

DECISION MEMORANDUM

TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: DOUG COX, P.E.

DATE: OCTOBER 28, 2010

RE: AVISTA UTILITIES 2010 PURCHASED GAS ADJUSTMENT (PGA),
REVISED TARIFF FILING - CASE NO. AVU-G-10-03.

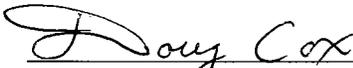
On October 27, 2010, the Commission issued Order No. 32102 authorizing Avista to increase its annualized revenues by \$2.9 million and establish a weighted average cost of gas of \$0.45817 per therm. The Commission ordered the Company to file conforming tariffs to be effective November 1, 2010. On October 28, 2010, Avista submitted its revised tariffs.

STAFF RECOMMENDATION

Staff has reviewed Avista's October 28 filing and finds that the tariffs comport with the requirements of Order No. 32102. Therefore, Staff recommends that the Commission approve the revised tariffs.

COMMISSION DECISION

Does the Commission wish to approve the Company's revised tariffs to be effective November 1, 2010?



Doug Cox, P.E.

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Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



October 28, 2010

State of Idaho
Idaho Public Utilities Commission
Statehouse
Boise, Idaho 83720

Attention: Ms. Jean D. Jewell

I.P.U.C. No. 27 – Natural Gas Service

In accordance with Order Number 32102, dated October 27, 2010, enclosed for filing with the Commission is Original Sheet 156. This tariff establishes a weighted average cost of gas of \$0.45817 per therm to be effective November 1, 2010.

If you have any questions regarding this filing, please contact Craig Bertholf at (509) 495-4124.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood
Vice President, State and Federal Regulation

Enc.

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 155
GAS RATE ADJUSTMENT - IDAHO

AVAILABLE:

To Customers in the State of Idaho where Company has natural gas service available.

PURPOSE:

To adjust gas rates for amounts generated by the sources listed below.

MONTHLY RATE:

- (a) The rates of firm gas Schedules 101 and 111 are to be decreased by 7.582¢ per therm in all blocks of these rate schedules.
- (b) The rate of interruptible gas Schedule 131 is to be decreased by 8.091¢ per therm.

SOURCES OF MONTHLY RATE:

Changes in the monthly rates above result from amounts which have been accumulated in the Purchase Gas Adjustment (PGA) Balancing Account as described in Schedule 150 – Purchase Gas Cost Adjustment and Schedule 156 – Purchase Gas Cost Adjustment.

SPECIAL TERMS AND CONDITIONS:

The above Monthly Rate is subject to the provisions of Tax Adjustment Schedule 158.

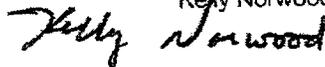
Issued September 14, 2010

Effective November 1, 2010

Issued by
By

Avista Utilities

Kelly Norwood, Vice President, State & Federal Regulation



AVISTA CORPORATION
d/b/a Avista Utilities

**SCHEDULE 156
PURCHASE GAS COST ADJUSTMENT - IDAHO**

APPLICABLE:

To Customers in the State of Idaho where Company has natural gas service available.

PURPOSE:

To pass through changes in costs resulting from rate adjustments imposed by the Company's suppliers, to become effective as noted below.

RATE:

- (a) The rates of firm gas Schedules 101, 111 and 112 are to be decreased by 2.204¢ per therm in all blocks of these rate schedules.
- (b) The rates of interruptible Schedules 131 and 132 are to be decreased by 3.296¢ per therm.
- (c) The rate for transportation under Schedule 146 is to be decreased by 00.000¢ per therm.

WEIGHTED AVERAGE GAS COST:

The above rate changes are based on the following weighted average cost of gas per therm as of the effective date shown below and supersede the rates shown on Schedule 150:

	Demand	Commodity	Total
Schedules 101	10.421¢	45.817¢	56.238¢
Schedules 111 and 112	10.421¢	45.817¢	56.238¢
Schedules 131 and 132	0.000¢	45.817¢	45.817¢

The above amounts do not include revenue sensitive items.

BALANCING ACCOUNT:

The Company will maintain a Purchase Gas Adjustment (PGA) Balancing Account whereby monthly entries into this Balancing Account will be made to reflect differences between the actual purchased gas costs collected from customers and the actual purchased gas costs incurred by the Company. Those differences are then collected from or refunded to customers under Schedule 155 – Gas Rate Adjustment.

Additional debits or credits for Pipeline refunds or charges, Pipeline capacity release revenues and miscellaneous revenues or expenses directly related to the Company's cost of purchasing gas to meet customer requirements will be recorded in the Balancing Account.

Issued October 28, 2010

Effective November 1, 2010

Issued by Avista Utilities

Kelly O. Norwood

Kelly O. Norwood - Vice-President, State & Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 156 - Continued

Deferred gas costs will be determined for individual customers served under Schedules 112, 132 and 146, as well as for customers that switch to or from any of these service schedules to another schedule. The deferred gas cost balance for these customers will be based on monthly entries in the Balancing Account as described above. The deferred gas cost balance for each customer will be eliminated by either, 1) a lump-sum refund or surcharge, as applicable, or 2) an amortization rate per therm to reduce the balance prospectively.

SPECIAL TERMS AND CONDITIONS:

The rates named herein are subject to increases as set forth in Schedule 158.

Issued October 28, 2010

Effective November 1, 2010

Issued by Avista Utilities

By *Kelly Norwood*

Kelly O. Norwood - Vice-President, State & Federal Regulation