BEFORE THE PUBLIC	UTILITY COMMISSION
OF O	REGON
Docket N	o: UM 1497
AVISTA UTILITIES FOR AN ORDER REAUTHORIZING DEFERRAL OF CERTA) FOR REAUTHORIZATIONAIN) OF CERTAIN DEFERRAL
Avista Corporation, dba Avista Utiliti	es ("Avista" or "Company"), pursuant to ORS
757.259 and OAR 860-027-0300(4), applie	s to the Public Utility Commission of Oregon
("Commission") for an order reauthorizing it	to utilize deferred accounting for Purchased Gas
Cost differences. Avista respectfully requ	nests that the reauthorization become effective
November 1, 2018.	
In support of this Application, the Comp	pany states:
Avista provides natural gas service in sou	uthwestern and northeastern Oregon and is a public
utility subject to the Commission's jurisdiction	n under ORS 757.005(1)(a)(A).
Avista requests that all notices, pleading	gs and correspondence regarding this Application
be sent to the following:	
Patrick D. Ehrbar Director of Regulatory Affairs Avista Corporation P.O. Box 3727 Avista Corporation 1411 E. Mission, MSC-27 Spokane, WA 99220-3727 (509) 495-8620 Patrick.ehrbar@avistacorp.com	David J. Meyer Vice President and Chief Counsel for Regulatory and Governmental Affairs P.O. Box 3727 1411 E. Mission, MSC-27 Spokane, WA 99220-3727 (509) 495-4316 David.meyer@avistacorp.com
	OF OR Docket No. IN THE MATTER OF THE APPLICATION AVISTA UTILITIES FOR AN ORDER REAUTHORIZING DEFERRAL OF CERTACOSTS RELATED TO PURCHASED GAS DIFFERENCES Avista Corporation, dba Avista Utilitit 757.259 and OAR 860-027-0300(4), applied ("Commission") for an order reauthorizing it Cost differences. Avista respectfully requivalent November 1, 2018. In support of this Application, the Company Avista provides natural gas service in sociutility subject to the Commission's jurisdiction Avista requests that all notices, pleading be sent to the following: Patrick D. Ehrbar Director of Regulatory Affairs Avista Corporation P.O. Box 3727 Avista Corporation 1411 E. Mission, MSC-27 Spokane, WA 99220-3727 (509) 495-8620

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This Application is filed pursuant to ORS 757.259, which empowers the Commission to authorize the deferral of expenses or revenues of a public utility for later incorporation into rates.

BACKGROUND

Deferral of Purchased Gas Cost differences was previously authorized, effective November 1, 2017, by Order No. 17-398 dated October 13, 2017.

DESCRIPTION OF EXPENSES

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

Due to the volatility of the price of natural gas purchased and transported for customer use, the associated costs are difficult to establish with any degree of certainty. This volatility makes the use of deferred accounting extremely important. It is appropriate that deferred accounting be reauthorized for the Purchased Gas Cost differences for the same reasons that originally established the PGA mechanism. Namely, deferred accounting minimizes both the frequency of rate changes and the fluctuation of rate levels pursuant to subsection (2)(C) of ORS 757.259.

PROPOSED ACCOUNTING

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

The demand portion of the Purchased Gas Cost differences includes fixed pipeline costs, capacity releases and miscellaneous pipeline related refunds or surcharges. These costs are compared with the actual demand costs collected from customers and the difference is recorded monthly to account number 191910. Interest is calculated on the average net balance and included in the deferral accounts.

CURRENT DEFERRAL AND AMORTIZATION BALANCES

As of June 30, 2018, the outstanding balances for the Purchased Gas Cost deferral and amortization accounts are:

Account 191909, Commodity Deferrals	\$ (6,998,121)
Account 191910, Demand Deferrals	(741,737)
Account 191911, Prior Commodity Amortization	337,784
Account 191912, Prior Demand Amortization	(364,461)
Total	\$ (7.766.535)

Avista seeks with this application to receive reauthorization of the use of sub-accounts of FERC Account No. 191 to account for the Company's Purchased Gas Cost differences for the 12-month period, November 1, 2018 through October 31, 2019. This Application will have no

1	effect on Company revenue or customer rates.
2	WHEREFORE, Avista respectfully requests that the Commission reauthorize the
3	Company to defer the costs described in this Application.
4	DATED this 12 th day of July 2018.
5	Respectfully submitted,
6	Avista Corporation
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8	(0 × 1 ×) =
9	By:
10	Patrick D. Ehrbar
11	Director of Regulatory Affairs