# BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	) CASE NOS. AVU-E-25-03
OF AVISTA CORPORATION FOR AN	) AVU-G-25-02
ACCOUNTING ORDER AUTHORIZING	)
ACCOUNTING AND RATEMAKING	)
TREATMENT OF COSTS ASSOCIATED	) ORDER NO. 36644
WITH TARIFFS LEVIED ON CANADIAN	)
ENERGY IMPORTS	)

On March 4, 2025, Avista Corporation, doing business as Avista Utilities ("Company") applied to the Idaho Public Utilities Commission ("Commission"), requesting an order authorizing the Company to utilize deferred accounting for the potential impact of United States tariffs on energy resources imported from Canada, and for electric operations to defer those expenses for recovery in the Power Cost Adjustment ("PCA") at 100%.

On March 28, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing initial comment and reply comment deadlines. Order No. 36524. Commission Staff ("Staff") filed comments supporting the Application. No other comments were received.

Having reviewed the record, we issue this Final Order approving the Company's Application.

### THE APPLICATION

The Company stated that on February 1, 2025, President Trump announced his intention to impose tariffs on Canadian imports, including a 25% tariff on all imports from Canada and a 10% tariff specifically on energy resources, including natural gas and electricity. Application at 2-3. The Company stated the tariffs went into effect on March 4, 2025. *Id.* at 3. The Company represented that it is not clear whether such tariffs would be reflected in the embedded cost of the Canadian commodity and flow through the Company's natural gas Purchased Gas Cost Adjustment Mechanism ("PGA") or electric PCA; or alternatively be considered something similar to an excise tax. *Id.* at 1.

The Company applied to the Commission seeking deferral accounting treatment for any costs associated with tariffs imposed on Canadian imports. *Id.* at 5. The Company represented that any identifiable costs associated with those tariffs that do not otherwise flow through the various

Federal Energy Regulatory Commission ("FERC") accounts tracked in the PGA or PCA, would be charged to FERC Accounts 408.1 and 408.2, with the associated treatment. *Id.* at 6.

The Company indicated that when it was not possible to determine the exact amounts of taxes, the amounts would be estimated and adjustments made in current accruals as the actual tax levies become known, and the Company proposed to defer those amounts to FERC Account 182.3. *Id.* The Company proposed, for electric operations, that any deferred costs charged to the accounts above be recovered at 100%, and that they would not be subject to the deadband nor sharing bands. *Id.* The Company also requested that any direct, identifiable, electric tariff costs that flow through the PCA be separately tracked and likewise be deferred at 100%. *Id.* The Company represented that interest would accrue in the same manner as is authorized for the PGA or the PCA. *Id.* 

## **STAFF'S COMMENTS**

Staff reviewed the Company's Application and reviewed the invoices for natural gas imports for March 2025, where the tariff had been in effect for three days. Application at 3. Staff stated the invoices provided a day-by-day report of imported natural gas for the Company's whole system. *Id.* Staff also calculated the 10% tariff on only those three days. *Id.* Staff believed the calculated amount of the tariff for those invoices totaled \$130,363.90. *Id.* Staff believed that without an accounting order, the Company would be unable to recover the additional cost of the tariffs if it were to be considered the importer of Canadian-sourced natural gas. *Id.* 

Based on its review, Staff believed the Company's proposed accounting treatment for the tariff on energy resources imported from Canada was reasonable and should be approved by the Commission, and that the Company should be allowed to track and defer any direct, identifiable tariff costs for 100% recovery as allowed in the PCA and PGA. *Id.* Staff also recommended the Commission authorize the Company to defer and record the tariff and additional costs in a subaccount of FERC Account 182.3 - Other Regulatory Assets. *Id.* 

### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the Application, all submitted materials, and all submitted comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve the Application

### **ORDER**

IT IS HEREBY ORDERED that the Company's Application is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in 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.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this  $18^{th}$  day of June 2025.

EDWARD LODGE, PRESIDENT

HN R. HAMMOND JR., COMMISSIONER

DAYN HARDIE, COMMISSIONER

ATTEST:

Commission Secretary

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