

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF AVISTA TO MODIFY SCHEDULES 131,) CASE NO. AVU-G-19-05
132, 146, AND 182 AND TO ADD SCHEDULE)
181 IN ORDER TO CLARIFY PROVISIONS)
APPLICABLE TO INTERRUPTIBLE AND)
TRANSPORTATION CUSTOMERS AND) ORDER NO. 34461
UPDATE ITS CURTAILMENT PROCESS)**

On August 14, 2019, Avista (“Avista” or “Company”) submitted Tariff Advice No. 19-01-G (“Tariff Advice”)—requesting to modify its Schedules 131, 132, 146, and 182, plus create Schedule 181. The Company’s proposed tariff modifications¹ clarify provisions applying to Interruptible and Transportation customers, and the curtailment processes for all natural gas customers. The Company asked that the proposed changes take effect September 27, 2019.

At the August 27, 2019 Decision Meeting, Commission Staff noted that the Company’s proposed Tariff Advice would increase the curtailment penalty from \$1 per therm to \$10 per therm, noting that the changes would primarily affect Interruptible and Transportation customers in a curtailment, but in certain instances could also affect residential customers. The Commission agreed with Staff that the public should be allowed an opportunity to comment on this proposed increase.

On August 29, 2019, the Commission converted the Company’s Tariff Advice into an Application to be processed by Modified Procedure, suspended the Company’s proposed effective date, and set comment and reply deadlines. Commission Staff timely filed comments, to which the Company did not reply. No other comments were received.

With this Order we approve the Company’s Application to modify Schedules 131, 132, 146, 182 and to add Schedule 181 to its tariffs, effective October 25, 2019.

THE APPLICATION

The Company proposed to open a new schedule, Schedule 181—Natural Gas Transportation Service Terms and Conditions (“Schedule 181”), by moving the terms and conditions language from Schedule 146 and revising it, as necessary, to encourage consistency between the Company’s other jurisdictions.

¹ The Company included strikethrough, underline, and draft final copies of its proposed tariff sheets with its filing.

Additionally, the Company proposed to revise language in Schedules 131 and 132—Interruptible Service, to ensure consistency with the language from the new schedule, Schedule 181.

Finally, the Company proposed to change the name of Schedule 182 to “Plan for Natural Gas Curtailment.” Within Schedule 182, the Company also proposed to: 1) clarify the curtailment process by customer class, instead of by usage, if a curtailment event occurs;² and 2) increase the curtailment penalty from \$1 per therm to \$10 per therm for customers who have their service curtailed but continue to use gas.

STAFF COMMENTS

Staff reviewed the Company’s proposed tariff changes and focused the majority of its analysis on the Company’s proposal to increase the curtailment penalty from \$1 per therm to \$10 per therm. Staff noted that it had examined curtailment penalties of other natural gas companies and learned that various methods are used to determine curtailment penalty values. Some companies use a formulaic methodology by adding a multiplier to supply basin gas prices during a curtailment event. Other companies use a fixed-per-therm methodology similar to the Company’s current and proposed curtailment penalty. Staff believes that fixed-per-therm penalties, such as the one proposed by the Company, are “easier to deploy and provide customers greater transparency in understanding consequences of noncompliance to curtailment.”

Staff believes that financial penalties can effectively motivate curtailment action if set at an appropriate level. Staff acknowledged the dangers of low curtailment penalties, noting that when penalties are low, or insufficient, customers may ignore curtailment requests and instead accept the financial consequences of a penalty. Staff therefore recommended that the Commission approve the Company’s Application and accept the tariffs submitted with Advice No. AVU-19-01-G.

Staff did note it would be beneficial for the Company to confirm that affected Interruptible and Transportation customers (Schedules 131, 132, and 146) are aware of the proposed changes and have had an opportunity to validate their curtailment procedures and contact information with the Company before implementation, if approved.

² The order of curtailment in the Company’s proposed Tariff 182 is as follows: 1) Schedule 146—Transportation of Customer-Owned Gas; 2) Schedule 111 and 112—Large General Service customers; 3) Schedule 101—General Service customers; and 4) Essential Human Needs customers.

COMMISSION FINDINGS AND DECISION

The Commission has reviewed the record, including the Application, proposed tariffs, and Staff's comments. Avista is a gas corporation and public utility, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code. The Commission must establish just, reasonable, and sufficient charges for utilities subject to its jurisdiction. *Idaho Code* § 61-502.

Based on our review of the record, we find that Avista's proposed changes to Schedule 131, 132, 146, and 182 and the creation of Schedule 181 to be reasonable given its intended impact. Increasing the curtailment penalty from \$1 per therm to \$10 per therm would send clear and appropriate pricing signals in the event of a curtailment situation. Additionally, we find that the penalty falls within a reasonable range when compared to other gas utilities.

Finally, the Commission directs the Company to notify its Interruptible and Transportation customers in Schedules 131, 132, and 146 of the Commission's decision and remind these customers to update their contact information with the Company.

ORDER

IT IS HEREBY ORDERED that Avista's Application to modify Schedules 131, 132, 146, and 182, plus create Schedule 181 is approved, effective October 25, 2019, and Avista may increase its curtailment penalty to \$10 per therm.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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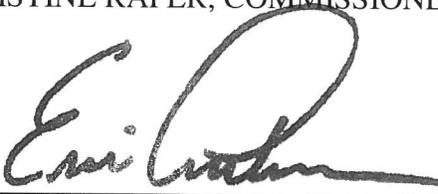
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *22nd*
day of October 2019.



PAUL KWELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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