

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA UTILITIES)	CASE NO. AVU-G-22-02
APPLICATION FOR AN ORDER)	
APPROVING A CHANGE IN NATURAL GAS)	NOTICE OF APPLICATION
RATES AND CHARGES)	
)	NOTICE OF MODIFIED
)	PROCEDURE
)	
)	ORDER NO. 35405

On April 29, 2022, Avista Corporation dba Avista Utilities (“Company”) applied for an order approving a revised schedule of rates and charges for natural gas service. The Company requests its proposed rates—which would increase the Company’s revenue by \$8.3 million or about 10.5 percent—be updated in Schedule 150—Purchases Gas Cost Adjustment (“PGA”), effective July 1, 2022. The Company believes that making this filing now limits the surcharge deferral for the remainder of the PGA cycle. The Company proposes to increase the commodity Weighted Average Cost of Gas (“WACOG”) by \$0.08641 per therm. If approved, the average residential or small commercial customer using 63 therms per month would see an increase of \$5.44 per month, or about 9.7 percent.

The Commission now issues this Notice of Application and Notice of Modified Procedure establishing deadlines for interested parties to comment on the Application and for the Company to reply.

BACKGROUND

The Company’s 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.

In Case No. AVU-G-21-04, the Commission approved the Company’s annual PGA, effective September 1, 2021. Order No. 35151. In Order No. 35151, the Commission authorized the Company to increase its commodity WACOG by \$0.04022 per therm—increasing from \$0.16283 per therm to \$0.20305 per therm. Subsequently, in Case No. AVU-G-21-07, the Commission approved the Company’s proposed “out-of-cycle” PGA adjustment to the WACOG

by \$0.06235 per therm—increasing from \$0.20305 per therm to \$0.26540 per therm—effective February 1, 2022. Order No. 35295.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company’s Application reflects its proposed “Out of Cycle” PGA to amend its commodity WACOG in Schedule 150 “due to a material change in natural gas prices” and to collect the change in the updated cost of natural gas. Application at 2. Starting July 1, 2022, the Company used the 12-month period to estimate the commodity WACOG.

YOU ARE FURTHER NOTIFIED that the Company cites macroeconomic and geopolitical events leading to the continued increase in the price of wholesale natural gas, which has pushed prices to levels not seen in over 13 years. “The market factors attributing to the rise in prices are an overall increase in demand, lower supply, and more recently the impact that the global natural gas market is having on the US natural gas market due to the war in Ukraine.” *Id.* at 3. Elevated LNG exports and use for electric generation have increased demand for natural gas.¹ The Company states that supply has been limited because production has been slow to return to pre-pandemic levels and to date has underperformed expectations in 2022. The Company notes that some of these market conditions were present when the Company filed Case Nos. AVU-G-21-04 and AVU-G-21-07, but when coupled with the additional market factors increasing demand for natural gas, there has been upward pressure on wholesale natural gas prices—creating a material change from the WACOG approved in the Company's prior PGA.

YOU ARE FURTHER NOTIFIED that the Company proposes to increase the Commodity WACOG from the \$0.26540 per therm currently embedded in rates to \$0.35181 per therm for Schedule Nos. 101, 111, 112, 131, and 146—an increase of \$0.08641 per therm.

YOU ARE FURTHER NOTIFIED that the Company calculated the proposed Commodity WACOG of \$0.35181 per them by adjusting two items. *Id.* at 4. First, the Company used a 30-day historical average of forward prices (as of April 12, 2022) to develop an estimated cost associated with index purchases for the one-year period beginning after July 1, 2022. *Id.* The Company then estimated the monthly volumes it would purchase during this period and multiplied that by the 30-day average forward price for the corresponding month. *Id.* The annual weighted

¹ Historically, when natural gas prices reach high levels, there is a reduction in demand for its use in power generation, however, with the two main alternative fuels (coal and oil) also being priced at extremely high levels, this has not occurred. Application at 3.

average price for these volumes according to the Company's estimations is \$0.421 per therm. *Id.* The annual weighted average price currently included in rates for these volumes is \$0.306 per therm. *Id.* Second, the Company has entered into additional natural gas hedges since Case No. AVU-G-21-07. *Id.* The weighted average price for hedged natural gas presently included in rates is \$0.266 per therm. *Id.* The annual weighted average price for all hedges during the period, including those entered into after Case No. AVU-G-21-04, is now \$0.290 per therm. *Id.*

YOU ARE FURTHER NOTIFIED that the Application and Exhibits are available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's website at www.puc.idaho.gov. Click on the "ELECTRIC" tab, 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 it will review the case through written submissions under the Commission's Rules of Modified Procedure Rules 201-204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. 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 persons desiring to state a position on this Application may file a written comment explaining why they support or oppose the Application. Persons who would like a hearing must specifically request a hearing in their written comments. **Persons shall have until June 8, 2022, to file written comments.** Comments must be filed through the Commission's website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission's website at www.puc.idaho.gov. Click the "Case Comment Form" and complete the form using the case number as it appears on the front of

this document. To file by e-mail, the customer must e-mail the comments to the Commission Secretary and the Company at the e-mail 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

Street Address for Express Mail:

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

For Avista:

Pat Ehrbar
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99220-3727
pat.ehrbar@avistacorp.com
dockets@avistacorp.com

David Meyer
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99220-3727
david.meyer@avistacorp.com

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by June 15, 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, Rules 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by June 8, 2022. The Company must file any reply comments by June 15, 2022.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, 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 16th day of May 2022.



ERIC ANDERSON, PRESIDENT

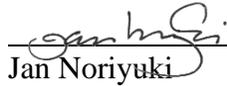


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

I:\Legal\GAS\AVU-G-22-02 rates\orders\AVUG2202_ntc app mod_dh.docx