

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)
CORPORATION’S APPLICATION TO) CASE NO. AVU-G-13-01
CHANGE ITS RATES AND CHARGES (2013)
PURCHASED GAS COST ADJUSTMENT).) NOTICE OF APPLICATION
)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 32874**

On July 31, 2013, Avista Corporation dba Avista Utilities (“Company” or “Avista”) filed its annual Purchased Gas Cost Adjustment (PGA) Application asking to increase its annualized revenues by about \$4.9 million (7.5%). Application at 1.¹ The Company says its proposal will not affect its earnings and will increase the average, residential or small commercial customer’s rates by \$3.80 per month (6.8%). *Id.* at 4. The Company asks that its Application be processed by Modified Procedure, and that the new rates take effect October 1, 2013. *Id.* at 4-5.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Avista distributes natural gas in northern Idaho, eastern and central Washington, and southwestern and northeastern Oregon. *Id.* at 2.² The Company buys natural gas and then transports it through pipelines for delivery to customers. *Id.* at 2. The Company defers the effect of timing differences due to implementation of rate changes and differences between the Company’s actual weighted average cost of gas (WACOG) purchased and the WACOG embedded in rates. *Id.* The Company also defers various pipeline refunds or charges and miscellaneous revenue received from natural gas related transactions, including pipeline capacity releases. *Id.* In its annual PGA filing, the Company proposes to: (1) pass to customers any change in the estimated cost of natural gas for the next 13 months

¹ The PGA mechanism is used to adjust rates to reflect annual changes in the Company’s costs for the purchase of natural gas from suppliers – including transportation, storage, and other related costs.

² The Company also generates, transmits, and distributes electricity in northern Idaho and eastern Washington. *Id.*

(Schedule 150); and (2) revise the amortization rates to refund or collect the balance of deferred gas costs (Schedule 155). *Id.* at 2, 4.

YOU ARE FURTHER NOTIFIED that the Company’s present PGA filing would impact customers as follows:

Service	Schedule No.	Commodity Change per Therm	Demand Change per Therm	Total Sch. 150 Change	Amortization Change per Therm	Total Rate Change per Therm	Overall Percent Change
General	101	\$0.04066	\$0.00471	\$0.04537	\$0.01800	\$0.06337	6.8%
Lg. General	111	\$0.04066	\$0.00471	\$0.04537	\$0.01800	\$0.06337	9.7%
Interruptible	131	\$0.04066	\$0.00000	\$0.04066	\$0.00621	\$0.04687	8.3%

YOU ARE FURTHER NOTIFIED that Avista estimates that the commodity cost (i.e., the WACOG) will increase by \$0.041 per therm, from the currently approved \$0.333 per therm to \$0.374 per therm. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that Avista says it periodically hedged gas throughout 2013 for the coming PGA year (13 months), and that it will hedge about 38% of its estimated annual load requirements for the PGA year (October 2013 – October 2014) at a fixed price comprised of: (1) 12% of volumes hedged for a term of one-year or less; and (2) 26% of volumes from prior multi-year hedges. *Id.* Through June, the planned hedge volumes for the PGA year have been executed at a weighted average price of \$0.452 per therm. *Id.* Avista says underground storage capacity represents about 19% of its annual load requirements, with the estimated weighted average cost for all storage volumes being \$0.325 per therm. *Id.*

YOU ARE FURTHER NOTIFIED that Avista says lower overall demand, increased production, and record high storage impacted the 2012 natural gas market and drove natural gas prices to 10-year lows. But these prices trended upward for most of 2013. According to the Company, the late, colder than normal winter increased demand, reduced excess supply, and decreased storage balances to levels below the five-year average. The Company explains that this return to a more balanced market added to the uplift of natural gas prices and increased the WACOG components (hedges, index, and storage) for the upcoming PGA year above the prior year and what is currently included in rates. *Id.* at 4-5.

YOU ARE FURTHER NOTIFIED that Avista’s demand costs primarily represent the cost to transport gas through interstate pipelines to the Company’s distribution system. The

Company proposes increasing demand costs principally to account for the inclusion of the new Northwest Pipeline transportation rates. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that Avista proposes *increasing* the amortization rate by \$0.01800 per therm (from \$0.01785 per therm in the rebate direction to \$0.03775 per therm in the surcharge direction). This increase is the result of fully amortizing the \$1.6 million rebate deferral balance approved in the 2012 PGA (the Company says the amortization balance actually was over-amortized by about \$0.1 million). The Company says this surcharge balance was mostly offset by current 2012-2013 deferrals, resulting in a deferral balance, in the surcharge direction, of about \$12,000. *Id.*

YOU ARE FURTHER NOTIFIED that Avista asserts that it has notified customers of its proposed tariffs by posting notice at each of its Idaho district offices and issuing a press release. Further, the Company says it will send notice to each customer in a bill insert before the changes take effect. *Id.* at 2.

YOU ARE FURTHER NOTIFIED that the Application and 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 are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Gas Cases," and then click on the case number as shown on the front of this document.

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. 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.*

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. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

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 **by September 11, 2013**. 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 83702-5918

Kelly O. Norwood
Vice President of State & Federal
Regulation
Avista Utilities
1411 E. Mission Avenue
Spokane, WA 99220-3727
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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 home page located at www.puc.idaho.gov. Click the "Utility Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that the Company's Application be processed by Modified Procedure. Interested persons may file comments no later than September 11, 2013.

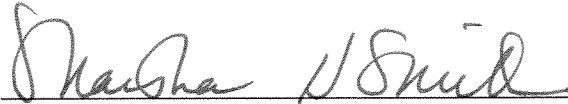
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th day of August 2013.



PAUL KJELLANDER, PRESIDENT

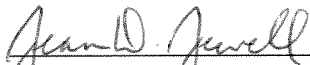


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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