

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DON HOWELL
DEPUTY ATTORNEY GENERAL

DATE: JUNE 25, 2008

SUBJECT: AVISTA'S APPLICATION FOR AN ACCOUNTING ORDER
REGARDING TERMINATION OF ITS GAS STORAGE AGREEMENT
WITH TERASEN GAS, CASE NO. AVU-G-08-02

On June 13, 2008, Avista Corporation filed an Application requesting an accounting order related to the termination of a Gas Storage Agreement between the Company and Terasen Gas, Inc. In 1982, Avista and Terasen (formerly known as BC Gas) entered into an agreement for the storage and release of natural gas at Avista's Jackson Prairie underground storage facility. Under the Agreement, Terasen paid Avista \$191,121 per month for the storage and eventual delivery of gas to Terasen. The Idaho jurisdictional revenue from Terasen, \$54,388 per month, is embedded in the current rates paid by Idaho customers.

THE APPLICATION

The Agreement with Terasen was terminated May 1, 2008. On May 1, Avista began using the Terasen storage capacity to serve its own customers. "The benefits associated with this recalled storage capacity are directly passed on to customers through the Company's annual PGA filing." Application at 2.

The termination of the Terasen Agreement is incorporated in the Company's current general rate case (AVU-G-08-01). However, until the general rates become effective, Idaho customers are currently receiving a credit of \$54,388 each month although the revenue is no longer being received. Consequently, the Company requests that the Commission approve an accounting order for the Company to record the additional deferred gas costs to Account 191 in the amount of \$54,388 each month beginning May 1, 2008 and ending on the date in which its new gas rates become effective. The deferred costs associated with a partial month "would be

prorated accordingly.” *Id.* at 3. This deferred amount would be included with all other deferred gas costs and be recovered through the rates as part of the Company’s annual PGA filing.

The Company recommends that its request for an accounting order be processed via Modified Procedure. Staff concurs with the Company’s request that this Application for an accounting order be processed by Modified Procedure with a 21-day comment period.

COMMISSION DECISION

Should Avista’s Application for an accounting order to record its deferred gas cost in the amount of \$54,388 each month in Account 191 be processed by Modified Procedure?



Don Howell
Deputy Attorney General

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