

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)
CORPORATION’S APPLICATION TO) **CASE NO. AVU-G-17-06**
CHANGE ITS NATURAL GAS RATES AND)
CHARGES (2016 PURCHASED GAS COST) **NOTICE OF APPLICATION**
ADJUSTMENT))
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 33963**

On December 26, 2017, Avista Corporation dba Avista Utilities filed its annual Purchased Gas Cost Adjustment (PGA) Application. By way of summary, the PGA is a Commission-approved mechanism that adjusts rates up or down to reflect changes in Avista’s costs to buy natural gas from suppliers—including changes in transportation, storage, and other related costs. Avista defers these costs into its PGA account, and then passes them on to customers through an increase or decrease in rates.

With this Application, Avista proposes to *decrease* its PGA rates by about \$3.2 million (7.4%). Application at 1. The proposal would *decrease* the average residential or small commercial customer rates by \$2.73 per month (about 6.4%). Large commercial customer rates would *decrease* by about 10.3%. Avista’s proposal would not affect Avista’s earnings. Avista asks the Commission to process the Application by Modified Procedure, and that the new rates take effect January 26, 2018. *Id.* at 4.

NOTICE OF APPLICATION

A. Overview of Proposed Rates

YOU ARE HEREBY NOTIFIED that Avista distributes natural gas in northern Idaho, eastern and central Washington, and southwestern and northeastern Oregon. Avista buys natural gas and then transports it through pipelines for delivery to customers. In this PGA Application, Avista proposes to: (1) pass any change in the estimated cost of natural gas for the next 12 months to customers (Tariff Schedule 150); and (2) revise the amortization rates to refund or collect the balance of deferred gas costs (Tariff Schedule 155). Avista proposes to change its PGA rates for its two customer classes 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	\$(0.05520)	\$ -	\$(0.05520)	\$ -	\$(0.05520)	(6.7%)
Lg. General	111	\$(0.05520)	\$ -	\$(0.05520)	\$(0.06958)	\$(0.05520)	(10.3%)

Id. at 2. Avista’s proposed changes to Schedules 150 and 155 and Avista’s rates are further explained below.

B. Schedules 150 and 155

YOU ARE FURTHER NOTIFIED that the tariff Schedule 150 portion of the PGA has two parts: the “commodity costs” and the “demand costs.”

YOU ARE FURTHER NOTIFIED that Avista’s “commodity costs” are the variable costs at which Avista must buy natural gas. The weighted average cost of gas (WACOG) is an estimate of those costs. In this case, Avista estimates its commodity costs will *decrease* by \$0.02167 per therm, from the currently approved \$0.24058 per therm to \$0.21891 per therm. *Id.* at 3. In order to minimize exposure to potential rising gas costs, Avista diversifies how it procures natural gas. *Id.* Avista’s procurement strategy includes hedging, the use of underground storage capacity, and estimating the cost of index purchases using a 30-day historical average of forward prices for each supply basin. *Id.*

YOU ARE FURTHER NOTIFIED that Avista is not requesting any change related to demand charges in this filing. Demand costs primarily are costs to transport gas on interstate pipelines to Avista’s local distribution system. Avista states that any changes related to demand charges will occur in the Company’s next annual PGA filing. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that Tariff Schedule 155 reflects the amortization of Avista’s deferral account. Avista is not requesting any change related to amortization charges in this filing. Avista states that any changes related to amortization charges will occur in the Company’s next annual PGA filing. *Id.* at 3-4.

YOU ARE FURTHER NOTIFIED that Avista asserts it will notify customers of its proposed tariffs by means of a press release. *Id.* at 2.

YOU ARE FURTHER NOTIFIED that the Application and its exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. These documents 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 “Natural Gas Cases,” and 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 and specifically *Idaho Code* §§ 61-501, -502, and -503. 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 all comments on this Application shall be filed with the Commission **no later than January 17, 2018**. 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 Avista at the addresses reflected below:

Commission Secretary	Patrick D. Ehrbar
Idaho Public Utilities Commission	Director of Rates
PO Box 83720	Avista Utilities
Boise, ID 83720-0074	1411 E. Mission Avenue
	Spokane, WA 99220-3727
Street Address for Express Mail:	E-Mail: Patrick.ehrbar@avistacorp.com
472 W. Washington Street	David J. Meyer
Boise, ID 83702-5918	Vice President and Chief Counsel for
	Regulatory and Governmental Affairs
	Avista Utilities
	1411 E. Mission Avenue
	Spokane, WA 99220-3727
	E-Mail: david.meyer@avistacorp.com

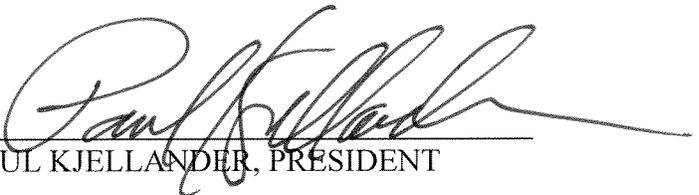
These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Scroll to the "Consumers" tab, click the "Utility Case Comment or Question Form," and complete the form using the case number as it appears on the front of this document. These comments must also be sent to Avista 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.

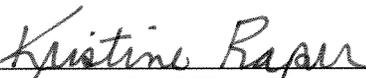
ORDER

IT IS HEREBY ORDERED that Avista's PGA Application be processed under Modified Procedure, IDAPA 31.01.01.201-.204. All comments relating to this matter must be filed no later than January 17, 2018.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this ^{10th} day of January 2018.



PAUL KJELLANDER, PRESIDENT

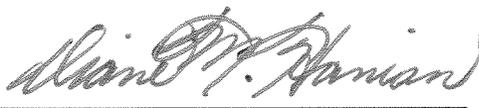


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane Hanian
Commission Secretary

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