

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF OREGON

3 Docket No: UM 1497

4 IN THE MATTER OF THE APPLICATION OF ) NOTICE OF APPLICATION  
5 AVISTA UTILITIES FOR AN ORDER ) FOR REAUTHORIZATION  
6 REAUTHORIZING DEFERRAL OF CERTAIN ) OF CERTAIN DEFERRAL  
7 COSTS RELATED TO PURCHASED GAS COSTS ) ACCOUNTS  
8 DIFFERENCES )  
9

10 Avista Utilities (“Avista” or “Company”) Pursuant to ORS 757.259 and OAR 860-027-  
11 0300(4), applies to the Public Utility Commission of Oregon ("Commission") for an order  
12 reauthorizing it to utilize deferred accounting for Purchased Gas Cost differences. The  
13 Company respectfully requests that the reauthorization become effective November 1, 2015.

14 In support of this Application, the Company states:

15 Avista provides natural gas service in southwestern and northeastern Oregon and is a  
16 public utility subject to the Commission’s jurisdiction under ORS 757.005(1)(a)(A).

17 Avista requests that all notices, pleadings and correspondence regarding this application  
18 be sent to the following:

19 Patrick Ehrbar  
20 Manager, Rates and Tariffs  
21 Avista Corporation  
22 P.O. Box 3727  
23 Avista Corporation  
24 1411 E. Mission, MSC-27  
25 Spokane, WA 99220-3727  
26 (509) 495-8620  
27 Pat.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

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

1     BACKGROUND

2             Deferral of Purchased Gas Cost differences was previously authorized, effective  
3     November 1, 2014 by Order No. 14-320.

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5     DESCRIPTION OF EXPENSES

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

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

20  
21    PROPOSED ACCOUNTING

22            The commodity portion of Purchased Gas Cost differences includes the actual cost of  
23    purchasing natural gas, the variable cost of transporting the gas from the supply basins to the

1 citygate, the benefits received from storage optimization, off-system sales and other  
2 miscellaneous costs or benefits. These costs are compared with the actual commodity costs  
3 collected from customers, with 90% of the difference recorded monthly to account number  
4 191909.

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

9 Interest is calculated on the average net balance and included in the deferral accounts.

10  
11 CURRENT DEFERRAL AND AMORTIZATION BALANCES

12 As of June 30, 2015, the outstanding balances for the Purchased Gas Cost deferral and  
13 amortization accounts are:

14	Account 191909, Commodity Deferrals	<\$ 4,995,484>
15	Account 191910, Demand Deferrals	\$ 1,916,440
16	Account 191911, Prior Commodity Amortization	\$ 1,221,650
17	Account 191912, Prior Demand Amortization	<\$ 371,644>
18		
19	Total	<u>&lt;\$2,229,038&gt;</u>
20		=====

21 Avista seeks with this application to receive reauthorization of the use of sub-accounts of  
22 FERC Account No. 191 to account for the Company's Purchased Gas Cost differences for the  
23 12 month period, November 1, 2015 through October 31, 2016. This Application will have no  
24 effect on Company revenue or customer rates.

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

1 DATED this 17th day of July 2015.

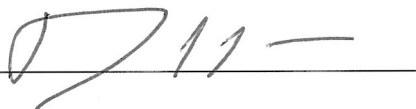
2 Respectfully submitted,

3 Avista Utilities

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By: 

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

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