

Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



September 25, 2007

Oregon Public Utility Commission
550 Capitol Street NE
Salem, Oregon 97310-1380

Attention: Ms. Vikie Bailey-Googins

Avista Utilities hereby requests authorization to utilize a sub-account of FERC account number 191 to defer the difference between the actual revenue collected from customers under the proposed Glendale Surcharge Rate Schedule 495 and the estimated monthly amounts filed in Advice No. 07-08-G (page 1 of Exhibit B). Rate Schedule 495 surcharges customers for a portion of the cost to convert the town of Glendale from propane air to natural gas service.

Absent authorization of deferred accounting, standard accounting practices would be utilized for the recording of the actual revenue collected from customers under Rate Schedule 495. Any over or under collection would be absorbed by the Company until the next general gas rate case.

This application will have no effect on current company revenue or customer rates.

If you have any questions regarding this information please contact Craig Bertholf at (509) 495-4124.

Sincerely;

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly O. Norwood
Vice President, Rates and Regulation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served Avista Utilities', a division of Avista Corporation, application for authorization to utilize deferral accounting for the difference between the actual revenue collected from customers under the proposed Glendale Surcharge Rate Schedule 495 and the estimated monthly amounts filed in Advice No. 07-08-G (page 1 of Exhibit B) upon the parties listed below by mailing a copy thereof, postage prepaid and/or by electronic mail.

Mr. Edward Finklea
Cable Huston Benedict
Haagensen & Lloyd, LLP
1001 SW 5th, Suite 2000
Portland, OR 97204-1136
efinklea@chbh.com

Citizens' Utilities Board
610 SW Broadway, Suite 308
Portland, OR 97205-3404
Jason@OregonCUB.org
Bob@OregonCUB.org
Lowrey@OregonCUB.org

Ms. Paula Pyron
Executive Director
Northwest Industrial Gas Users
4113 Wolfberry Court
Lake Oswego, OR 97035
ppyron@nwigu.org

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 25th day of September 2007.



Patty Olsness
Rates Coordinator

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

IN THE MATTER OF THE APPLICATION OF) NOTICE OF APPLICATION
AVISTA UTILITIES FOR AN ORDER) FOR AUTHORIZATION
AUTHORIZING DEFERRAL OF CERTAIN) OF CERTAIN DEFERRAL
COSTS) COSTS

Avista Utilities pursuant to ORS 757.259 and OAR 860-27-300(4) applies to the Public Utility Commission of Oregon ("Commission") for an order authorizing it to utilize deferral accounting related to surcharge tariff Rate Schedule 495. This Rate Schedule relates to the conversion of the town of Glendale from propane air to natural gas service.

Item 1 Glendale Surcharge Account

Advice No. 07-08-G includes a proposed tariff sheet, Schedule 495, to surcharge the company's natural gas sales customers a total of \$122,000 per year beginning November 1, 2007. The surcharge is to partially reimburse the company for the annual costs associated with converting the town of Glendale from propane air to natural gas service, in accordance with the proposed Stipulation, included as Exhibit A of that filing.

The surcharge rate set forth under proposed Schedule 495 is based on forecasted monthly sales volumes for the period November 2007 through October 2008. The forecasted sales volumes and revenue are set forth on page 1 of Exhibit B of Advice No. 07-08-G. The Company requests authorization to defer the difference between the actual revenue collected from customers under Rate Schedule 495 and the estimated monthly amounts set forth in page 1 of Exhibit B. These deferral differences will be accumulated for refund or collection from customers with the 2008 annual purchased gas cost (PGA) filing. Such differences will be accumulated in a sub-account of FERC account number 191.

The Company plans to file a general gas rate case in October 2007 with rates expected to be effective prior November 1, 2008. At the time those general rates are effective, the surcharge under Rate Schedule 495 will be terminated and no further deferrals will be recorded.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38

It is appropriate that deferred accounting be authorized to minimize both the frequency of rate changes and the fluctuation of rate levels pursuant to subsection (2) (C) of ORS 757.259.

Absent authorization of deferred account, standard accounting practices would be utilized for the recording of the actual revenue collected from customers under Rate Schedule 495. Any over or under collection would be absorbed by the company until the next general gas rate case.

Avista seeks, with this application, to receive authorization of this deferral for the next 12 months or until the next general rate change becomes effective, whichever occurs first.


Item 2 - Notification

The attached Notice of Application was sent to all parties and interested persons that participated in Avista Utilities most recent Oregon general rate case.

WHEREFORE, Avista Utilities respectfully requests that its Glendale surcharge deferral account described above be appropriately authorized.

DATED this 25th day of September 2007.

Respectfully submitted,
Avista Utilities

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