

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA’S) CASE NO. AVU-G-23-08
APPLICATION FOR AN ORDER)
AUTHORIZING DEFERRED ACCOUNTING)
FOR COSTS RELATED TO THE) ORDER NO. 36059
NOVEMBER 2023 WILLIAMS NORTHWEST)
PIPELINE OUTAGE)
)

On November 9, 2023, Avista Corporation d/b/a Avista Utilities (“Company”) applied to the Commission for authority to defer costs associated with a “dig in” event causing the Williams Pipeline to shut down on the afternoon of November 8, 2023. The Company requested its Application be processed by Modified Procedure.

On November 24, 2023, the Commission issued a Notice of Application and Notice of Modified Procedure establishing comment deadlines for interested persons and the Company’s reply. Staff filed comments to which the Company replied. No other comments were received.

Having reviewed the record in this case, we issue this Order approving the Company’s Application to defer costs associated with the November 8, 2023, dig-in event with a carrying charge.

NOTICE OF APPLICATION

The shutdown forced the Company to stop delivering natural gas to customers in the Moscow and Lewiston areas. Between Idaho and Washington, the Company estimated 35,000-40,000 customers were affected.¹

The Company had not finalized its response plan at the time of filing but indicated it would have to visit every affected premise to turn off natural gas meters, then purge the lines, and finally refill the lines, turn on the meters, and relight appliances. The duration of the outage was unknown at the time of filing.

The Company proposed to defer costs associated with the dig-in incident for future recovery. Under the Company’s proposal, it would seek reimbursement of deferred costs plus interest in a later proceeding. The Company did not rule out that it could seek damages through future legal proceedings which could be applied towards the deferral.

¹ In its December 19, 2023, reply comments, the Company indicated that approximately 38,000 customers lost service.

The Company did not provide its response plan, restoration plan, communications, or other shutdown response measures. The Company indicated it would supplement the filing when additional information is available.

THE COMMENTS

1. Staff Comments

Staff mostly supported the Company's request to defer costs associated with the dig-in event. Staff recommended approval of the Company's request for an accounting order authorizing deferral of costs related to the November 2023 Williams Northwest Pipeline outage in a subaccount of FERC Account No. 182.3-Other Regulatory Assets. Staff noted that the Company expects the final costs to be between \$8-10 million, potentially offset by claims made against third parties. Staff further recommended that recovery of the deferred costs related to the Williams outage should be determined in the Company's next general rate case or other proceedings and that the Company should not receive a carrying charge on the deferred costs related to the outage.

2. Company Reply

The Company acknowledged Staff's support to allow the Company to defer the costs associated with the outage and restoring gas service to affected customers. However, the Company requested the Commission diverge from its usual practice of denying a carrying charge on the deferral amount. The Company recognized that this is Staff's and the Commission's usual position, but argued the situation was unusual and therefore merited the Commission considering allowing the carrying charge in this instance. The Company noted that this event was wholly out of its control and it expended significant resources to ensure that service was restored as quickly as possible. Further, the Company explained that it has had to borrow money for this event and the rate it pays on debt is currently 6.4%, versus the 5.37% authorized in its most recent general rate case, Case No. AVU-G-23-01. The Company concluded, stating "[t]he Commission should exercise its discretion to allow for a carrying cost under these specific circumstances involving a significant event, entirely beyond the Company's control, and including substantial payment of expenses, the recovery of which will have to await the outcome of Avista's next general rate case in August 2025, at the earliest." Reply Comments at 2.

COMMISSION DISCUSSION AND FINDINGS

The Company is a gas utility subject to the Commission's regulation under the Public Utilities Law. *Idaho Code* §§ 61-117 and 61-129. The Company's rates, charges, classifications,

and contracts for gas service in the State of Idaho are subject to the Commission's jurisdiction. The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

Having reviewed the record in this case we grant the Company's request to defer costs associated with the November 2023, outage event that forced the Company to expend tremendous effort and resources to safely and timely restore gas service to impacted customers. With this authority, we also grant the Company's request for a carrying charge on the deferred expenses at the embedded costs of debt established in Case No. AVU-G-23-01. We acknowledge that we traditionally *do not* allow utilities a carrying charge on deferrals, but given the uniqueness of the circumstances here, we find it would be unjust to disallow the carrying charge.

While we are allowing a carrying charge in this case due to the circumstances necessitating the service restoration expenses, we iterate that this *should not* be construed by either the Company or other Commission-regulated utilities as a precedent-setting decision. Our decision is guided by the fact the Company did not have control over the outage that forced it to expend the resources required to restore service. We expect the Company will seek recovery of damages from the party responsible for the outage and any subsequent damages awarded will be applied to the deferral. We are hopeful that this will not impact customers financially but agree the deferral will allow the Company an opportunity to recover damages before making a determination on the impact on customers' rates, if any. We will determine the prudence of the deferral in a future rate proceeding.

ORDER

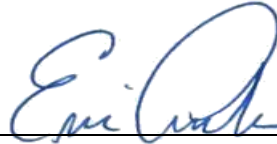
IT IS HEREBY ORDERED that the Company may defer its costs associated with restoring service after the November 2023 outage.

IT IS FURTHER ORDERED that the Company is allowed a carrying charge on this deferral at the embedded costs of debt established in Case No. AVU-G-23-01. Order No. 35909.

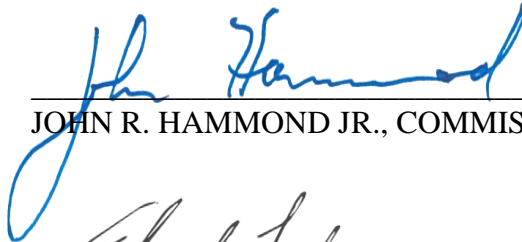
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter

decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12th day of January 2024.



ERIC ANDERSON, PRESIDENT



JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Interim Commission Secretary

I:\Legal\GAS\AVU-G-23-08_WNP outage\orders\AVUG2308_final_dh.docx