

DAYN HARDIE
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0312
IDAHO BAR NO. 9917

RECEIVED
2019 SEP 13 AM 11:15
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

BACKGROUND

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 a Schedule 181. The Company proposed to: 1) clarify the curtailment process and order if a curtailment event occurs; 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.

Because the Company’s proposed Tariff Advice would increase the curtailment penalty from \$1 per therm to \$10 per therm, Staff recommended that the public have the opportunity to comment on the proposed increase. Order No. 34430 converted the Tariff Advice into an

Application to be processed by Modified Procedure, suspended the Company's proposed effective date, and established public comment and Company reply deadlines.

STAFF REVIEW

Staff reviewed the Company's proposal to establish a new schedule, Schedule 181—Natural Gas Transportation Service Terms and Conditions, revise language in Schedules 131 and 132—Interruptible Service to ensure consistency with the language from Schedule 181, change the name of Schedule 182 to “Plan for Natural Gas Curtailment,” and move language from Schedule 146 to Schedule 181 to eliminate redundancy. The Company's proposed tariff modifications are designed to clarify provisions that apply to Interruptible and Transportation customers, and the curtailment processes for all natural gas customers. Staff believes that language in Schedule 182 makes curtailment priorities¹ clear and concise and should prevent confusion about the order curtailment would be implemented if necessary. Staff believes the proposed changes will not affect base rates paid by customers.

Following the October 9, 2018 rupture of a natural gas transmission pipeline located north of Prince George B.C., the Company activated its emergency operations plan due to a shortage of natural gas. The Company deployed its curtailment procedures and a number of customers were curtailed. Two days later, on October 11, 2018, curtailments were lifted for all customers. After the event, the Company analyzed its emergency response and plans to identify and address process and communication improvement opportunities. Staff appreciates the approach used by the Company to learn from this emergency event and initiate improvements.

In its Customer Notification Letter, the Company stated that; “The proposed penalty is consistent with other utilities in the Region and is intended to motivate customers to quickly curtail their usage of natural gas, if necessary.”

Staff examined curtailment penalties of other natural gas companies and determined that a variety of methods are used to determine curtailment penalty rates. Some companies use a formula based methodology which adds a multiplier to supply basin gas prices at a given point in time. Other companies use a fixed-per-therm penalty methodology similar to Avista's. Staff

¹ 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.

believes that fixed-per-therm penalties are easier to deploy and provide customers greater transparency in understanding consequences of noncompliance to curtailment. In examination of curtailment penalties for other natural gas companies, Staff found per therm rates from \$1 to \$20. Staff found multiple companies with a \$10 per therm penalty and believes that the Company's proposed penalty rate of \$10 per therm is reasonable.

Staff believes that penalties can be used to financially motivate curtailment action if set at a high enough level. Conversely, when penalties are low or insufficient, customers may not choose to curtail consumption and accept the financial consequences of a penalty. Staff believes that it would be beneficial for the Company to confirm that affected Interruptible and Transportation customers are aware of the proposed changes and have had an opportunity to validate curtailment procedures and contact information with the Company prior to implementation, if approved.

Staff also reviewed *Idaho Code* §§ 61-531 through 61-537 to determine if the Company's proposals fall under the Commission's statutory authority. Staff believes that the Company's proposed changes are not limited by or inconsistent with Idaho Code.

CUSTOMER NOTICE AND PRESS RELEASE

The Company included a customer letter with its Application. *Appendix A*. The purpose of the letter was to inform customers about the Company's proposal to update its tariffs and why the changes are needed. On August 21, 2019, the letter was mailed to affected Interruptible and Transportation customers, providing them a reasonable opportunity to file comments with the Commission by the September 19, 2019 deadline. As of September 12, 2019, no customer comments have been filed.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the Company's Application and accept Tariffs submitted with Advice No. AVU-19-01-G.

Staff recommends that the Company contact each affected customer (Transportation Schedule 146 and Interruptible Schedules 131 and 132), verify receipt of curtailment penalty change information, and validate emergency contact information.

Respectfully submitted this 13th day of September 2019.



Dayn Hardie
Deputy Attorney General

Technical Staff: Kevin Keyt
Kathy Stockton
Curtis Thaden

i:umisc/comments/avug19.5dhkskls comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 13TH DAY OF SEPTEMBER 2019, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-G-19-05, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

LINDA GERVAIS
MGR REGULATORY POLICY
AVISTA CORPORATION
PO BOX 3727
SPOKANE WA 99220-3727
E-MAIL: linda.gervais@avistacorp.com
avistadockets@avistacorp.com



SECRETARY