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July 29, 2016

Advice No. 16-11-G/ UG-_____
(UM 1165)

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

Attention: Filing Center

Pursuant to Docket UM 1165, ORS 757.210 and ORS 757.259(5), Avista Utilities hereby submits the following tariff revision applicable to its Oregon natural gas operations along with a copy of its supporting workpapers.

DSM Cost Recovery - Oregon

Eighth Revision Sheet 478

Canceling

Seventh Revision Sheet 478

Eighth Revision Sheet 478 represents recovery of the prudently incurred costs associated with the Company's Demand Side Management ("DSM") programs from July 2015 through June 2016. The Company is requesting a decrease in overall retail revenues of \$241,822, or -0.2%, effective on November 1, 2016. The current amortization rates and the proposed changes, both inclusive of the gross revenue factor, are as follows:

<u>Rate</u> <u>Schedule</u>	<u>Current</u> <u>Amortization</u> <u>Rates</u>	<u>Proposed</u> <u>Rate</u> <u>Change</u>	<u>Updated</u> <u>Amortization</u> <u>Rate</u>
410	\$0.02212	(\$0.00304)	\$0.01908
420	\$0.02212	(\$0.00304)	\$0.01908
424	\$0.02212	(\$0.00304)	\$0.01908
444	\$0.02212	(\$0.00304)	\$0.01908

On May 12th, 2015, the Company filed its Application for Reauthorization to defer costs related to the Company's DSM programs for the twelve month period of July 2015 through June 2016.¹ Avista made that filing under ORS 757.259 and OAR 860-027-0300(4). 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 amortizations requested in this filing along with three other filings 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 444	4

¹ The Application for Reauthorization was filed by the Company on May 12th, 2015. Per discussions with Commission Staff, the Application will be addressed at the Commission's August 30, 2016 Public Meeting.

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	\$ 62,942,083	\$ (148,381)	-0.24%	46	\$ 59.42	\$ 59.28	\$ (0.14)	-0.24%
420	General	\$ 28,455,892	\$ 28,374,978	\$ (80,914)	-0.28%	191	\$ 204.23	\$ 203.65	\$ (0.58)	-0.28%
424	Large General	\$ 2,445,093	\$ 2,433,367	\$ (11,726)	-0.48%	3,960	\$ 2,510.19	\$ 2,498.15	\$ (12.04)	-0.48%
444	Seasonal	\$ 171,014	\$ 170,213	\$ (801)	-0.47%	5,609	\$ 3,638.84	\$ 3,621.79	\$ (17.05)	-0.47%
456	Int. Transportation	\$ 3,266,597	\$ 3,266,597	\$ -	0.00%	89,724	\$ 7,163.56	\$ 7,163.56	\$ -	0.00%

After combining the impact of this filing with the four other regulatory filings made today², 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,



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

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² 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 477 (Residual Deferral Amortization - Advice No. 16-10-G), and Schedule 479 (Senate Bill 408 Cost Recovery - Advice No. 16-12-G).

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 478

DSM COST RECOVERY - OREGON

APPLICABLE:

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

PURPOSE:

The purpose of this schedule is to recover the prudent investment costs associated with OPUC-approved Demand Side Management (DSM) Programs and the margin lost as a result of energy savings achieved by implementing the Programs. These programs are implemented through Schedule 466, "CONSERVATION INVESTMENT MECHANISM".

MONTHLY RATE:

The Commodity Charge per therm of the individual rate schedules are to be adjusted by the following amounts:

<u>Rate Schedule</u>	<u>Rate</u>
Schedule 410	\$0.01908 per Therm
Schedule 420	\$0.01908 per Therm
Schedule 424	\$0.01908 per Therm
Schedule 444	\$0.01908 per Therm

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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. 16-11-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