

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. AVU-G-21-04
OF AVISTA UTILITIES FOR AN ORDER)	
APPROVING A CHANGE IN RATES FOR)	NOTICE OF APPLICATION
PURCHASED GAS COSTS AND)	
AMORTIZATION OF GAS-RELATED)	NOTICE OF
DEFERRAL BALANCES)	MODIFIED PROCEDURE
)	
)	ORDER NO. 35116
)	
)	

On July 2, 2021, Avista Corporation dba Avista Utilities (“Company”) filed its annual Purchased Gas Cost Adjustment (“PGA”) Application. The PGA is a Commission-approved mechanism that adjusts rates up or down to reflect changes in the Company’s costs to buy natural gas from suppliers—including changes in transportation, storage, and other related costs. The Company defers these costs into its PGA account and then passes them on to customers through an increase or decrease in rates.

The Company states its proposal will increase rates for an average residential or small commercial customer by \$6.00 per month (12.1%). The Company states it will send a customer notice to each customer and has issued a press release to interested media outlets. The Company asks that its Application be processed by Modified Procedure and that the new rates take effect September 1, 2021.

NOTICE OF APPLICATION

A. Overview of Proposed Rates

YOU ARE HEREBY NOTIFIED that the Company is a public utility that distributes natural gas in northern Idaho, eastern and central Washington, and southwestern and northeastern Oregon. The Company buys natural gas and then transports it through pipelines for delivery to customers. In this PGA Application, the Company proposes to: (1) pass any change in the estimated cost of natural gas for the next 12 months to customers (Tariff Schedule 150); and (2) revise the amortization rates to refund or collect the balance of deferred gas costs (Tariff Schedule 155). The Company has filed an application in AVU-G-21-03 addressing credits that could offset a portion of the increases in this case. The Company proposes to change its PGA rates in this case for its customer classes as follows:

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Service	Schedule No.	Commodity Change per Therm	Demand Change per Therm	Total Sch. 150 Change	Amortization Change per Therm	Total Rate Change per Therm
General	101	\$0.04022	\$0.00238	\$0.04260	\$0.05259	\$0.09519
Lg. General	111	\$0.04022	\$0.00238	\$0.04260	\$0.05259	\$0.09519
Lg. General	112	\$0.04022	\$0.00238	\$0.04260	\$ -	\$0.04260
Interruptible	131	\$0.04022	\$ -	\$0.04022	\$ -	\$0.04022
Transportation	146	\$ -	\$ -	\$ -	\$ -	\$ -

Application at 3. The Company asserts it is filing this Application earlier than the typical August-September timeframe to limit the bill impact to customers from the accumulated deferral and amortization surcharge balances that have increased due to rising natural gas costs in recent months since the Company's last filing. *Id.* The Company's proposed changes to Schedules 150 and 155 and the Company's rates are further explained below.

B. Schedule 150

YOU ARE FURTHER NOTIFIED that the Tariff Schedule 150 portion of the PGA has two parts: the "commodity costs" and the "demand costs."

YOU ARE FURTHER NOTIFIED that the Company's "commodity costs" are the variable costs at which the Company must buy natural gas. The weighted average cost of gas is an estimate of those costs. Here, the Company estimates its commodity costs will *increase* by \$0.04022 per therm, from the currently approved \$0.16283 per therm. *Id.* at 3. To minimize exposure to potential rising gas costs, the Company states it diversifies how it procures natural gas. The Company alleges that its procurement strategy includes hedging and estimating the cost of index purchases. *Id.*

YOU ARE FURTHER NOTIFIED that the Company's "demand costs" are its fixed-capacity costs for interstate transportation and underground storage. *Id.* at 4. The demand costs primarily are costs to transport gas on interstate pipelines to the Company's local distribution system. *Id.* The Company proposes a \$0.00238 per therm *increase* in the overall demand rate for customers on Schedules 101, 111, and 112. *Id.* This increase is caused by factors including the Canadian exchange rate, an updated demand forecast, and new rates for the Company's Canadian pipelines, effective June 1, 2021. *Id.*

C. Schedule 155

YOU ARE FURTHER NOTIFIED that Tariff Schedule 155 reflects the amortization of the Company's deferral account. The Company's proposed amortization rate change for Schedule 101 and Schedule 111 is an increase in revenue (or expiration of the existing rebate and

replacing with a surcharge) of \$0.05259 per therm. The current rate applicable to Schedule 101 and Schedule 111 is \$0.03754 per therm in the rebate direction; the proposed rate is \$0.01505 per therm in the surcharge direction taking into account the proposed amortization rate change.

YOU ARE FURTHER NOTIFIED that if the Company's Application is approved as filed, the Company's annual revenue will increase by \$9.0 million (13.5%).

YOU ARE FURTHER NOTIFIED that the Company asserts it has or will notify customers of its proposed tariffs by posting notice at each of its Idaho district offices, and through a press release. Also, the Company states it will send notice to each customer as a bill insert during the July timeframe.

YOU ARE FURTHER NOTIFIED that the Application and Exhibits are available for public inspection during regular business hours at the Commission's office. The Application is also available on the Commission's website at www.puc.idaho.gov. Click on the "NATURAL GAS" tab at the top of the home page, then select "Open Cases" and then locate 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. 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 will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities 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 anyone desiring to state a position on this Application may file a written comment explaining why the person supports or opposes the Application **within 21 days of the service date of this Order**. Persons desiring a hearing must specifically request a hearing in their written comments. Comments must be filed through the Commission website or by email unless computer access is unavailable. To comment electronically, please access the Commission's home page at www.puc.idaho.gov. Click the

“Consumer” tab on the Commission’s webpage and then “Case Comment Form” and complete the form using the case number as it appears on the front of this document. To file by email, the customer must email the comments to the email addresses listed below. In addition to submitting the comments to the Commission Secretary, the customer must also email the Staff and utilities at the email addresses listed below. If computer access is unavailable, then comments may be mailed to the Commission, Staff, and utilities at these addresses:

**For the Idaho Public Utilities
Commission:**

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

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

For Avista:

Patrick D. Ehrbar
David J. Meyer
Avista Utilities
1411 E. Mission Avenue
Spokane, WA 99220-3727
pat.ehrbar@avistacorp.com
david.meyer@avistacorp.com

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **within 28 days of the service date of this Order.**

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

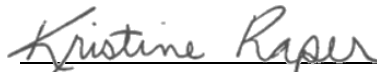
IT IS HEREBY ORDERED that the Company’s Application be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so within 21 days of the service date of this Order. The Company must file any reply comments within 28 days of the service date of this Order.

IT IS FURTHER ORDERED that Parties should continue to comply with Order No. 35058, issued June 3, 2021. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. See Rule 14.02. Service between Parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of July 2021.



PAUL KJELLANDER, PRESIDENT

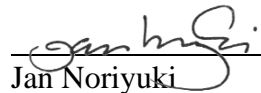


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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