

## DECISION MEMORANDUM

**TO:** COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** SCOTT WOODBURY  
DEPUTY ATTORNEY GENERAL

**DATE:** MAY 26, 2009

**SUBJECT:** CASE NO. AVU-G-09-03 (Avista)  
PURCHASED GAS COST ADJUSTMENT (PGA) –  
PROPOSED JUNE 1, 2009 RATE DECREASE (SCHEDULE 155)

On May 19, 2009, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) proposing a decrease in rates for the Company's Idaho natural gas customers by 8.1¢ per therm, or about 6.7% for residential and small commercial (Schedule 101) customers. Larger use gas customers served under Schedule 111 would see an average decrease of 7.8%. The Company requests that the proposed tariff change be made effective on June 1, 2009, under Modified Procedure, i.e., by written filing rather than by hearing. IDAPA 31.01.01.201-204.

As reflected in the Company's Application in January 2009, the Company reduced natural gas rates by 4.7% for most customers, to amortize approximately 72% of the deferred PGA balance at the end of November 2009 (AVU-G-09-02). This filing proposes to adjust the amortization rates to refund additional deferred amounts accumulated since November 2008 (December-April) to customers over a 12-month period. These additional deferred amounts result in an incremental balance of approximately \$6.4 million accumulated since November. The Company is not proposing to change the WACOG approved in the September 2008 PGA filing.

Avista states that it has received considerable feedback from customers regarding lower wholesale natural gas prices. Given this feedback, higher winter heating bills, and the ongoing recession, the Company believes that it is appropriate to again reduce natural gas rates.

The proposed rate decrease in Schedule 155 amortization rate for both Schedule 101 and 111 is as follows:

Present amortization rate (\$0.07711)

Decrease per therm (\$0.08094)

Proposed amortization rate (\$0.15805)

The proposed decrease would result in a monthly bill reduction of \$5.26 for a residential customer using an average of 65 therms per month, from a present bill of \$78.23 to \$72.97 per month.

### **COMMISSION DECISION**

Avista recommends a decrease in natural gas rates for residential, small commercial and larger use customers for an effective date of June 1, 2009. Staff recommends that the Commission issue an interlocutory order approving the Company's Application for the proposed effective date, and that the Commission establish a comment deadline to allow Staff and others the opportunity to investigate the Company's Application and file written comments. Following the comment deadline the matter will be brought back to the Commission for final decision. Does the Commission agree with Staff's recommended procedure?



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Scott Woodbury  
Deputy Attorney General

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