

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 Corporation, dba Avista Utilities (“Avista” or “Company”), pursuant to ORS
 11 757.259 and OAR 860-027-0300(4), applies to the Public Utility Commission of Oregon
 12 ("Commission") for an order reauthorizing it to utilize deferred accounting for Purchased Gas
 13 Cost differences. The Company respectfully requests that the reauthorization become effective
 14 November 1, 2016.

15 In support of this Application, the Company states:

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

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

20	Patrick Ehrbar	David J. Meyer
21	Senior Manager, Rates and Tariffs	Vice President and Chief Counsel
22	Avista Corporation	for Regulatory and
23	P.O. Box 3727	Governmental Affairs
24	Avista Corporation	P.O. Box 3727
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28	Pat.ehrbar@avistacorp.com	David.meyer@avistacorp.com

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

1 rates.

2 BACKGROUND

3 Deferral of Purchased Gas Cost differences was previously authorized, effective
4 November 1, 2015 by Order No. 15-319 dated October 19, 2015.

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6 DESCRIPTION OF EXPENSES

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

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

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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.

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11 CURRENT DEFERRAL AND AMORTIZATION BALANCES

12 As of June 30, 2016, the outstanding balances for the Purchased Gas Cost deferral and
13 amortization accounts are:

Account 191909, Commodity Deferrals	\$ (5,396,751.46)
Account 191910, Demand Deferrals	270,447.69
Account 191911, Prior Commodity Amortization	(1,116,380.91)
Account 191912, Prior Demand Amortization	676,025.12
Total	<u><u>\$ (5,566,659.56)</u></u>

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15 Avista seeks with this application to receive reauthorization of the use of sub-accounts of
16 FERC Account No. 191 to account for the Company's Purchased Gas Cost differences for the
17 12 month period, November 1, 2016 through October 31, 2017. This Application will have no
18 effect on Company revenue or customer rates.


19 WHEREFORE, Avista respectfully requests that the Commission reauthorize the
20 Company to defer the costs described in this Application.

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DATED this 22nd day of July 2016.

Respectfully submitted,

Avista Corporation

By: 

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