

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION ) CASE NO. AVU-G-21-07**  
**OF AVISTA UTILITIES FOR AN ORDER )**  
**APPROVING A CHANGE IN NATURAL GAS ) NOTICE OF APPLICATION**  
**RATES AND CHARGES )**  
**)**  
**) NOTICE OF**  
**) MODIFIED PROCEDURE**  
**)**  
**) ORDER NO. 35260**  
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On December 3, 2021, Avista Corporation dba Avista Utilities (“Company”) applied to amend its current weighted average cost of gas (“WACOG”) in its Rate Schedule 150 for the Company’s Purchased Gas Cost Adjustment (“PGA”) “due to a material change in natural gas prices and [to] collect the change in estimated cost of natural gas for the February 2022 through October 2022 nine-month period.” *Application* at 2. The Company is not requesting any changes to demand charges or Rate Schedule 155-Gas Rate Adjustment or amortization rate in this case. *Id.* at 4. The Company represents that if its Application is approved, its annual revenue will increase by approximately \$3.3 million (8.1%) and rates for an average residential or small commercial customer will increase by \$3.93 per month (7.6%). The Company asks that its Application be processed by Modified Procedure and that the new rates take effect on February 1, 2022.

**NOTICE OF APPLICATION**

***A. Overview of Proposed Changes***

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.

YOU ARE FURTHER NOTIFIED that the Company’s PGA is a Commission approved mechanism that annually adjusts rates up or down to reflect 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.

YOU ARE FURTHER NOTIFIED that the Company’s timing in filing its Application “defers the effect of timing differences due to implementation of rate changes and differences between the Company’s WACOG purchased and the WACOG embedded in rates. *Id.* This filing is “out of cycle” due to a material change in natural gas prices and is intended to collect the change in the estimated cost of natural gas for the February 2022 through October 2022 nine-month period. *Id.* The Company asserts that in Order No 35151, the Commission directed the Company to “promptly apply to amend its WACOG if natural gas prices materially deviate[d] from the WACOG approved in [Order 35151.]” Order No. 35151 at 6. The following table summarizes the proposed changes the Company wishes the Commission to approve:

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	\$0.06235	\$ -	\$0.06235	\$ -	\$0.06235
Lg. General	111	\$0.06235	\$ -	\$0.06235	\$ -	\$0.06235
Lg. General	112	\$0.06235	\$ -	\$0.06235	\$ -	\$0.06235
Interruptible	131	\$0.06235	\$ -	\$0.06235	\$ -	\$0.06235
Transportation	146	\$ -	\$ -	\$ -	\$ -	\$ -

*Id.* at 2-3.

**B. Commodity Costs**

YOU ARE FURTHER NOTIFIED that in Case No. AVU-G-21-04, the Commission approved the Company’s annual PGA proposal with a September 1, 2021, effective date. *See* Order No. 35151. In that Order, the WACOG *increased* by \$0.04022 per therm, from \$0.16283 to \$0.20305 per therm (including revenue sensitive costs.). As discussed in the Company’s filing, wholesale natural gas prices have risen substantially due to rising demand and lower supply during the year and above the level currently included in rates. *Application* at 3. The main factor determining demand has been exports to Mexico, elevated LNG exports, and increased use for power generation. *Id.* In addition, the storage levels for natural gas are well below where they were last year, and the current forecasted end of season level appears to be substantially below last year’s level. *Id.* These market conditions have continued to put significant upward pressure on wholesale natural gas prices. *Id.*

YOU ARE FURTHER NOTIFIED that the Company asserts to limit the bill impact to customers resulting from a large surcharge deferral caused by the difference in the WACOG

presently included in rates and the current forward commodity prices, the Company proposes to increase the WACOG from the \$0.20305 per therm embedded in current rates to \$0.26540 per therm for the remainder of the PGA year, representing an increase of \$0.06235 per therm. *Id.* at 3. The Company has calculated the proposed Commodity WACOG of \$0.26540 per therm by adjusting the 5-day historical average of AECO forward prices and hedging additional natural gas after its' previous PGA filing. *Id.* at 4. Updating the 5-day historical average and all hedges results in a proposed \$3.3 million revenue increase.

YOU ARE FURTHER NOTIFIED that if the Company's Application is approved as filed, the Company's annual revenue will increase by \$3.3 million (8.1%). Residential or small commercial customers using an average of 63 therms per month (for the nine-month period) would see an *increase* in \$3.93 per month (7.6%). The present bill for 63 therms is \$51.93; the proposed increase would bump the present bill to \$55.86.

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 December timeframe. *See* Application, Exhibits B & C.

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](http://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 **by January 6, 2022**. Persons who would like 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](http://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. If computer access is unavailable, then comments may be mailed to the Commission and Company 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](mailto:secretary@puc.idaho.gov)

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

**For Avista:**

Patrick D. Ehrbar  
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Avista Utilities  
1411 E. Mission Avenue  
Spokane, WA 99220-3727  
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[david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com)

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by January 13, 2022**.

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**

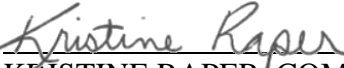
IT IS HEREBY ORDERED that the Company's Application be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written

comments must do so by January 6, 2022. The Company must file any reply comments by January 13, 2022.

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 17<sup>th</sup> day of December 2021.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Jan Noriyuki  
Commission Secretary

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