

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 10, 2019**

REGULAR CONSENT EFFECTIVE DATE November 1, 2019

DATE: October 1, 2019

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Jason Eisdorfer and John Crider **SIGNED**

SUBJECT: AVISTA UTILITIES:
(Docket No. ADV 1000/Advice No. 19-08-G) Requests revision to Schedules 440 and 456, and Rules 14 and 21, related to services and plans for Natural Gas curtailment to interruptible customers.

STAFF RECOMMENDATION:

The Commission approve Avista Corporation's dba Avista Utilities' (Avista or Company) Advice No. 19-08-G, effective for service rendered on and after November 1, 2019.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (OPUC or Commission) should approve Avista's Advice No. 19-08-G, which revises Schedules 440 and 456, and Rules 14 and 21, related to service and plans for gas curtailment to interruptible customers.

Applicable Law

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Commission.
- ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.
- OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

Analysis

Background

On October 9, 2018, a gas pipeline owned and operated by Enbridge ruptured north of Prince George, B.C. The rupture resulted in a natural gas shortage throughout Avista's service territory in the Pacific Northwest. In response, Avista activated its emergency operations plan to address the gas shortage in the system. Several of Avista's customers were curtailed for approximately 24 hours beginning the day after the event in order to maintain the integrity of the natural gas distribution system.

Avista conducted a debriefing to evaluate the Company's response to the event. As a result, Avista created a cross-functional team of employees to address areas for improvement in process and communication related to its curtailment procedures and associated tariffs. The proposed revisions in this filing are the result of the Company's efforts to clarify and streamline its curtailment process.

Analysis

A summary of the proposed revisions is as follows:

Schedule 456: The Company moved the terms and conditions related to *transportation* of customer-owned natural gas from Schedule 456 to Rule 21. Terms and conditions related to natural gas *curtailment* were moved from Schedule 456 to Rule 14. This update simplifies Schedule 456 and eliminates the administrative burden of maintaining similar terms and conditions in separate tariffs. The restructuring also aligns with the schedules and rules with the Company's other service territories. The revision also made backup generation a recommendation, not a requirement.

Schedule 440: The Company moved the terms and conditions related to natural gas curtailment to Rule 14; clarified language regarding which customers are not eligible to receive service under schedule 440; updated provisions related to customers moved to or from sales service schedules and interruptible schedules, with an emphasis on making it easier for customers to return to sales service schedules from interruptible schedules; and made backup generation a recommendation, not a requirement.

Rule 21: Renamed the rule, "Natural Gas Transportation Service Terms and Conditions"; removed sections not related to the transportation of customer-owned natural gas or entitlements; reorganized the schedule into sections; added a definitions section where all terms related to the transportation of natural gas are defined; revised entitlement and balancing conditions to better align with the requirements of natural gas transmission pipelines; and updated provisions related to customers moved to or from

sales service schedules and interruptible schedules, with an emphasis on making it easier for customers to return to sales service schedules from interruptible schedules.

Rule 14: Updated the format of the rule to clarify the terms and conditions, as well as align the rule with the Company's other jurisdictions. Renamed the rule, "Plan for Natural Gas Service Curtailment. This is intended to clarify the purpose of the rule.

- Content from previous Section B, "Curtailment at Point of Receipt" was moved to the "Available and Applicable" sections in Rule 21.
- Updated language from previous Subpart D related to Customer-Owned Gas, enabling Avista to entitle, curtail, or interrupt the transportation of customer-owned natural gas whenever the Company is unable to meet firm service requirements. The previous language only allowed the Company to curtail customer-owned natural gas to serve essential human needs customers.
- Updated Section E, "Priority Classification of Use" to curtail customers by schedule instead of by the amount of usage. Curtailing by rate schedule is consistent with Cascade Natural Gas and Northwest Natural, and simplifies the curtailment process.
- Removed the content from previous Section H, "Billing and Adjustment When Service is Curtailed". Interruptions in service are unlikely to have a significant impact on a customer's minimum annual usage, making proration an unnecessary and burdensome administrative task.
- Eliminated Section F, "Curtailment Because of Work on the Company's System" and covered the elements related to curtailment in the appropriate section of Rule 14. The Company's process for curtailment needed to maintain firm service requirements is separate from service interruptions related to maintenance work on the Company's distribution system.
- Increased the curtailment penalty from \$1 per therm to \$10 per therm. This is consistent with Northwest Natural and is intended to motivate customers to quickly curtail their usage of natural gas when needed.

Avista originally filed Advice No. 19-08-G on August 14, 2019 with an effective date of October 1, 2019. Staff hosted a conference call with the Company, the Alliance of Western Energy Consumers (AWEC), and the Citizens Utility Board (CUB) to review and discuss the proposed changes to the tariffs. As a result of the discussion, AWEC requested a slight change to clarify definitions in Rule 21 of Overrun Entitlement,

Underrun Entitlement and constraint period. All parties to the discussion agreed to AWEC's proposed change.

Avista re-submitted the Advice filing with the agreed-upon changes on September 20, 2019, with a tariff effective date of November 1, 2019.

Staff finds Avista's proposed changes to be reasonable and an improvement in clarity over the existing tariff. Staff also commends Avista on taking proactive steps to improve the process and communication procedures during an interruptible event.

Bill Impacts

The proposed revisions to Schedules 456 and 440, and Rules 14 and 21 will not change existing rates or impact Company revenues.

Conclusion

Based on its review of Avista's Advice No. 19-08-G, Staff concludes that the revisions to the Schedules 456 and 440 and Rules 14 and 21 proposed by the Company are appropriate. Staff recommends that the Commission approve the proposed tariff revisions.

PROPOSED COMMISSION MOTION:

Approve Avista's Advice No. 19-08-G revising Schedules 456 and 440, and Rules 14 and 21 effective for service rendered on and after November 1, 2019.