period until the imbalance is within the allowed tolerance.

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E. Entitlement, Interruption or Curtailment of Transportation Service

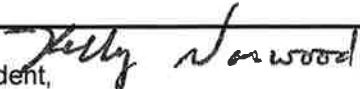
1. The Company may entitle, curtail or interrupt the transportation of Customer-owned Gas on its system whenever the Company, in its sole judgment, determines that it does not have adequate distribution system capacity to meet all firm service requirements. Such entitlement, curtailment or interruption shall be made in accordance with Rule No. 14, "Continuity of Service" as contained in its general service tariff. Any volumes of Customer-owned Gas unable to be delivered due to the operational constraints specified in this paragraph shall be held as an imbalance and delivered to the Customer as soon as operationally practicable.

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By Kelly Norwood, Vice President,



State & Federal Regulation

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RULE NO 21 (continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

- 2. On any day the Company has ordered or required any interruption or curtailment of supply, all transportation customers will pay the Company for any quantity of gas taken in excess of that permitted by the curtailment notice. To all transportation customers except those interruptible transportation customers that have elected service subject to Section J.2. of this rule, in addition to the rates specified in those schedules, the charge for the gas associated with daily unauthorized overrun usage shall be the greater of \$1.00 per therm or 150% of the highest price for the day at NW Wyoming Pool, NW south of Green River, Stanfield OR, El Paso Bondad, Kern River Opal or NW Can. Bdr. (Sumas) supply pricing points as reflected in the Daily Price Survey published in "Gas Daily" for the corresponding Flow Day. Payment of charges for unauthorized gas, as described above, and curtailment penalties shall not under any circumstances be considered as granting Customer the right to take unauthorized gas or exclude any other remedies which may be available to Company.
 - a. To interruptible transportation customers that have elected service subject to Section J.2. of this rule, the Company will charge for unauthorized overrun as more fully described in Section J.2.
 - b. The Company will not be liable for damages occasioned by the entitlement, curtailment or interruption of service supplied under this schedule.
 - c. In the event of curtailment, excess gas in balancing accounts will not be made available to customers being curtailed until the curtailment of those customers has ended.

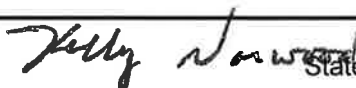
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RULE NO 21 (continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

- 3. The Company at its discretion may issue an entitlement order. The entitlement order will specify the conditions necessary for compliance (Prescribed Tolerance). Under an overrun entitlement order gas used in excess of the confirmed daily allocation plus the Prescribed Tolerance shall be considered as daily unauthorized overrun usage. In addition to the rates specified in those schedules, the charge for the gas associated with daily unauthorized overrun usage shall be the greater of \$1.00 per therm or 150% of the highest price for the day at NW Wyoming Pool, NW south of Green River, Stanfield OR, El Paso Bondad, Kern River Opal or NW Can. Bdr. (Sumas) supply pricing points as reflected in the Daily Price Survey published in "Gas Daily" for the corresponding Flow Day. Payment of charges for unauthorized gas, as described above, and curtailment penalties shall not under any circumstances be considered as granting Customer the right to take unauthorized gas or exclude any other remedies which may be available to Company.

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RULE NO 21 (continued)

TRANSPORTATION OF CUSTOMER-OWNED GAS

- 4. Gas not taken under this tariff by reason of failure to comply with an underrun entitlement order shall be considered as unauthorized underrun. The charge for unauthorized underrun shall be \$1.00 per therm for that part of the unauthorized underrun which exceeds the confirmed daily nomination for such day by the percentage specified in the underrun entitlement order. In addition, the Company may require that the volume of underrun gas be taken off the system within the following seventy-two (72) hour period. If applicable, for that part of the unauthorized underrun not taken off the system within the seventy-two hour period, an additional penalty of \$1.00 per therm per each gas flow day will be assessed following the seventy-two (72) hour period.

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F. Accounting and Billing

- 1. Designation Of Quantities Delivered For Transportation - Gas entering the Company's system is measured by either the Company or its agent. Where the customer's shipper acts as the Company's agent, the customer shall accept as correct the customer's shipper's declaration of the quantity of gas it has delivered to the Company for the customer's account. Where gas is measured by the Company, the customer shall accept as correct the Company's measurement of the gas received by the Company or delivered to the customer.
- 2. Handling Of Billing - Each month the Company shall send the customer a bill. The bill will show the quantities of gas, in therms, received by the Company for the customer's account at each point of receipt for the billing month. The bill will also include any other assessments and/or amounts due for services rendered. The Company may use estimated quantities in the bill, and the customer is obligated to pay the estimated bill as presented; the Company will then make any necessary adjustments in the subsequent month billing. The customer has 15 days from the time the bill is issued to pay the amount due.

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SCHEDULE 440 (continued)

INTERRUPTIBLE NATURAL GAS SERVICE
FOR LARGE COMMERCIAL AND INDUSTRIAL - OREGON

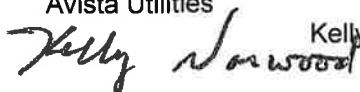
8. In the event of curtailment, customers under this schedule will be curtailed in accordance with Rule No. 14, Continuity Of Service. Interruptible customers are the first to be curtailed.
9. Insofar as operationally practicable, curtailment to each customer receiving service under this schedule shall be pro rata. Proration shall be based on equalization of the number of hours of curtailment for each customer in each heating season (July 1 through June 30).
10. In the event that it is necessary to discontinue service, the monthly minimum charge will be prorated on the basis of the ratio of the number of days on which service was available to the number of days in the billing period. For this purpose service will be considered available if curtailed by the Company less than eight hours in any particular day.
11. Rates contained in this schedule will be used to determine the standby sales service commodity price for Schedule No. 456.
12. The applicability clause shown above will not apply to any customer taking service on or before August 1, 1990.

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SCHEDULE 456 (continued)

INTERRUPTIBLE TRANSPORTATION OF CUSTOMER-OWNED NATURAL GAS
FOR LARGE COMMERCIAL AND INDUSTRIAL SERVICE – OREGON

- 8. It is the intent of the Company and the customer that the quantity of customer-owned gas delivered to the customer on any day approximately equal the quantity of gas received by the Company for transportation to the customer. Imbalances in deliveries will be handled with a balancing account. Rule No. 21 describes how the balancing account will work.
- 9. Rates contained in Schedule No. 440 will be used to determine the standby sales service commodity price for customers procuring service under this schedule.
- 10. The Company shall give the customer as much notice of an impending curtailment as is reasonably possible under the circumstances at the time. The Company will not be liable for damages occasioned by interruption or discontinuance of service provided under this schedule.
- 11. In the event of capacity curtailment, customers under this schedule will be curtailed in accordance with Rule No. 14, Continuity Of Service. Interruptible customers are the first to be curtailed.
- 12. In the event of supply shortages, customers under this schedule shall receive their transport volumes except during an emergency requiring the use of the customer's gas to serve essential human needs. Appropriation of customer-owned gas during supply shortages is more fully described in Rule No. 21.
- 13. Insofar as operationally practicable, curtailment to each customer receiving service under this schedule shall be pro rata. Proration shall be based on equalization of the number of hours of curtailment for each customer in each heating season (July 1 through June 30).
- 14. In the event that it is necessary to discontinue service, the monthly minimum charge will be prorated on the basis of the ratio of the number of days on which service was available to the number of days in the billing period. For this purpose service will be considered available if curtailed by the Company less than eight hours in any particular day.
- 15. Service under this schedule is subject to the general rules and regulations contained in this tariff and to those prescribed by regulatory authorities.


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