



August 23, 2013

Public Utility Commission of Oregon
Attention: Filing Center
3930 Fairview Industrial Drive SE
Salem, OR 97302

RE: Docket No: UM 1497

Pursuant to ORS 757.259 and OAR 860-027-300(4) Avista Utilities submits an original and ten (10) copies of its Application for Reauthorization to utilize deferred accounting for Purchase Gas Cost differences.

Avista seeks, with this application, to receive reauthorization of these deferrals for the twelve month period beginning November 1, 2013 and ending October 31, 2014.

Please direct any questions regarding this order request to Patrick Ehrbar at (509) 495-8620 or Ryan Finesilver at (509) 495-4873.

Sincerely,

A handwritten signature in black ink, appearing to read "D. J. Meyer", is positioned above the typed name of the sender.

David J. Meyer, Esq., Vice President and Chief Counsel
for Regulatory and Governmental Affairs

Enclosure

Cc: Certificate of Service

1 Commission to authorize the deferral of expenses or revenues of a public utility for
2 later incorporation into rates.

3
4 BACKGROUND

5 Deferral of Purchased Gas Cost differences was previously authorized, effective
6 November 1, 2012, on September 25, 2012 by Order No. 12-368.

7
8 DESCRIPTION OF EXPENSES

9 Currently the Company accumulates Purchased Gas Cost differences in two sub-
10 accounts of FERC account number 191, namely account number 191909 and account
11 number 191910. Account number 191909 is used to record the commodity portion of
12 Purchased Gas Cost differences and account number 191910 is used to record the
13 demand portion. After the Commission determines these costs were prudently incurred,
14 these differences are included in the Company's annual Purchased Gas Cost
15 Adjustment (PGA) filing for refund or surcharge to customers.

16 Due to the volatility of the price of natural gas purchased and transported for
17 customer use, the associated costs are difficult to establish with any degree of certainty.
18 This volatility makes the use of deferred accounting extremely important.

19 It is appropriate that deferred accounting be authorized for the Purchased Gas
20 Cost differences for the same reasons that originally established the PGA mechanism.
21 Namely, deferred accounting minimizes both the frequency of rate changes and the
22 fluctuation of rate levels pursuant to subsection (2)(C) of ORS 757.259.

1 PROPOSED ACCOUNTING

2 The commodity portion of Purchased Gas Cost differences includes the actual
3 cost of purchasing natural gas, the variable cost of transporting the gas from the supply
4 basins to the citygate, the benefits received from storage optimization, off system sales
5 and other miscellaneous costs or benefits. These costs are compared with the actual
6 commodity costs collected from customers, with 90% of the difference recorded
7 monthly to account number 191909.

8 The demand portion of the Purchased Gas Cost differences includes fixed pipeline
9 costs, capacity releases and miscellaneous pipeline related refunds or surcharges.
10 These costs are compared with the actual demand costs collected from customers and
11 the difference is recorded monthly to account number 191910.

12 Interest is also calculated on the average net balance and included in the deferral
13 accounts.

14 CURRENT DEFERRAL BALANCES

15 As of June 30, 2013, the outstanding balances for the Purchased Gas Cost deferral
16 accounts are;

17 Account 191909, Commodity Deferrals	\$ 886,893
18 Account 191910, Demand Deferrals	<\$6,691,088>
19	
20 Total	<u><\$5,804,195></u>
21	<u>=====</u>

22 Avista seeks with this application to receive authorization of the sub-accounts of
23 FERC Account No. 191 used to account for the Company's Purchased Gas Cost
24 differences for the 12 month period, November 1, 2013 through October 31, 2014.

25 This Application will have no effect on Company revenue or customer rates. A
26 copy of the attached Notice of Application and list of persons served the Notice and

1 Application is attached as Exhibit A.

2 WHEREFORE, Avista Utilities respectfully requests that the Commission
3 reauthorize the Company to defer the costs described in this Application.

4 DATED this 23rd day of August 2013.


5 Respectfully submitted,

6 Avista Utilities

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By:  _____

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David J. Meyer, Esq., Vice President and Chief
Counsel for Regulatory and Governmental Affairs

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served Avista Corporation's Application for an Order Reauthorizing Deferral Accounting for the Company's Purchase Gas Cost differences upon the parties listed below by mailing a copy thereof, postage prepaid and/or by electronic mail.

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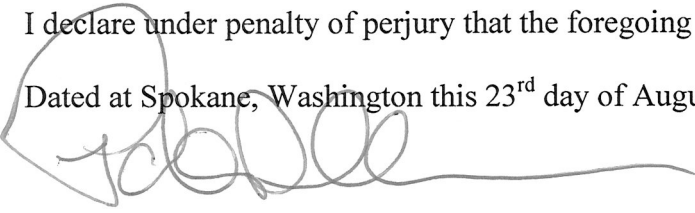
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I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 23rd day of August 2013.



Patrick Ehrbar
Manager, Rates and Tariffs