

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



August 31, 2006

**Advice No. 06-05-G**

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

Attention: Ms. Vikie Bailey-Googins

Avista Utilities submits an original and fifteen (15) copies of the following listed tariff sheets applicable to its Oregon natural gas operations. It is requested that these sheets become effective on October 1, 2006.

<b><u>Oregon PUC Sheet No.</u></b>	<b><u>Title of Sheet</u></b>	<b><u>Canceling Oregon PUC Sheet No.</u></b>
Original Revision Tariff Sheet 461	Schedule No. 461 Purchased Gas Cost Adjustment Provision	None
Original Revision Tariff Sheet 461A	Schedule No. 461A Purchased Gas Cost Adjustment Provision	None
Original Revision Tariff Sheet 461B	Schedule No. 461B Purchased Gas Cost Adjustment Provision	None
Original Revision Tariff Sheet 461C	Schedule No. 461C Purchased Gas Cost Adjustment Provision	None

This filing is to implement the proposed PGA tariff, Schedule 461, Purchased Gas Cost Adjustment Provision, for the one-month period of October 2006. If approved, this filing results in no change in customer rates.

**Advice No. 06-05-G**

Page -2-

Please direct any questions regarding this filing to Craig Bertholf at (509) 495-4124 or Brian Hirschhorn at (509) 495-4723.

Sincerely,

A handwritten signature in black ink that reads "Kelly O. Norwood". The signature is written in a cursive, flowing style.

Kelly O. Norwood, Vice President  
State and Federal Regulation

Enclosure

## CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that I have this day served Avista Utilities', a division of Avista Corp, application to incorporate the tracking rates into the appropriate schedule upon the parties listed below by mailing a copy thereof, postage prepaid.

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

Citizens' Utilities Board  
610 SW Broadway, Suite 308  
Portland, OR 97205-3404

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

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

Dated at Spokane, Washington this 31st day of August 2006.

  
\_\_\_\_\_  
Patty Olsness  
Rates Coordinator

AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 461

PURCHASED GAS COST ADJUSTMENT PROVISION – OREGON

APPLICABILITY:

This schedule applies to all schedules for natural gas sales service within the entire territory served by the Company in the State of Oregon. The definitions and provisions described herein shall establish the natural gas costs for Purchased Gas Adjustment (PGA) deferral purposes on a monthly basis.

This Schedule supercedes Schedules 462, 463, 464 and 465. This Schedule shall be effective during the period October 1, 2006 through October 31, 2006.

PURPOSE:

The purpose of this provision is to allow the Company, on established Adjustment Dates, to adjust rate schedules for changes in the cost of gas purchased in accordance with the rate adjustment provisions described herein.

A. DEFINITIONS:

1. Actual Commodity Cost: The natural gas supply costs for commodity actually paid for the month, including Financial Transactions, fuel use, and distribution system lost and unaccounted for natural gas (LUFG) plus Gas Storage Facilities withdrawals, plus or minus the cost of gas associated with pipeline imbalances, plus propane costs, plus odorization charges, less Commodity Off-System Sales Revenues received during the month, plus actual Variable Transportation Costs, plus commodity-related reservation charges, less all transportation demand charges embedded in commodity costs..
2. Commodity Off-System Sales Revenues: Revenues received from the sale of natural gas to a party other than the Company's Oregon sales customers less costs associated with the sales transactions.
3. Variable Transportation Costs: Variable transportation costs, including pipeline volumetric charges, and other variable costs related to volumes of commodity delivered to sales Customers.
4. Actual Non-Commodity Cost: Actual Non-Commodity gas costs shall be equal to actual Demand Costs, less actual Capacity Release Benefits, plus or minus actual pipeline refunds or surcharges.
5. Demand Costs: Fixed monthly pipeline costs and other demand-related natural gas costs such as capacity reservation charges, plus any transportation demand charges embedded in commodity costs.

Advice No. 06-05-G  
Issued: August 31, 2006

Effective For Service On & After:  
October 1, 2006

Issued by Avista Utilities

By

Kelly O. Norwood,

VP, State & Federal Regulation



AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 461 (continued)

PURCHASED GAS COST ADJUSTMENT PROVISION – OREGON

6. Capacity Release Benefits: This component includes revenues associated with pipeline capacity releases. The benefits to Customers, through the monthly PGA deferrals, shall be 100% of the capacity release revenues up to the full pipeline rate, and 80% of the capacity release revenues in excess of full pipeline rates. Capacity release revenues shall be quantified on a transaction-by-transaction basis.

7. Estimated Weighted Average Cost Of Gas (WACOG): The estimated October 2006 WACOG is set at the calculated estimate for the period October 1, 2005 through September 30, 2006. This WACOG does not include any revenue-sensitive factors.

The Estimated October WACOG per therm is : \$0.79348

8. Estimated Non-Commodity Cost per Therm: The estimated Non-Commodity Cost per therm for October 2006 is set at the calculated estimate for the period October 1, 2005 through September 30, 2006. This estimate does not include any revenue-sensitive factors.

The Estimated October Non-Commodity Cost per therm is: \$0.15457

9. Actual October Calendar Sales Volumes: Actual October billed sales therms, adjusted for estimated unbilled therms, for Schedules 410, 420, 424, 430, 440, and 444.

10. Embedded Commodity Cost: The Estimated October WACOG multiplied by the October Monthly Calendar Sales Volumes.

11. Embedded Non-Commodity Cost: The Estimated October Non-Commodity Cost per Therm multiplied by the October Monthly Calendar Sales Volumes less Schedule 440 volumes.

12. Financial Transactions: Cost of Financial Transactions related to gas supply, including but not limited to, hedges, swaps, puts, calls, options and collars that are exercised to provide price stability/control or supply reliability for sales service customers.

Advice No. 06-05-G  
Issued: August 31, 2006

Effective For Service On & After:  
October 1, 2006

Issued by Avista Utilities

By

Kelly O. Norwood,

VP, State & Federal Regulation



AVISTA CORPORATION  
dba Avista Utilities

## SCHEDULE 461 (continued)

## PURCHASED GAS COST ADJUSTMENT PROVISION - OREGON

13. Gas Storage Facilities: The cost of natural gas for injections shall be the actual cost of purchasing and transporting the gas to the Storage Facility. Withdrawals of natural gas shall be valued at the weighted average cost of gas in the facility. Only the cost of natural gas withdrawn from Storage Facilities will be included in the Actual Commodity Cost, as defined herein.

## B. CALCULATION OF MONTHLY GAS COSTS FOR DEFERRAL PURPOSES:

The Company shall maintain sub-accounts of Account 191. Monthly entries into these sub-accounts shall be made to reflect differences between: 1) the Actual October Commodity Cost and the October Embedded Commodity Cost, and 2) the Actual October Non-Commodity Cost and the October Embedded Non-Commodity Cost. The entries shall be calculated each month as follows:

1. A debit or credit entry shall be made equal to 100% of the difference between the Actual October Non-Commodity Cost and the October Embedded Non-Commodity Cost.
2. A debit or credit entry shall be made equal to 90% of the difference between the Actual October Commodity Cost and the October Embedded Commodity Cost.
3. Differentials shall be deemed to be positive if actual costs exceed embedded costs, and to be negative if actual costs fall below embedded costs.
4. The cost differential entries shall be debited to the Account 191 sub-accounts if positive, and credited to the Account 191 sub-accounts if negative.
5. Interest - The Company shall compute interest on the deferred balance at September 30, 2004 on a monthly basis using the Company's authorized rate of return. All monthly gas cost deferrals between October 1, 2004 and September 30, 2005 will be tracked separately with interest applied to that balance at 4.0% per annum. All monthly gas cost deferrals between October 1, 2005 and September 30, 2006 will be tracked separately with interest applied to that balance at the Company's authorized rate of return. The Company shall not compute interest on the deferrals accrued between October 1, 2006 and October 31, 2007, until November 1, 2007.

Advice No. 06-05-G  
Issued: August 31, 2006

Effective For Service On & After:  
October 1, 2006

Issued by Avista Utilities  
By

Kelly O. Norwood, VP, State & Federal Regulation



AVISTA CORPORATION  
dba Avista Utilities

SCHEDULE 461 (continued)  
PURCHASED GAS COST ADJUSTMENT PROVISION – OREGON

C. AMORTIZATION OF ACCOUNT 191 SUB-ACCOUNT DEFERRALS

The Account 191 sub-account balances shall be amortized over the twelve (12) month period commencing with the November 1 adjustment date or such other time period acceptable to the Company and the Commission. The deferred balance at September 30, 2004 plus accrued interest shall be completely amortized prior to any amortization being applied to gas cost deferrals accumulated after September 30, 2004.

C. ADJUSTMENT DATES:

The Adjustment Date shall be November 1 of each year for changes in annual gas costs. The Company may file out-of-cycle PGA adjustments to be effective at times other than November 1 of each year, if the Company's annual gas costs change by 10 percent or more, or for such other reasons and on such terms as the Commission may approve.

D. TIME AND MANNER OF FILING:

Applications must be made 60 days in advance.

E. AMOUNT OF ADJUSTMENT:

The amount of adjustment to be made to customers' rates effective on each November 1 adjustment date shall consist of the sum of the changes in the Embedded Commodity Cost and Non-Commodity Cost and the change in amortization rates of the Account 191 sub-accounts, as well as other deferral accounts as the Commission may approve.

F. GENERAL RULES AND REGULATIONS:

This schedule is subject to the General Rules and Regulations contained in this tariff and to those prescribed by regulatory authorities.

This schedule is an automatic adjustment clause (PGA) as described in ORS 757.210(1) and is subject to the customer notification requirements as described in OAR 860-022-0017.

Advice No. 06-05-G  
Issued: August 31, 2006

Effective For Service On & After:  
October 1, 2006

Issued by Avista Utilities  
By

Kelly O. Norwood, VP, State & Federal Regulation

