

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA)	CASE NO. AVU-G-19-08
CORPORATION’S PETITION FOR)	
LIMITED WAIVER OF PENALTY TERMS)	NOTICE OF PETITION
SET FORTH IN ITS NATURAL GAS TARIFF)	
)	NOTICE OF MODIFIED
)	PROCEDURE
)	
)	ORDER NO. 34500
)	

On November 14, 2019, Avista Corporation (Avista or the Company) petitioned the Commission to grant a limited waiver of certain penalty provisions in Schedule 146¹ of Avista’s tariff, and authorize settlement discussions between Clearwater Paper (Clearwater) and Avista to resolve a disputed penalty that arose from Schedule 146.

The Commission now issues this notice of the Company’s Petition, and Notice of Modified Procedure.

NOTICE OF PETITION

YOU ARE HEREBY NOTIFIED that the Company petitions the Commission to grant a limited waiver to Schedule 146’s penalty provisions. The Company explains it has a contract with Clearwater to provide Clearwater with natural gas transportation. Schedule 146 is incorporated into the contract. *Id.*

YOU ARE FURTHER NOTIFIED that Schedule 146—Transportation Service for Customer-Owned Gas—provided the terms under which Avista provided natural gas transportation services to commercial and industrial customers with requirements exceeding 250,000 therms of gas per year. Under Schedule 146, Avista may issue an entitlement order prescribing a maximum amount of gas to be used by a customer per day. Gas used over the prescribed entitlement is subject to an entitlement penalty.

YOU ARE FURTHER NOTIFIED that natural gas prices during the winter of 2018-2019 were volatile because of the West Coast Pipeline rupture on October 9, 2018. The Company

¹ The Commission recently replaced Schedule 146 in Case No. AVU-G-19-05. *See* Order No. 34461. However, Schedule 146 was in effect when the penalties at issue in this case were incurred.

states that, in February and March 2019, Northwest Pipeline—the main interstate pipeline that transports natural gas from Sumas south along the I-5 corridor and east to the Rocky Mountains—issued entitlement notices requiring shippers on its pipeline to stay within a certain percentage of their nominated natural gas supplies. In response to these notices, Avista issued entitlement notices to those customers on its distribution system that purchase their own natural gas and procure their own natural gas transportation, of which Clearwater is one.

YOU ARE FURTHER NOTIFIED that the Company states Clearwater exceeded its nominated natural gas volumes eight times between February 7, 2019 and March 4, 2019. Avista issued entitlement penalties for the eight exceedances, under Schedule 146. The entitlement penalty in Schedule 146 is calculated by the *greater* of \$1.00 per therm *or* 150% of the highest midpoint price at one of a select number of natural gas trading hubs. Avista states that, while the average natural gas price at various non-Sumas trading hubs during the exceedances was \$0.65 per therm, the average price at Sumas during the same period was \$3.59 per therm, with a high price of \$15.93 per therm. Avista states the resulting entitlement penalty against Clearwater is \$926,202.

YOU ARE FURTHER NOTIFIED that Clearwater and Avista agree that the entitlement penalty is unduly burdensome. Avista states it was never forced to buy more natural gas to make up for excessive natural gas use by Clearwater. Avista notes “there was no financial harm to any of Avista’s core customers, nor was Avista penalized by Northwest Natural.”

YOU ARE FURTHER NOTIFIED that Avista states Clearwater wishes to engage in settlement negotiations to determine whether and by what amount the entitlement penalty should be reduced. Avista cannot reduce a schedule-derived penalty without the Commission’s authorization. Therefore, the Company asks the Commission to grant a limited waiver of Schedule 146.

YOU ARE FURTHER NOTIFIED that if Clearwater and Avista agree to a modified entitlement penalty, they will jointly file a settlement agreement with the Commission for approval or rejection.

YOU ARE FURTHER NOTIFIED that the Petition is available for public inspection during regular business hours at the Commission’s office. 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, then select “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* §§ 61-502 and 61-503. 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 that it will proceed under Modified Procedure pursuant to Rules 201 through 204 of the 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 Petition **must file a written comment in support or opposition with the Commission by January 7, 2020.** 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 Petition shall be mailed to the Commission and the Company at the addresses reflected below:

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**For the Idaho Public Utilities
Commission:**

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, Idaho 83714

For Avista Corporation:

Michael G. Andrea
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Patrick D. Ehrbar
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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 "Consumers" tab then click the "Case Comment or Question Form" and complete the comment form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by January 14, 2020.**

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 Petition be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by January 7, 2020. The Company must file any reply comments by January 14, 2020.

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NOTICE OF PETITION
NOTICE OF MODIFIED PROCEDURE
ORDER NO. 34500

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of December, 2019.

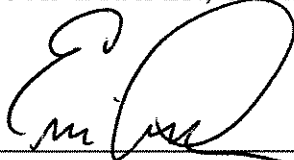
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PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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