BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA CORPORATION'S APPLICATION FOR APPROVAL OF A CHANGE IN RATES FOR PURCHASED GAS COSTS AND AMORTIZATION OF GAS-RELATED DEFERRAL BALANCES	)))))))	**CASE NO. AVU-G-24-02** **ORDER NO. 36379**

On July 31, 2024, Avista Corporation d/b/a/ Avista Utilities ("Company") applied for authority to change its rates for purchased gas costs and amortize its gas-related deferral balances. The Company requested processing of this matter via Modified Procedure with a November 1, 2024, effective date.

On August 21, 2024, the Commission issued a Notice of Application and Notice of Modified Procedure setting a comment deadline for interested persons and a reply comment deadline for the Company. *See* Order No. 36298. The Commission Staff ("Staff") filed the only comments.

We now issue this Order approving the Company's Application and corresponding proposed tariffs, as filed.

APPLICATION

A. Overview of Proposed Rates

The Purchased Gas Adjustment ("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 indicated that its proposal would *decrease* annual revenues by about $32.3 million (27.9%). The Company stated that the average residential or small commercial customer using an average of 64 therms per month will see a *decrease* of $20.41 per month or 26.2%. The Company provided a copy of the press release it will send to affected customers.

In its Application, the Company proposed 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 proposed to change its PGA rates in this case for its customer classes as follows:

Service	Sch No.	Commodity Change per therm	Demand Change per therm	Total Sch. 150 Change	Amortization Change per therm	Total PGA Rate Change per therm
General	101	$ (0.04984)	$ 0.00111	$ (0.04873)	$ (0.27015)	$ (0.31888)
Lg. General	111	$ (0.04984)	$ 0.00111	$ (0.04873)	$ (0.27015)	$ (0.31888)
Lg. General	112	$ (0.04984)	$ 0.00111	$ (0.04873)	$ -	$ (0.04873)
Interruptible	131	$ (0.04984)	$ -	$ (0.04984)	$ -	$ (0.04984)
Transportation	146	$ -	$ -	$ -	$ -	$ -

Application at 3. The Company's proposed changes to Schedules 150 and 155 and the Company's rates are further explained below.

B. Schedule 150

Tariff Schedule 150 is a portion of the PGA with two parts: the "commodity costs" and the "demand costs." The Company's "commodity costs" are the variable costs at which the Company must buy natural gas. The Weighted Average Cost of Gas ("WACOG") is an estimate of those costs. Here, the Company proposed a WACOG of $.23850 per therm compared to the currently approved $0.28834 per therm.

The Company's "demand costs" are its fixed-capacity costs for interstate transportation and underground storage. The Company proposes a $0.00111 per therm *increase* in the overall demand rate for customers on Schedules 101, 111, and 112. This *increase* is caused by factors including the Canadian exchange rate, an updated demand forecast, and new rates for the Company's Canadian pipelines in effect during the upcoming PGA year.

C. Schedule 155

The Company's 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 a *decrease* in revenue of $0.27015 per therm. The current rate applicable to Schedule 101 and Schedule 111 is $0.25281 per therm in the surcharge direction; the proposed rate is $0.01734 per therm in the rebate direction. The Company further asserts that it has or will notify customers of its proposed tariffs by sending notice to each customer as a bill insert in September.

STAFF COMMENTS

After examining the Company's Application and accompanying workpapers, Staff supported the Company's proposal to decrease natural gas revenues in Idaho by approximately $32.3 million, or about 27.9%. Staff also reviewed the Company's jurisdictional allocation and the reasonableness of the Company's Lost and Unaccounted for Gas volumes. Staff verified that the Company's filing will not change the Company's earnings. Staff also confirmed that the proposed changes to 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 amortizes the deferral balance from the prior year.

Regarding reporting requirements, Staff recommended that the Company continue submitting quarterly WACOG reports, the gas accounting data download ("GADD") report, and the deferred costs report with a journal entry. Staff also recommended that the Company continue submitting the deferral calculation workbook ("DCW"), which summarizes the numbers in the GADD and ties them to the PGA workpaper, in Excel format. Staff asserted that the DCW workbook must be filed with the last quarterly report before the PGA Application. Staff believed these reports will facilitate more efficient case processing.

After examining the Company's Application, natural gas purchases, and deferral activity for the year, Staff recommended that the Commission: 1) approve the Company's proposed Tariff Schedule 150 as filed, including the proposed WACOG of $0.23850 per therm and demand charge of $0.08995 per therm, for a total of $0.32845 per therm; 2) approve the Company's proposed Tariff Schedule 155 as filed, with the proposed amortization rebate rate of $0.01734 per therm; 3) direct the Company to continue filing quarterly WACOG, GADD reports and monthly deferred cost reports with journal entries, as they have been, and the DCW workbook in Excel format with the last quarterly report before the next PGA filing.

Staff reviewed the Application, including Exhibit C: Copy of Press Release and Customer Notice. Staff determined that the documents in Exhibit C meet the requirements of Rule 125 of the Commission's Rules of Procedure. IDAPA 31.01.01.125. The notice was included with bills mailed to customers beginning August 2, 2024, and ending August 30, 2024. Staff believed these mailings provided customers with reasonable opportunity to file comments by the October

16, 2024, comment deadline. However, Staff still recommended that the Commission consider late filed comments by customers.[1]

COMMISSION FINDINGS AND DECISION

The Commission has reviewed the record, including the Application and comments. 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 Company's earnings are not to be increased from changes in prices and revenues resulting from the PGA. The PGA mechanism passes through prudently incurred commodity costs in a timely fashion.

Having reviewed the record, the Commission finds it fair, just, and reasonable to approve the Application and submitted Tariff Schedules 150 and 155, 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 in the quarterly report immediately prior to its next 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 Company's Application to change its natural gas rates and charges is approved. The Company's proposed Schedule 150, including the WACOG of $0.23850 per therm and demand charge of $0.08995 per therm, for a total of $0.32845 per therm is approved, effective November 1, 2024.

IT IS FURTHER ORDERED the Company's proposed Schedule 155, with the amortization rate of $0.01734 per therm is approved as filed, effective November 1, 2024.

[1] As of October 29, 2024, no customer comments had been filed.

IT IS FURTHER ORDERED that the Company shall promptly apply to amend its WACOG if gas prices materially deviate from the WACOG approved in this Order.

IT IS FURTHER ORDERED that the Company is directed to submit the reports as directed above.

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 Public Utilities Commission at Boise, Idaho this 31st day of October 2024.

ERIC ANDERSON, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

EDWARD LODGE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary

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