Office of the Secretary
Service Date
October 30, 2026

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA CORPORATION'S GAS FIXED COST ADJUSTMENT MECHANISM (FCA) ANNUAL RATE ADJUSTMENT FILING	)))))	**CASE NO. AVU-G-26-02** **ORDER NO. 37217**

On July 31, 2026, Avista, doing business as Avista Utilities ("Company"), applied to the Idaho Public Utilities Commission ("Commission") requesting approval to recover the Company's natural gas fixed cost adjustment mechanism ("FCA") deferrals for the period of July 1, 2025, to June 30, 2026 ("Application"). Application at 10. Specifically, the Company requested approval of a "per therm FCA surcharge rate of 4.369¢" for its natural gas Residential Group ("Residential Group Surcharge") and "a per therm FCA surcharge rate of 1.981¢" for its natural gas Non-Residential Group ("Non-Residential Group Surcharge"). *Id.* The Company requested the natural gas surcharge rates be effective from November 1, 2026, through October 31, 2027. *Id.* at 1.

On August 18, 2026, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing comment and reply deadlines. Order No. 37139. No petitions to intervene were filed. Staff filed the only comments.

Based on our review of the record, we issue this Final Order approving the Application and the proposed FCA Schedule 175, as filed.

BACKGROUND

The FCA is a rate adjustment mechanism designed to break the link between the energy a utility sells and the revenue it collects to recover fixed costs[1] of providing service, thus decoupling the utility's revenues from its customers' energy usage. This decoupling removes a utility's incentive to increase sales to increase revenue and profits and encourages energy conservation.

The Commission originally approved a three-year pilot program of the Company's FCA as part of the approved settlement of the Company's 2015 rate case. Order No. 33437 at 10. The

[1] "Fixed costs" are a utility's cost to provide service, such as infrastructure and customer service, which do not vary with energy use, output, or production, and remain relatively stable between rate cases.

Commission has consistently authorized the Company to extend its FCA mechanism for both gas and electric customers, and the current authorization extends the FCA mechanism through August 31, 2029. *See* Order Nos. 34085, 34502, and 36509.

THE APPLICATION

The Company represented that the Residential Group Surcharge would be an increase of $2.0 million, or 3.0%, to its Schedule 101 customers and the Non-Residential Group Surcharge would be an increase of $0.4 million, or 2.2%, to its Schedule 111 and Schedule 112 customers. Application at 1–2. The Company explained that the monthly bill for residential natural gas customers who use approximately 66 therms per month would increase from $59.28 to $61.02, or $1.74 per month. *Id.* at 9.

The Company recorded $4,418,468 of deferred revenue in the surcharge direction for its natural gas residential customers for the 12-month period ending on June 30, 2026. *Id.* at 6. The Company stated that due to the 3% Annual Rate Increase Test, the proposed Residential Group Surcharge was designed to recover $3,307,860 from the Company's Schedule 101 customers. *Id.*

The Company also recorded $509,535 of deferred revenue for its non-residential natural gas customers for the 12-month period ending on June 30, 2026. *Id.* at 7. The Company stated that the proposed Non-Residential Group Surcharge was designed to recover $541,504 from the Company's Schedules 111 and 112 customers. *Id.*

The Company attributed the FCA deferral for residential and non-residential natural gas customers to a warmer winter and increased energy efficiency savings. *Id.* at 5–6. The Company submitted with the Application its rate calculations for the Residential Group Surcharge and the Non-Residential Group Surcharge, evidence in support of the deferrals, and its proposed FCA tariff Schedule 175. *Id.* at 9.

STAFF COMMENTS

Based on Staff's review of the Application, the Company's calculations for the FCA rates, supporting workpapers, and FCA Schedule 175, Staff believed that the Company correctly calculated the FCA natural gas deferral balances and rates and recommended that the Commission approve the Application and Schedule 175, as filed, effective November 1, 2026. Staff Comments at 2.

Staff provided the following Table No. 2 to summarize the components of the Company's request for the Residential Group Surcharge:

Table No. 2: Residential Natural Gas Customer Components

July 1, 2025 - June 30, 2026, Deferred Revenue	$4,418,468
Prior Year Residual Balance	$124,091
Interest through 10/31/2027	$158,200
Revenue Related Expense Adjustment	$14,353
Total FCA Deferral	$4,715,112

Id. at 4.

Staff provided the following Table No. 3 to summarize the components of the Company's request for the Non-Residential Group Surcharge:

Table No. 3: Non-Residential Natural Gas Customer Components

July 1, 2025 - June 30, 2026, Deferred Revenue	$509,535
Prior Year Residual Balance	$14,024
Interest through 10/31/2027	$15,339
Revenue Related Expense Adjustment	$2,606
Total Requested Surcharge	$541,504

Id. at 5.

Staff summarized the combined impact of the Application, and the Company's Purchased Gas Cost Adjustment application in Case No. AVU-G-26-03 ("PGA Application"), and the Company's Gas Energy Efficiency Rider application in Case No. AVU-G-26-05 ("EE Rider Application"):

Table No. 4: Summary of Overall Impact to Natural Gas Revenues

Filing	**Changes in Revenues**	**% Change**
FCA	$2.4 million	2.8%
PGA	($2.5 million)	(3.0%)
EE Tariff	($1.4 million)	(1.6%)
Total	**$1.5 million**	**(1.8%)**

Id.

Staff believed the press release and customer notice apart of the Application satisfied the Commission's Rules of Procedure 125, that the Commission set written comment deadline provided enough opportunity for customers to file comments, and recommended that the Commission consider late filed comments. *Id.* at 6.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Application and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the record in this case. Based on our review, we find it fair, just, and reasonable to approve the Company's Application with the proposed Residential Group Surcharge rate of 4.369¢ per therm, and the proposed Non-Residential Group Surcharge rate of 1.981¢ per therm, effective November 1, 2026, through October 31, 2027. Accordingly, we find it reasonable to approve the proposed FCA Schedule 175, as filed.

Because of the 3.0% Annual Rate Increase Test for the FCA, the Company will carry over $1,407,252 in deferred revenue for its Schedule 101 customers. Application at 6. The Commission notes that the carryover of deferred revenues for future recovery is significant, nearly one third of the total balance to be recovered. If the Company's FCA forecasts indicate that the carryover of FCA deferrals are likely to continue, and the carryover is not corrected in a general rate case, the Commission directs the Company to work with Staff to address the growing carryover.

ORDER

IT IS HEREBY ORDERED that the Company's request for a Residential Group Surcharge rate of 4.369¢ per therm, and a Non-Residential Group Surcharge rate of 1.981¢ per therm, is approved effective November 1, 2026.

IT IS FURTHER ORDERED that the Company's proposed FCA Schedule 175, as filed, is approved.

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

this Order. Within seven 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 30th day of October 2026.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

DAYN HARDIE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary
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