

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )**  
**AVISTA UTILITIES FOR APPROVAL TO )**  
**CHANGE ITS NATURAL GAS TARIFFS TO )**  
**INCLUDE DEFERRED GAS COST )**  
**ASSESSMENTS. )**  
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**ORDER NO. 28949**

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**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that Avista Utilities (Avista) filed a Petition on January 17, 2002 for Commission approval to change its natural gas tariffs to include deferred gas cost assessments. Avista provides natural gas service to approximately 55,000 customers in northern Idaho.

YOU ARE FURTHER NOTIFIED that Avista asserts that existing rates and annual Company revenues will not change if their Petition is approved as filed. Petition at 1.

YOU ARE FURTHER NOTIFIED that Avista's Petition explains that with the recent decline in market natural gas services, there is currently a significant cost/price incentive for qualifying sales customers to change to transportation service. *Id.* at 2. To switch between sales and transportation service, customers must have a minimum annual usage of 250,000 therms and provide 90 days prior notice. Two Idaho customers have recently provided notice to change to transportation service and six additional sales customers could potentially make the same change. *Id.*

YOU ARE FURTHER NOTIFIED that Avista's present gas sales rates include an amortization charge of 11.8 cents per therm, which was approved by Commission Order No. 28827 in the Company's last Purchased Gas Adjustment (PGA) filing. The amortization rate was designed to recover the balance of deferred gas costs over a 2.5-year period. Avista estimates approximately \$1 million in deferred gas costs would be collected from these eight customers during this period. *Id.* If these qualifying sales customers are allowed to switch to transportation without paying their share of these deferred costs, Avista represents that the rates of the remaining sales customers could be

significantly impacted. *Id.*

YOU ARE FURTHER NOTIFIED that if approved as filed, the proposed Tariff Schedule 146B changes would allow deferred gas costs to be assessed to natural gas customers that switch from a sales service schedule to transportation service. *Id.* Avista proposes to calculate these deferred gas costs by multiplying the difference between what they paid for gas (included in tariff rates) and the Company's actual gas costs by their actual usage for each month of the deferral period. *Id.* The deferral period begins with the month of July 1999, which is the first month of the deferral period from the Company's last PGA filing, and ends with the most current month. The Petition states that this calculation would capture the customer's share of the present deferral balance based on their usage. *Id.* Avista proposes to transfer these costs with the customer's account through revised Schedule 146B. The Customer could then choose to pay this amount by: 1) a lump-sum refund or surcharge to eliminate the deferred gas cost balance; or 2) an amortization rate per therm to reduce the deferred gas cost balance prospectively. *Id.*

YOU ARE FURTHER NOTIFIED that the Company's present tariff schedules address the reverse situation – when transportation customers choose to switch back to sales service. *Id.* at 3. Tariff Schedules 112, 122 and 132 are available to previous transportation customers and the rates do not include the present amortization rate applied to other sales customers. These tariffs were created when gas prices were falling so that a transportation customer could not receive a deferred cost refund by switching back to sales service. Although these tariffs were not intended for use by previous sales customers, these tariffs do not currently contain language prohibiting their use. Avista proposed to change this situation by adding restrictive language to Tariff Schedules 112, 122 and 132.

YOU ARE FURTHER NOTIFIED that Avista currently has no customers served by Schedules 112 and 122, and only two customers served under Schedule 132. *Id.* The Petition states that the deferred gas costs (surcharges or refunds) for these two customers have been determined on an individual basis and approved by the Commission in prior PGA filings. *Id.* Avista's proposed tariff revisions for these schedules add the following language to make it clear that only prior transportation customers may be served under those schedules in the future: "Customers beginning to take service under the Schedule on and after March 1, 2002 must have been previously served under

Schedule 146 – Transportation Service for Customer-Owned Gas.” *Id.*

YOU ARE FURTHER NOTIFIED that Avista’s proposed language changes to Tariff Schedules 131A and 132A would remove the application of Tariff Schedule 149. Tariff Schedule 149 is no longer applicable and will be removed or the rate set to zero in the next PGA filing. *Id.*

YOU ARE FURTHER NOTIFIED that Avista requests that this case be processed under Modified Procedure and that the proposed tariff sheets be effective for gas service rendered on and after March 1, 2002. *Id.* at 3-4.

### NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **on or before Tuesday, February 26, 2002**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5983

Kelly O. Norwood  
David J. Meyer  
Avista Utilities  
1411 East Mission  
P.O. Box 3727  
Spokane, WA 99220-3727  
E-mail: [kelly.norwood@avistacorp.com](mailto:kelly.norwood@avistacorp.com)  
[brian.hirschhorn@avistacorp.com](mailto:brian.hirschhorn@avistacorp.com)

These comments should contain the case caption and case number shown on the first page of this

document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at [www.puc.state.id.us](http://www.puc.state.id.us) under the "Comments and Questions" icon. Once at the "Comments and Questions" icon, fill in the case number as it appears on the front of this document, and enter your comments. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission will consider the matter on its merits and enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that the deadline for the Applicants to file written reply comments with respect to their Application in this case is **Thursday, February 28, 2002**.

YOU ARE FURTHER NOTIFIED that the Application together with supporting workpapers, testimonies and exhibits, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies (excluding exhibits) are also available on the Commission's Website at [www.puc.state.id.us](http://www.puc.state.id.us) under the "File Room" icon.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

### **ORDER**

IT IS HEREBY ORDERED that this matter be processed under our rules of Modified Procedure. IPAPA 31.01.01.201-204.

IT IS FURTHER ORDERED that the Commission does hereby solicit written comment on this Application from the public, Applicant and Commission Staff in accordance with the foregoing schedule.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 5th day of February 2002.

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PAUL KJELLANDER, PRESIDENT

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MARSHA H. SMITH, COMMISSIONER

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DENNIS S. HANSEN, COMMISSIONER

ATTEST:

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Jean D. Jewell  
Commission Secretary

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