Office of the Secretary
Service Date
October 28, 2026

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA CORPORATION'S APPLICATION FOR AN ORDER APPROVING A CHANGE IN RATES FOR PURCHASED GAS COSTS AND AMORTIZATION OF GAS-RELATED DEFERRAL BALANCES	)))))))	**CASE NO. AVU-G-26-03** **ORDER NO. 37216**

On July 31, 2026, Avista Corporation, doing business as Avista Utilities ("Company"), applied to the Idaho Public Utilities Commission ("Commission") requesting approval of proposed rates in its Purchased Gas Adjustment ("PGA") filing for natural gas service in Idaho ("Application"), effective November 1, 2026. Application at 1. On August 20, 2026, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing public comment and reply deadlines. Order No. 37144.

On September 21, 2026, the Company filed an amended application correcting an input error in the Company's demand costs calculation ("Amended Application"). The Company also filed a substitute tariff sheet and amended workpapers with the Amended Application. If the Amended Application was approved, as filed, an Idaho residential customer[1] that uses approximately 66 therms per month would see a $1.90 decrease in their monthly bill (i.e., decrease from $58.56[2] to $56.66). Amended Application at 4.

On September 30, 2026, the Commission issued a Notice of Amended Application, addressing the changes to the PGA due to the Amended Application. Order No. 37191. Order No. 37191 did not alter or amend the comment and reply deadlines established in Order No. 37144. Staff filed the only comments.

[1] The Company referred to the monthly bill for Idaho residential *and* small commercial customers using 66 therms per month. Amended Application at 4 (emphasis added). However, because the Company only referred to residential natural gas customers in the cover letter of its Amended Application, the Commission believed that the Company meant to only describe the monthly bill for Idaho **residential** customers using 66 therms per month. Order No. 37191 at 1.

[2] The Commission believed that this monthly bill amount did not include the State of Idaho Usage Tax from the Company's Schedule 157 and thus may not have accurately reflected an Idaho residential customer's monthly bill. Order No. 37191 at 1.

Based on our review of the record, we issue this Final Order approving the Amended Application and the corresponding proposed tariffs, as filed with the Application and Amended Application.

BACKGROUND

The Company's rates include a base-rate component and a gas-related cost (PGA) component. The base-rate component is intended to cover the Company's fixed costs to serve its customers. For example, the Company's costs for equipment and facilities to provide service rarely change. The Company's PGA is a Commission-approved mechanism that adjusts rates up or down to reflect actual changes in the Company's costs to buy natural gas from suppliers (compared to the same cost assumptions embedded in rates), including changes in transportation, storage, and other related costs.

The PGA consists of two tariff schedules—Schedule 150 and Schedule 155. Schedule 150 is forward looking and estimates the Company's weighted Average Cost of Gas ("WACOG") for the upcoming PGA deferral period. Schedule 155 amortizes the prior year's deferral of actual gas costs compared to the amount collected through rates and collects or returns the difference as a rebate or surcharge.

THE APPLICATION

The Company represented that if the Amended Application was approved as filed, the annual revenue of the Company would decrease by about $3.0 million or 3.6%. Amended Application at 1. The Company also represented that the annual PGA would: (1) pass through the changes in the estimated cost to purchase natural gas for November 2026 through October 2027; and (2) adjust the amortization rate(s) used to return or collect the deferred natural gas costs balance. *Id.* at 2–3.

The Company represented that the proposed WACOG rate (Schedule 150) would decrease by $0.04529 per therm from $0.21148 per therm to $0.16619 per therm. *Id*. at 3. The Company stated it expected demand costs for residential customers to increase by approximately $0.00535 per therm. *Id.* at 4.

The Company stated that the proposed amortization rate (Schedule 155) change for Schedule 101 and Schedule 111 customers would increase by $0.01113 per therm to $0.05165 per therm. *Id.*

STAFF COMMENTS

After reviewing the Amended Application and workpapers supplied by the Company, Staff believed the proposed WACOG and fixed demand costs in Schedule 150, and the reported Lost and Unaccounted For gas volumes, were reasonable. Staff Comments at 3. Staff recommended the Commission approve the Amended Application. *Id.* Staff believed that the Company's request would not impact the Company's earnings and that the adjustments to Schedule 155 "properly amortize[d] the deferral balance from the prior year." *Id.*

Staff calculated the Company's requested WACOG of $0.16619 per therm to be about a 21% decrease from the existing approved WACOG. *Id.* Staff provided context for why the Amended Application was filed. *Id.* at 5. Specifically, the Company accidentally increased demand costs by $1,366,289. *Id.* Once the Company corrected the error, it filed the Amended Application and proposed a demand cost rate of $0.10515, which Staff believed was a justified and reasonable correction. *Id.* Staff summarized the Company's request for increased demand cost was based on a change to the Canadian exchange rate, a forecast update for demand costs, and a 50% increase in the cost recovery mechanism of Northwest Pipeline Corporation. *Id.*

Staff explained that Schedule 155 showed the "amortization of the Company's deferral account," which included the difference between previously established Schedule 150 rates and what the Company paid for natural gas and storage and transportation of the same. *Id.* Staff believed the Company reasonably estimated the cost of present hedges and "forward-looking index purchases." *Id.* at 8.

Staff recommended the Company continue to submit WACOG reports, the Gas Accounting Data Download ("GADD") report, and a report of deferred costs. *Id.* at 9. Staff requested that the deferral calculation workbook ("DCW") continue to be submitted in excel format and that it "be filed with the last quarterly report before a PGA application." *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Amended 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: (1) the Amended Application; (2) the Company's proposed Schedule 155 as filed with the Application, which includes an amortization rate of $0.05165 per therm in the rebate direction, effective November 1, 2026; and (3) the Company's proposed Schedule 150 as filed with the Amended Application, which includes a WACOG rate of $0.16619 per therm, effective November 1, 2026.

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 Amended Application to change its natural gas rates and charges is approved.

IT IS FURTHER ORDERED that the Company's proposed Schedule 155 as filed with the Application, which includes an amortization rate of $0.05165 per therm in the rebate direction, is approved, effective November 1, 2026.

IT IS FURTHER ORDERED that the Company's proposed Schedule 150 as filed with the Amended Application, which includes a WACOG rate of $0.16619 per therm, is approved, effective November 1, 2026.

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 continue to submit the WACOG, quarterly deferred costs, and GADD reports, as well as a DCW, as directed above.

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 28th 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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