



IDAHO PUBLIC UTILITIES COMMISSION

Case No. AVU-G-03-1, Order No. 29342

For Immediate Release / October 3, 2003

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**Commission approves 2.5 percent increase for Avista Gas customers**

BOISE – The Idaho Public Utilities Commission today approved a rate change for Avista Gas customers that will result in an average 2.5 percent increase for Avista’s 59,000 residential customers in northern Idaho. The rate change is effective today.

For a customer who uses 70 therms per month, the increase is about \$1.39 a month. For Avista’s approximate 277 commercial customers, the increase is between 2.8 percent and 3 percent depending on the size of the operation.

The increase is warranted, the commission said, because wholesale gas prices have increased and the previous rate was “not adequate to compensate Avista for the prices it pays its gas suppliers.” The approximate \$1.2 million in additional revenue the company will generate from the increase can be used only to pay for gas, not to increase the company’s profit margin.

The commission’s staff had recommended leaving rates the same in the interest of price stability. Staff anticipated that wholesale gas prices might not increase dramatically over the next year. However, the commissioners said the company’s request to set its weighted average cost of gas (WACOG) at 44.9 cents per therm is reasonable given anticipated wholesale gas costs of 48 cents per therm over the next year. Staff recommended a WACOG of 43 cents.

“We recognize that these overall higher rates will have an impact on customers at a time when many can ill-afford any additional expenses,” the commissioners said. Leaving the WACOG at the current level may provide rate stability in the short term but deferring the anticipated above-WACOG costs will exacerbate the need for a rate increase next year, the commission said, noting that volatility in the gas market

continues. Further, the commissioners said, any gas costs deferred into the future would have to be collected with interest and will force next year's gas customers to pay this year's gas costs.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at [www.puc.state.id.us](http://www.puc.state.id.us). Click on "File Room" and then on "Gas Cases," and scroll down to Case No. AVU-G-03-1, Order No. 29342.

Interested parties may petition the commission for reconsideration by no later than Oct. 24. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions for reconsideration can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

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