



# Oregon

Kate Brown, Governor

## Public Utility Commission

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October 10, 2019



BY EMAIL

Avista Corporation, dba Avista Utilities

Linda Gervais

Linda.gervais@avistacorp.com

RE: Advice No. 19-08-G

At the public meeting on October 10, 2019, the Commission adopted Staff's recommendation in this matter docketed as ADV 1000. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

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.

AVISTA CORPORATION  
dba Avista Utilities

RULE NO. 14  
PLAN FOR NATURAL GAS SERVICE CURTAILMENT

(N)(D)

**APPLICABLE:**

Avista ("Company") shall Curtail Sales or Transportation Services to Customers if the Company determines that Curtailment is required to maintain the safety, performance, integrity, reliability and/or stability of its natural gas distribution system, as well as to serve the requirements of all Firm Service Customers, or when Curtailment is deemed necessary due to Force Majeure conditions.

**DEFINITIONS:**

**Agent.** A third-party authorized by a Transportation Service Customer to nominate and transport natural gas to Avista's distribution system on a Customer's behalf.

**Curtailment.** A condition declared by Avista during which a Customer is required to partially or totally stop consumption of natural gas.

**Curtailment Period.** The period of time in which a Curtailment condition is in effect.

**Essential Human Needs.** Essential Human Needs Customers include hospitals, nursing homes, sanatoriums, correctional institutions, governmental agencies or public service organizations that provide emergency or life support services, and water and sewage treatment facilities.

**Firm Service.** Transportation Service that Avista provides on a firm basis from the Receipt Point to the Delivery Point. Avista will exercise reasonable diligence and care to ensure continuous delivery of Customer-Owned Natural Gas from the Receipt Point to the Delivery Point; however Avista does not guarantee such continuity of service.

**Force Majeure.** The Company may declare Force Majeure in the following instances: any acts of God; strikes, lockouts, or other industrial disturbances; civil disturbances, arrests and restraints of rulers of people; interruptions by government or court orders; present or future valid orders of any court or regulatory body having proper jurisdiction; acts of the public enemy, wars, riots, blackouts, insurrections; failure or inability to secure materials or labor by reason of regulations or orders of government; serious epidemics; landslides, lightening, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines; or the failure of natural gas supply, temporary or otherwise, from a supplier of natural gas, which act of Force Majeure was not due to negligence or wrongdoing of the party claiming Force Majeure. Further, Force Majeure will also include a declaration of force majeure by a transporter that results in natural gas being unavailable for delivery at the interconnection point.

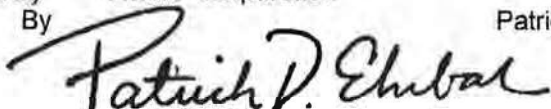
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Advice No. 19-08-G  
Issued September 20, 2019

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November 1, 2019

Issued by Avista Corporation  
By

Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION  
dba Avista Utilities

RULE NO. 14 (continued)  
PLAN FOR NATURAL GAS SERVICE CURTAILMENT

Avista shall have no liability nor be considered in breach or in default for delay in performance due to an event of Force Majeure. In the event of a Force Majeure event, the time for performance shall be extended by a period of time reasonably necessary for Avista to overcome such delay in performance. Nothing contained in this tariff shall require Avista to settle any strike, lockout or other labor dispute.

**TERMS AND CONDITIONS:**

**Customer Notifications:** Avista will attempt to provide notification of Curtailment to the authorized representative(s) designated by the Customer two (2) hours prior to each Curtailment. However, Avista reserves the right to issue an immediate Curtailment at the Company's sole discretion. Each notification of Curtailment will specify the reason for the Curtailment; the service address to which the Curtailment applies; and the quantities of each particular service to be Curtailed.

Avista will provide annual notifications to all Interruptible Sales Service and Transportation Service Customers to confirm their emergency contact information. If changes occur more frequently, the Customer shall contact Avista to update Customer's emergency contact information, including the name(s), telephone number(s) and email address(es) of the Customer's authorized representative(s). The Customer may not designate an Agent as the sole emergency contact.

In the event Avista is unable to provide notice of Curtailment — either because a Customer's authorized emergency information on record is not current, or because the Company is unable to reach any of the named authorized emergency contacts on record — all natural gas used by the Customer within the Curtailment Period will be considered unauthorized usage, and the Customer will be responsible to pay the fees as set forth in this schedule.

**Unauthorized Usage:** Customers shall be obligated to limit natural gas use to the quantities permitted under the notification of Curtailment, and shall be responsible to take whatever steps are necessary to reduce or discontinue their natural gas usage to the level required. Any natural gas used in excess of the quantity permitted shall be deemed to be unauthorized. Customer shall pay for unauthorized usage at the rate specified in this schedule, in addition to all other charges applicable for the period in which the unauthorized quantity was used. In no event shall a Customer's payment for unauthorized usage be construed as Avista giving the Customer permission to continue to use natural gas.

Avista retains the right to physically Curtail service to the meter of any Customer that is consuming unauthorized quantities of natural gas. If the Customer receives both natural gas sales service and transportation service through the same meter, such physical shut off will stop the flow of all natural gas.

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AVISTA CORPORATION  
dba Avista Utilities

RULE NO. 14 (continued)  
PLAN FOR NATURAL GAS SERVICE CURTAILMENT

**Fees for Unauthorized Usage:** Customers are obligated to cease consuming natural gas by the time specified in the notification of Curtailment. In addition to rates charged under the appropriate rate schedule, all unauthorized usage will be billed at **\$10 per therm**. Fees will be assessed on an hourly basis where hourly consumption data is available or on a prorated basis where hourly data is not available.

**Liability:** In accordance with OAR 757.730, Avista shall not be liable to Customers for any claim, costs, loss, or damage of any kind, including but not limited to damages to equipment or property arising out of, in connection with, or incident to Avista's Curtailment of natural gas.

**CURTAILMENT PROCEDURES:**

Should the Company's firm natural gas supply or distribution system capacity be insufficient at any time or any location to meet the full requirements of all the Company's firm service Customers, the Company may initiate a partial or total service Curtailment to Customers in the order listed below; provided, however, that the Company, in its sole judgement and discretion, may change the order listed below to protect system performance integrity, reliability, or stability, or to meet the needs of firm Customers. Interruptible service under Schedule 440 shall have been fully Curtailed in the affected area(s) prior to initiating any portion of this plan.

Restoration of service will be accomplished in the reverse order unless it is necessary, in the sole judgement of the Company, to vary said order to protect system performance integrity, reliability, or stability, and to meet the needs of firm Customers.

**ORDER OF CURTAILMENT PRIORITIES:**

1. Service to Schedules 447, and 456.
2. Service to Schedule 424 and 444.
3. Service to Schedule 420.
7. Essential Human Needs Customers, provided such Customers can be reasonably identified by the Company and the Curtailment condition allows the Company the ability to maintain continued service to such Customers.

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AVISTA CORPORATION  
dba Avista Utilities

RULE NO. 14 (continued)  
PLAN FOR NATURAL GAS SERVICE CURTAILMENT

If a customer purchases natural gas on more than one schedule (i.e., Schedule 440 or 456 and Schedule 420 or 424), they will be Curtailed in the order specified above for the quantities purchased on each Schedule they are served on.

Notwithstanding the priorities listed above, the Company is not required to Curtail service to any Customer(s) that the Company, in its sole judgement and discretion, determines will not contribute to alleviating the supply or distribution capacity constraints. Further, for each of the priorities listed above, the Company will endeavor to Curtail the fewest number of customers as possible.

The Company is not required to restore service or permit the use of natural gas simultaneously to all Customers on a Schedule that has been Curtailed if it believes doing so will affect the safety, performance, integrity, reliability and/or system stability of its natural gas distribution system, or otherwise affect service to higher priority Customers. Service may be restored to any or all Customers on any schedule incrementally, to allow the Company an opportunity to establish safety, performance, integrity, reliability and/or system stability, or otherwise manage its supply and/or distribution system. In the event it should become necessary to Curtail firm service due to force majeure conditions, Avista may Curtail firm service without reference to the priorities established herein.

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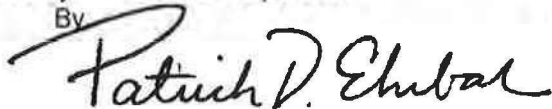
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AVISTA CORPORATION  
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RULE NO 21

NATURAL GAS TRANSPORTATION SERVICE TERMS AND CONDITIONS

**AVAILABLE:**

Transportation Service of Customer-Owned Natural Gas is available to Customers who execute a Transportation Service Agreement with Avista ("Company") under the following Rate Schedule(s): 447, 456. Transportation Service is available from the Receipt Point to a Delivery Point, provided that, in the sole judgement of Avista, there are adequate distribution facilities in place to provide such service.

**APPLICABLE:**

Transportation Service under this rule applies to the transportation of Customer-Owned Natural Gas and is governed by the terms of the applicable Transportation Service Agreement, this schedule, Avista's nomination, balancing, and other operating procedures, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Customer-Owned Natural Gas shall meet the quality requirements as set forth in the applicable Pipeline's Federal Energy Regulatory Commission (FERC) tariff.

Customer-Owned Gas Transportation Service under this rule is subject to Entitlement, Curtailment and Interruption.

**DEFINITIONS:**

**Agency Agreement.** Agreement whereby a Customer authorizes an Agent to nominate and transport natural gas to Avista's distribution system on the Customer's behalf.

**Agent.** A third-party authorized by a Transportation Service Customer to nominate and transport natural gas to Avista's distribution system on a Customer's behalf.

**Confirmed Nomination.** The Company's verification of a Transportation Service Customer's report of the quantity of natural gas it has requested a Pipeline to deliver to Avista's distribution system on a specified Gas Day.

**Curtailment.** A condition declared by Avista during which a Customer is required to partially or totally stop consumption of natural gas.

**Customer-Owned Natural Gas.** Natural gas procured by the Customer that is to be transported by Avista for the Customer's own use. The title to Customer-Owned Natural Gas is held by the Customer at all times.

**Delivery Point.** The point at which natural gas leaves Avista's distribution system and passes through Avista's meter at the Customer's premise.

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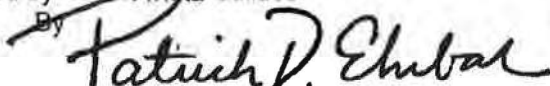
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AVISTA CORPORATION  
dba Avista Utilities

RULE NO 21 – Continued

NATURAL GAS TRANSPORTATION SERVICE TERMS AND CONDITIONS

(N)(D)

**Entitlement.** A condition whereby a Transportation Service Customer is restricted to use no more, or no less than, its daily Confirmed Nominations within the percentage specified in the Entitlement. Entitlement may be declared by Avista upon receiving notice of Entitlement from the Pipeline, or due to operational difficulties on the Company's distribution system. See also Overrun Entitlement and Underrun Entitlement.

**Firm Transportation Service.** Transportation Service that Avista provides on a firm basis from the Receipt Point to the Delivery Point. Avista will exercise reasonable diligence and care to ensure continuous delivery of Customer-Owned Natural Gas from the Receipt Point to the Delivery Point, but Avista does not guarantee such continuity of service.

**Force Majeure.** As defined in rule 14.

**Gas Day.** A 24-hour period beginning daily at 7:00 a.m. Pacific Clock Time (PCT). Avista's Gas Day coincides with the Gas Day established by the Pipeline(s), and may change from time to time, upon approval of the Federal Energy Regulatory Commission.

**Natural Gas Sales Service.** Service which Avista procures natural gas supply and provides it to a Delivery Point on a firm basis. Avista will exercise reasonable diligence and care to supply and deliver continuous service; provided, however, the Company does not guarantee such continuity of service, or sufficiency or quantity.

**Imbalance.** The difference between Confirmed Nominations and the volume of Customer-Owned Natural Gas actually delivered to a Transportation Service Customer within a balancing period.

**Interruption.** Avista may temporarily interrupt service to Customer(s) when it is necessary, as determined by the Company in the exercise of its reasonable judgement.

**Nomination.** A specific quantity of Customer-Owned Natural Gas that a Transportation Service Customer requests Avista to transport from a Receipt Point to a Delivery Point on a given Gas Day.

**Overrun Entitlement.** A condition whereby a Transportation Service Customer is required to use no more than the Customer's Confirmed Nomination plus a threshold percentage as declared by Avista on a specified Gas Day, as prescribed in the Overrun Entitlement section in this Schedule.

**Pipeline.** TransCanada's Gas Transmission NW (GTN), Williams's Northwest Pipeline, and any other natural gas pipeline transportation connected to the facilities of Avista.

**Receipt Point.** The point at which natural gas enters Avista's distribution system from a Pipeline's interconnect.

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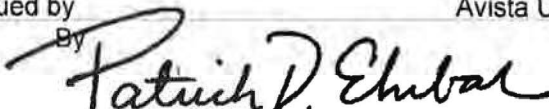
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AVISTA CORPORATION  
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RULE NO 21 – Continued

NATURAL GAS TRANSPORTATION SERVICE TERMS AND CONDITIONS

**Supply Pool.** A group of Customers receiving Transportation Service from Avista through a single Agent, and whose natural gas for all Customers in the Supply Pool is received into the Company's distribution system at a common Receipt Point.

**Telemetry.** An automated communication process, either wired or wireless, that transmits metering information from the natural gas meter set to Avista.

**Transportation.** The movement of Customer-Owned Natural Gas from the Receipt Point through Avista's distribution system to a Customer's Delivery Point(s).

**Transportation Service.** Transportation of Customer-Owned Natural Gas.

**Transportation Service Agreement.** Agreement between Avista and a Customer to provide service pursuant to a transportation rate schedule.

**Underrun Entitlement.** A condition whereby a Transportation Service Customer is required to use equal to or more than the Customer's Confirmed Nomination, less a stated percentage as declared by Avista on a specified Gas Day.

**TERMS AND CONDITIONS:**

1. Transportation Service hereunder shall be provided subject to the execution of a Transportation Service Agreement. The Transportation Service Agreement shall specify, among other things, the maximum daily volume of Customer-Owned Natural Gas to be transported.

2. The Receipt Point for Customer-Owned Natural Gas supplies must be approved by Avista. Transportation Service Customers shall hold Avista harmless from any damage or losses caused by failure of Customer-Owned Natural Gas supplies to arrive at the designated Receipt Point.

3. The Customer may designate an Agent, or act as an Agent on its own behalf, to manage the Customer's Customer-Owned Natural Gas supply and provide daily Nominations to Avista on behalf of the Customer. The Customer must execute an Agency Agreement before Avista will accept any Nominations from an Agent on behalf of the Customer.

4. The Customer may become a member of a Supply Pool. Avista will designate Supply Pools in accordance with the Company's ability to physically receive and deliver natural gas to the Customer. The Customer's Agent will nominate and balance natural gas supplies on behalf of all Customers in a Supply Pool and shall be responsible for any imbalance charges or other fees, charges, taxes or penalties.

(M) Material has been transferred from 1<sup>st</sup> Revision Sheet 21A

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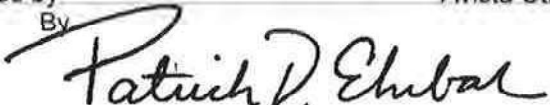
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AVISTA CORPORATION  
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RULE NO 21 - Continued

NATURAL GAS TRANSPORTATION SERVICE TERMS AND CONDITIONS

5. Billing arrangements with natural gas suppliers, transportation providers and Agents are to be the responsibility of the Customer.

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6. Notwithstanding Section 4 above, in the event that the Agent fails to pay any fees, charges, taxes or penalties, the Customer shall be responsible for any transportation service fees, agency fees, charges, taxes and penalties levied on Customer-Owned Natural Gas transported by Avista, even if the Customer makes use of an Agent.

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7. Customer-Owned Natural Gas Transported under this schedule shall not be resold by the Customer receiving Transportation Service.

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8. Avista may Entitle, Curtail, or Interrupt the Transportation of Customer-Owned Natural Gas on its distribution system whenever the Company, in its sole judgment, determines that it is unable to meet all of its firm service requirements. Such Entitlement, Curtailment or Interruption shall be made in accordance with this rule and the Company's Rule 14, "Plan for Natural Gas Service Curtailment", as contained in its approved tariff. Any volumes of Customer-Owned Natural 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. Avista will not be liable for damages due to Entitlement, Curtailment or Interruption of Transportation Service provided under this rule.

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9. Avista recommends that the Customer, at their expense, provide and maintain standby facilities to continue operations with a substitute fuel in the event of partial curtailment or total interruption of the gas supply. In the event that the Customer does not have adequate standby facilities, Avista will not be liable for damages occasioned by the curtailment or interruption of service supplied under this schedule. In the event that the Customer cannot be Curtailed or Interrupted due to the absence of standby facilities, they are not eligible to receive service under the schedules subject to this rule.

10. A Transportation Service Customer may contract with Avista for Natural Gas Sales Service. In such cases, the Customer must execute a contract that will specify the daily sales quantity required, expressed in therms, and the sales rate schedule assigned by Avista. Sales gas shall be deemed first through the meter each day. Transportation Service supplied under this rule shall not be interchangeable with Natural Gas Sales Service supplied by the Company.

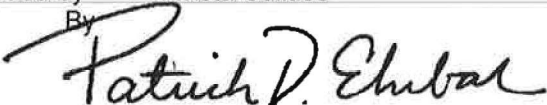
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(M) Material has been transferred from 1<sup>st</sup> Revision Sheet 21A

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AVISTA CORPORATION  
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RULE NO 21 – Continued

NATURAL GAS TRANSPORTATION SERVICE TERMS AND CONDITIONS

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11. Customers who desire to change from a Transportation Service Schedule to a Natural Gas Sales Service Schedule, or purchase a percentage of Natural Gas Sales Service, must provide written notice to Avista at least ninety (90) days prior to the effective date of the desired schedule change. At the Company's sole discretion, it may grant a Customer's request to transfer to a firm sales service schedule with less than ninety (90) days' notice. The availability for a Customer to change to a Natural Gas Sales Service schedule will be based on Avista's sole judgement that it can procure natural gas supply and the existing distribution system has adequate capacity for the service requested by Customer and would not otherwise affect current Natural Gas Sales Service Customers. In the event that there is no availability for the Customer to change to a Natural Gas Service Schedule on its desired date due to capacity or natural gas supply constraints, Avista will provide an estimated date for when the Customer is able to change service schedules.

Customers changing between Transportation and Natural Gas Sales Schedules must remain on the new schedule for a period of no less than one year.

Avista shall charge or credit a Customer changing from Natural Gas Sales Service to Transportation Service or from Transportation Service to Natural Gas Sales Service to ensure the fair treatment of existing natural gas cost deferral account balances among all Customers. The charge or credit will be based on the Customer's actual sales gas usage divided by the total usage for all sales gas Customers multiplied by total deferred gas costs for the month.

**TELEMETRY REQUIREMENTS:**

Telemetry is required to support the metering and billing of a Transportation Service Customer. Service under a Transportation schedule may require that the Customer reimburse Avista for costs of any piping and metering changes including regulators, meters, electronic volume correctors, and communications equipment that Avista requires in the course of providing telemetry to the Company. The Customer shall also furnish electric power, an analog phone line (land line) or an Avista approved equivalent, conduit and raceway for connecting all equipment, power, and communications. Work shall comply with Avista's Natural Gas Engineering Standards for Telemetry work, as natural gas is hazardous, and special electrical requirements for hazardous areas apply.

**BALANCING OF RECEIPTS AND DELIVERIES:**

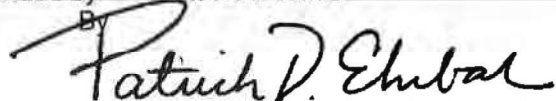
The Customer or its Agent will schedule its supply such that at the end of the Customer's billing cycle, the Customer's usage approximately equals the amount of Customer-Owned Natural Gas supplied to Avista by the Customer or Customer's Agent during the billing cycle. Balancing of receipts and deliveries shall be accomplished on a daily basis to the extent possible. Cumulative imbalances in receipts and deliveries will be carried over to the next billing cycle.

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RULE NO 21 - Continued

NATURAL GAS TRANSPORTATION SERVICE TERMS AND CONDITIONS

If a Customer's cumulative Imbalance in any billing cycle is more than five percent (5%) above or below total Confirmed Nominations for that billing cycle, such Customer will be notified by the fifteenth (15<sup>th</sup>) day of the following billing cycle that the Imbalance exceeds the allowed tolerance, and such Customer will receive a minimum of forty-five (45) days from the date of the notification from Avista to eliminate the Imbalance. The Customer's Imbalance will be reevaluated at the end of each billing cycle to determine if the Customer is back in tolerance. If an Imbalance is not back within tolerance by the date specified in the notification described above, the Customer will be required to pay a balancing charge of \$1.00 per therm for usage volumes above or below the five percent (5%) tolerance.

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**ENTITLEMENTS:**

Entitlement conditions exist when a Transportation Service Customer is restricted to use no more, or no less than, its daily Confirmed Nominations within the percentage specified in the notification of Entitlement. Any restrictions of service to a Customer when an Entitlement exists will be made in accordance with this rule. A constraint period may be declared in the sole discretion of Avista. Each constraint period will be specified as either a Curtailment, an Underrun Entitlement or an Overrun Entitlement. Only one type of constraint period may exist at any one time.

(N)(D)

At Avista's discretion, an Entitlement may be issued which will serve to prescribe a minimum or maximum percentage of their Confirmed Nomination to be used by a Customer during a day. The notification of Entitlement will specify the conditions necessary for compliance, including the prescribed tolerance.

**Overrun Entitlement:** In an Overrun Entitlement condition the following threshold percentage levels will be effective:

- Stage 1: Three percent (3%) of Confirmed Nominations, or if ordered within two (2) hours of the start of the Gas Day, five percent (5%) of Confirmed Nominations
- Stage 2: Eight percent (8%) of Confirmed Nominations
- Stage 3: Thirteen percent (13%) of Confirmed Nominations

The penalty that will apply for any unauthorized volumes during an Overrun Entitlement will be the greater of \$1.00 per therm or 150% of the highest individual midpoint price of the following locations: NW Wyo. Pool; NW S. of Green River; Stanfield Ore., Kern River Opal, El Paso Bondad or NW Can. Bdr. (Sumas) as shown in the S&P Global Platts publication "Gas Daily" for the applicable Overrun Entitlement.

Payment for unauthorized volumes of natural gas and overrun penalties shall not under any circumstances be considered as granting Customer the right to take unauthorized overrun gas or exclude any other remedies which may be available to Avista.


(N)(D)

(M) Material has been transferred from 2<sup>nd</sup> Revision Sheet 21C

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Patrick Ehrbar, Director of Regulatory Affairs

AVISTA CORPORATION  
dba Avista Utilities

RULE NO 21 - Continued

NATURAL GAS TRANSPORTATION SERVICE TERMS AND CONDITIONS

**Underrun Entitlement:** During an Underrun Entitlement condition, a Customer that is in an underrun situation will be subject to underrun charges for each instance of underrun imbalance that occurs during an Underrun Entitlement period. The charges that will apply during any Underrun Entitlement episode will be \$1.00 per therm for any underrun Imbalances exceeding a specified percentage of Confirmed Nominations.

**CURTAILMENTS:**

Curtailments are a condition declared by Avista during which a Customer is required to partially or totally stop consumption of natural gas. Curtailments will be made in accordance with Rule 14, "Plan for Natural Gas Service Curtailment."

(N)(D)

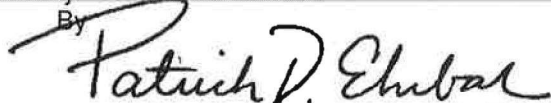
(N)

(D)

Advice No. 19-08-G  
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SCHEDULE 440 (continued)

INTERRUPTIBLE NATURAL GAS SERVICE  
FOR LARGE COMMERCIAL AND INDUSTRIAL - OREGON

TERMS AND CONDITIONS:

1. The above Commodity Charge Per Therm is subject to the provisions of "Other Charges" listed above.

(T)

2. Service under this schedule is subject to the provisions of a service agreement for a term of one year or longer.

(D)

(C)

(C)

3. Service under this schedule is not available to any Customer who has requested protection from curtailment. A Customer receiving service under this schedule may only obtain protection from curtailment by requesting transfer to the appropriate firm rate schedule of the Company, for the minimum term specified therein.

(C)

|

(C)

4. As a condition precedent to service under this schedule, an executed agreement with Avista ("Company") is required specifying quantity requirements and other terms and conditions as hereinafter provided.

(T)

5. Service under this schedule shall be subject to interruption at such times and in such amounts as, in the Company's judgment, interruption is necessary. Avista will not be liable for damages occasioned by interruption of service supplied under this schedule. In addition, service under this schedule shall be subject to Curtailment conditions in accordance with the Company's Rule 14, "Plan for Natural Gas Service Curtailment."

(N)

(N)

(T)

(T)(N)

(N)

(N)

6. Avista recommends that the Customer, at their expense, provide and maintain standby facilities to continue operations with a substitute fuel in the event of partial Curtailment or total interruption of the natural gas supply. In the event that the Customer does not have adequate standby facilities, Avista will not be liable for damages occasioned by the curtailment or interruption of service supplied under this schedule.

(N)(D)

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(D)

7. Natural gas service supplied under this schedule shall not be interchangeable with any other natural gas service available from Company.

(N)

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SCHEDULE 440 (continued)

INTERRUPTIBLE NATURAL GAS SERVICE  
FOR LARGE COMMERCIAL AND INDUSTRIAL - OREGON

8. Upon the request of Avista, Customer shall read the Company's meter at the beginning of each day and report said reading to Avista daily; further, Customer shall from time to time submit estimates of its daily, monthly and annual volumes of natural gas required hereunder, including peak day requirements, together with such other operating data as Avista may require in order to schedule its operations and to meet its system requirements.

(N)(D)

9. Customers served under this schedule who desire to change rate schedules must provide written notice to the Company at least ninety (90) days prior to the effective date of the desired schedule change. At the Company's sole discretion, it may grant a Customer's request to transfer to a firm sales service schedule with less than ninety (90) days' notice. The availability for a Customer to change to a firm sales service schedule will be based on Avista's sole judgement that the existing distribution system has capacity adequate for the service requested by Customer. In the event that there is no availability for the Customer to change to a firm sales service schedule on their desired date due to capacity or natural gas supply constraints, Avista will provide an estimated date for when the Customer is able to change schedules.

10. Customers served under this schedule who desire to change to a transportation service schedule must meet the terms and conditions specified in Rule 21, "Natural Gas Transportation Service Terms and Conditions", and provide written notice to the Company at least ninety (90) days prior to the effective date of the schedule change.

(N)(D)

11. The applicability clause shown above will not apply to any customer taking service on or before August 1, 1990.

12. Service under this schedule is subject to the Rules and Regulations contained in all applicable Schedules and Rules of Avista's tariff book P.U.C. OR. No. 5.

(N)  
(N)  
(N)

Advice No. 19-08-G  
Issued September 20, 2019

Effective For Service On & After  
November 1, 2019

Issued by Avista Utilities

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Patrick Ehrbar, Director of Regulatory Affairs



AVISTA CORPORATION  
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SCHEDULE 456 (continued)

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

TERMS AND CONDITIONS:

1. Service hereunder shall be provided subject to execution of a contract between the Customer and the Company for a term of not less than one year. The contract shall also specify the maximum daily volume of gas to be transported.
2. Service under this schedule is not available to any Customer who has requested protection from curtailment. A Customer receiving service under this schedule may only obtain protection from curtailment by requesting transfer to the appropriate firm rate schedule of the Company, for the minimum term specified therein.
3. Service under this schedule shall be subject to the terms and conditions described in the Company's Rule NO. 14, Plan for Natural Gas Service Curtailment, and Rule NO. 21, Natural Gas Transportation Terms and Conditions.

(T)

(C)

(C)

(N)

(N)

(N)

(D)

(D)

Advice No. 19-08-G  
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Effective For Service On & After  
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