

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA	)	CASE NO. AVU-G-25-07
CORPORATION’S APPLICATION FOR AN	)	
ORDER APPROVING A CHANGE IN RATES	)	ORDER NO. 36823
FOR PURCHASED GAS COSTS AND	)	
AMORTIZATION OF GAS-RELATED	)	
DEFERRAL BALANCES	)	

On July 31, 2025, Avista Corporation (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) for an Order approving a revised schedule of rates and charges for natural gas service in the state of Idaho, which the Company anticipated would decrease customers’ bills by approximately \$4.13 per month. The Company requested the proposed rates in this Purchased Gas Cost Adjustment (“PGA”) filing be made effective on November 1, 2025.

On August 18, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing a deadline for public and Commission Staff (“Staff”) comments, and a deadline for the Company to file reply comments. Order No. 36721.

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

APPLICATION

The Company indicated that, if its Application was approved as submitted, it anticipated an annual revenue reduction of approximately \$6.5 million, or about 7.5%. Application at 1. In its filing, the Company explained that the proposed PGA is intended to: (1) reflect updated estimates of natural gas costs for the period from November 2025 through October 2026, and (2) adjust the amortization rate(s) to either refund or recover the balance of deferred natural gas expenses. *Id.* at 2.

The Company proposed to change its PGA rates in this case for its customer classes as follows:

<u>Service</u>	<u>Sch No.</u>	<u>Commodity Change per therm</u>	<u>Demand Change per therm</u>	<u>Total Sch. 150 Change</u>	<u>Amortization Change per therm</u>	<u>Total PGA Rate Change per therm</u>
General	101	\$ (0.02702)	\$ 0.00985	\$ (0.01717)	\$ (0.04544)	\$ (0.06261)
Lg. General	111	\$ (0.02702)	\$ 0.00985	\$ (0.01717)	\$ (0. 04544)	\$ (0.06261)
Lg. General	112	\$ (0.02702)	\$ 0.00985	\$ (0.01717)	\$ -	\$ (0.01717)
Interruptible	131	\$ (0.02702)	\$ -	\$ (0.02702)	\$ -	\$ (0.02702)
Transportation	146	\$ -	\$ -	\$ -	\$ -	\$ -

Id. at 3.

Tariff Schedule 150 is a portion of the PGA with two parts: the “commodity costs” and the “demand costs.” *Id.* at 2. The Company’s “commodity costs” are the variable costs at which the Company must buy natural gas. *Id.* The Weighted Average Cost of Gas (“WACOG”) is an estimate of those costs. *Id.* The Application proposed a revised WACOG, decreasing from the current rate of \$0.23850 per therm to \$0.21148 per therm. *Id.* at 3.

The Company’s “demand costs” are its fixed-capacity costs for interstate transportation and underground storage. *Id.* at 4. The Company projected an increase in demand costs for residential customers of approximately \$0.00985 per therm. *Id.*

The Company’s Tariff Schedule 155 reflects the amortization of the Company’s deferral account. *Id.* The proposed change in amortization rates for Schedules 101 and 111 would result in a revenue decrease of \$0.04544 per therm. *Id.*

STAFF COMMENTS

Staff reviewed the Company’s Application and supporting workpapers and recommended that the Commission approve the Company’s request to reduce natural gas revenues in Idaho by approximately \$6.5 million, or about 7.2%. Staff Comments at 2.

Staff believed that the Company’s proposed WACOG and reported Lost and Unaccounted For (“LAUF”) gas volumes were reasonable. *Id.* Staff verified that the proposed adjustments would not affect the Company’s earnings and confirmed that the proposed revisions to Tariff Schedules 150 and 155 appropriately reflected the Company’s fixed (demand) and variable (commodity) costs, consistent with forecasted gas purchases for the upcoming year, and accurately amortized the prior year’s deferred balance. *Id.* at 2-3.

Staff believed that the proposed WACOG represented an approximate 11.33% decrease from the currently approved WACOG of \$0.23850 per therm. *Id.* at 3. Staff advised the Company to update its WACOG in the event of material deviations in future gas prices. *Id.*

Staff explained that Tariff Schedule 150 encompassed both commodity and demand costs. *Id.* The Company's commodity costs consisted of expenses related to the purchase or production of natural gas, its transportation to the city gate, storage, and the transmission and distribution necessary to deliver natural gas to customers. *Id.* The Company's demand costs represented the expenses associated with the interstate transportation of natural gas. *Id.* at 4.

Staff stated that Tariff Schedule 155 reflected the amortization of the Company's deferral account, which captured the difference between the actual cost of natural gas and the WACOG established in the prior PGA. *Id.* Staff believed that deferral activity benefited customers, noting that excess capacity releases totaled \$3,077,923 and the Deferred Exchange Contract totaled \$2,496,113. *Id.* The deferral balance also included the monthly interest charges on the deferred amounts. *Id.*

Staff reviewed forecasts from national and regional organizations, including the U.S. Energy Information Administration ("EIA"), to assess how projected market conditions might differ from NYMEX/NGX futures prices. *Id.* at 5-6. Based on its evaluation of market fundamentals and trends, Staff believed that the Company's hedge costs and forecasted forward index purchase costs were reasonable. *Id.* at 6.

Staff analyzed the Company's LAUF gas rate and compared it to historical data. *Id.* at 7. Staff reviewed supporting workpapers and reconciled the information with data submitted to the Pipeline and Hazardous Materials Safety Administration, and Staff noted that the five-year average LAUF rate was 0.78%. *Id.*

Staff recommended the Company continue to provide quarterly submission of the WACOG report, the Gas Accounting Data Download ("GADD") report, and deferred costs report with accompanying journal entries. *Id.* In addition, Staff recommended the continued submission of the deferral calculation workbook ("DCW") in Excel format. *Id.* Staff noted that these reports enhanced efficiency, reduced data request turnaround times, and decreased the volume of Staff's audit and production inquiries. *Id.* at 8.

Finally, Staff observed that the Company's Application included a press release and customer notice. *Id.* Staff reviewed those materials and Staff believed that both complied with the requirements of Rule 125 of the Commission's Rules of Procedure. *Id.*

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 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 \$0.21148 per therm and demand charge increase of \$0.09980 per therm, for a total of \$0.31128 per therm is approved, effective November 1, 2025.

IT IS FURTHER ORDERED that the Company's proposed Schedule 155, with the amortization rate of \$0.06278 per therm is approved as filed, effective November 1, 2025.

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 shall 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 30th day of October 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE COMMISSIONER

ATTEST:


Laura Calderon Robles
Interim Commission Secretary

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