

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION ) CASE NO. AVU-G-23-06**  
**OF AVISTA UTILITIES FOR AN ORDER )**  
**APPROVING A CHANGE IN RATES FOR )**  
**PURCHASED GAS COSTS AND ) ORDER NO. 35970**  
**AMORTIZATION OF GAS-RELATED )**  
**DEFERRAL BALANCES )**  
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On September 1, 2023, Avista Corporation d/b/a/ Avista Utilities (“Company”) filed its annual Purchased Gas Cost Adjustment (“PGA”) application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting a change in rates for purchased gas costs and amortization of gas-related deferral balances.

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 those costs into its PGA account and then passes them on to customers through an increase or decrease in rates.

The Company proposed to: (1) pass any change in the estimated cost of natural gas for the period of November 2023 through October 2024 (Tariff Schedule 150); and (2) revise the amortization rate(s) to refund or collect the balance of deferred gas costs (Tariff Schedule 155).

Tariff Schedule 150 is a portion of the PGA which consists of commodity costs and demand costs. The Company’s commodity costs are the variable costs that the Company incurs to buy natural gas. The Weighted Average Cost of Gas (“WACOG”) is an estimate of those costs. The Company’s demand costs are the costs for interstate transportation and underground storage, and also includes some benefits from the Deferred Exchange Contract that are credited back to customers.

Tariff Schedule 155 reflects the amortization of the Company’s deferral account. The deferral consists of the difference in the price the Company paid for natural gas and the WACOG established in the previous PGA.

The Company represented that if the filing is approved, residential customers using an average of 64 therms per month would see rates increase by \$3.54, or 4.7% per month, and the Company’s annual natural gas revenue will increase by approximately \$5.4 million, or about 5.0%.

Table No. 1 summarizes the impact of the proposed changes on customer classes.

**Table No. 1: Summary of Proposed PGA Rate Changes by Class**

<b>Service</b>	<b>Schedule No.</b>	<b>Commodity Change per Therm (a)</b>	<b>Demand Change per Therm (b)</b>	<b>Total Sch. 150 Change (c=a+b)</b>	<b>Amortization Change per Therm (d)</b>	<b>Total Rate Change per Therm (e=c+d)</b>
General	101	\$(0.06236)	\$(0.00354)	\$(0.06590)	\$0.12118	\$0.05528
Lg. General	111	\$(0.06236)	\$(0.00354)	\$(0.06590)	\$0.12118	\$0.05528
Lg. General	112	\$(0.06236)	\$(0.00354)	\$(0.06590)	-	\$(0.06590)
Interruptible	131	\$(0.06236)	-	\$(0.06236)	-	\$(0.06236)
Transportation	146	-	-	-	-	-

The Company requested that the proposed rates take effect November 1, 2023.

**COMMISSION STAFF COMMENTS**

Staff reviewed the Company's Application and accompanying workpapers. Staff examined the Company's gas purchases for the year, the Company's fixed price hedges, pipeline transportation and storage costs, and estimates of future commodity prices, to assess the reasonableness of the proposed changes. Staff also reviewed the Company's jurisdictional allocation and the reasonableness of the Company's Lost and Unaccounted for Gas volumes.

Staff represented that the Company's filing will not change the Company's earnings, and Staff believed that the proposed changes to Tariff Schedules 150 and 155 accurately capture the Company's fixed (demand) and variable (commodity) costs given the coming year's forecasted gas purchases, and properly amortized the deferral balance from the prior year.

Staff also reviewed the current reporting associated with the PGA. Staff noted that the Company currently submits two reports, one monthly and one quarterly. The monthly report includes a summary of the deferred costs with a journal entry of the amounts booked, and the quarterly report is a WACOG report.

Because review of the PGA filing happens within a short time frame, Staff recommended that going forward the Company submit both reports quarterly and that the Company submit two additional documents: (1) a gas accounting data download ("GADD") in Excel format with a reconciliation tab; and (2) a deferral calculation workbook ("DCW") in Excel format, both submitted with the PGA filing. Staff stated that the GADD report and DCW will improve audit

efficiencies, increase turnaround time of data requests, and decrease the number of Staff's audit/production requests.

Staff reviewed the Company's press release and customer notice, and Staff believed that both met the requirements of Rule 125 of the Commission's Rules of Procedure, IDAPA 31.01.01.125. However, Staff noted that some customers in the last billing cycles may not have had adequate time to submit comments before the deadline, and Staff recommended that the Commission consider late filed comments from customers.

#### **STAFF RECOMMENDATIONS**

After examining the Company's Application, natural gas purchases, and deferral activity for the year, Staff recommended that the Commission approve the Application and submitted tariffs as filed. Staff also recommended that the Commission direct the Company to continue filing quarterly WACOG reports and change the monthly deferred cost reports to quarterly and include two additional reports; the GADD in Excel format, and DCW in Excel format filed with the PGA filing. Finally, Staff recommended that the Commission consider any late-filed comments from customers.

#### **COMPANY REPLY COMMENTS**

The Company did not submit any reply comments.

#### **PUBLIC COMMENTS**

The Commission did not receive any public comments.

#### **COMMISSION FINDINGS AND DECISION**

The Company is a gas corporation and public utility, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code, and more specifically, *Idaho Code* §§ 61-117, 61-129, 61-307, 61-501, and 61-502. The Commission must establish just, reasonable, and sufficient rates for utilities subject to its jurisdiction. *Idaho Code* § 61-502.

The PGA mechanism is used to adjust rates to reflect annual changes in the Company's costs for the purchase of natural gas from suppliers including transportation, storage, and other related costs. The PGA mechanism passes through prudently incurred commodity costs in a timely fashion, and the Company's earnings are not to be increased from changes in prices and revenues resulting from the PGA.

Having reviewed the record, the Commission finds it fair, just, and reasonable to approve the Application and submitted tariffs as filed. Additionally, the Commission finds that quarterly

WACOG and deferred cost reports provide useful information and assist Staff with determining whether to audit earlier than planned, and whether an interim filing might be needed. The Commission directs the Company to continue submitting quarterly WACOG reports and quarterly deferred costs reports. Further, the Company is directed to file a GADD in Excel format with a reconciliation tab, and a DCW in Excel format with its annual PGA filing. As always, the Commission expects the Company to promptly apply to amend its WACOG if gas prices materially deviate from the WACOG approved in this Order.

**ORDER**

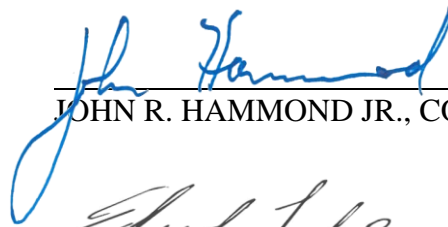
IT IS HEREBY ORDERED that the Application and submitted tariffs are approved as filed.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code §§ 61-626 and 62-619.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27<sup>th</sup> day of October 2023.



ERIC ANDERSON, PRESIDENT

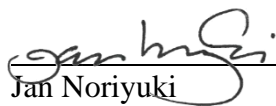


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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