

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER LODGE
COMMISSIONER HAMMOND
COMMISSION SECRETARY
LEGAL

FROM: CURTIS THADEN
DAYN HARDIE, DEPUTY ATTORNEY GENERAL

DATE: FEBRUARY 20, 2024

RE: REVISION TO AVISTA UTILITES NATURAL GAS SERVICE IPUC
TARIFF NO. 27, SCHEDULE 158 FRANCHISE FEE AGREEMENT WITH
THE CITY OF FERNAN LAKE VILLAGE; TARIFF ADVICE NO. AVU-
TAG-24-01.

On January 18, 2024, Avista Corporation d/b/a Avista Utilities (“Avista” or “Company”) submitted Tariff Advice No. AVU-TAG-24-01 to revise Avista’s IPUC Tariff No. 27 to add the City of Fernan Lake Village (“City”) to Schedule No. 158 (Tax Adjustment Schedule – Idaho) (“Schedule No. 158”). The purpose of the filing is to update the Company’s tariff for a new 1% franchise fee imposed on gross revenue from the sale of natural gas to customers within corporate limits of the City.¹ The new agreement will remain in effect until July 12, 2035, from the proposed March 1, 2024 effective date, unless amended in the manner set forth by Ordinance No. 167. Included with the filing is (1) Resolution No. 196 and Ordinance No. 167, which sets forth the City Franchise Agreement with the Company; and (2) the proposed revisions to Schedule No. 158.

The proposed franchise fee agreement was approved by the City on December 4, 2023, as specified by Resolution No. 196 and authorized by Ordinance No. 167. Avista requests an effective date of March 1, 2024.

¹ On July 12, 2010, Avista and the City of Fernan Lake Village signed a 25-year natural gas franchise agreement. This was Ordinance No. 167. There was no franchise fee negotiated at that time.

BACKGROUND

Idaho Code § 50-329A(a) allows cities to establish franchise fees assessed upon a public service provider up to 1% of the provider’s gross revenue in that city without the consent of the public service provider or the approval of a majority of voters of the city voting on the proposal at an election. Under *Idaho Code* § 50-329A(a) franchise fees up to 3% are allowed with either the consent of the public service provider or the approval of a majority of voters of the city voting on the question at an election.

STAFF RECOMMENDATION

Staff has reviewed the proposed tariff change, Resolution No. 196, Ordinance No. 167, and the franchise fee requirements of *Idaho Code* § 50-329A(a). Staff recommends that the Commission accept the Company’s proposed revision to Schedule No. 158 as filed, effective date of March 1, 2024.

COMMISSION DECISION

Does the Commission wish to accept the Company’s proposed revision to Schedule No. 158, as filed, effective March 1, 2024?


Curtis Thaden

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