Oregon
Tina Kotek, Governor

Public Utility Commission
201 High St SE Suite 100
Salem, OR 97301-3398
Mailing Address: PO Box 1088
Salem, OR 97308-1088
503-373-7394

October 26, 2023

BY EMAIL
Avista Corporation, dba Avista Utilities
dockets@avistacorp.com

RE: Advice No. 23-02-G

At the public meeting on October 26, 2023, the Commission adopted Staff's recommendation in this matter docketed as UG 467. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Nolan Moser
Chief Administrative Law Judge
Public Utility Commission of Oregon
(503) 378-3098

ITEM NO. RA3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: October 26, 2023

REGULAR __X__ **CONSENT** ____ **EFFECTIVE DATE** __**November 1, 2023**__

DATE: October 17, 2023

TO: Public Utility Commission

FROM: Anna Kim

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: AVISTA UTILITIES:
(Docket No. UG 467/Advice No. 23-02-G)
Reflects changes in the cost of purchased gas and the amortization rate for the Purchased Gas Adjustment (PGA) balancing account.

STAFF RECOMMENDATION:

Staff recommends approval of Avista Corporation dba Avista Utilities' (Avista, AVA, or Company) Advice No. 23-02-G, which updates the Company's 2023 annual Purchase Gas Adjustment (PGA) tariff sheets, for service rendered on and after November 1, 2023.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Avista's 2023 annual PGA as reflected in its Advice No. 23-02-G.

Applicable Rule or Law

ORS 757.205 requires public utilities to file all rates, rules, and charges with the Commission. ORS 757.210 provides that the Commission may approve tariff changes if they are fair, just, and reasonable. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes.

ORS 757.259(5) states that unless subject to an automatic adjustment clause, amounts deferred under ORS 757.259 shall be allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. The Commission may require that amortization of deferred amounts be subject to refund. The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility.

ORS 757.259(6) states that the overall average rate impact of the amortizations authorized under this section in any one year may not exceed three percent of the utility's gross revenues for the preceding calendar year. ORS 757.259(7) allows the Commission to consider an overall average rate impact greater than that specified in subsection (6) for natural gas commodity and pipeline transportation costs incurred by a natural gas utility, if the Commission finds that allowing a higher amortization rate is reasonable under the circumstances.

OAR 860-022-0025 requires that revised tariff filings include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

OAR 860-022-0030 requires that tariff filings which result in increased rates include statements showing the number of customers affected, the annual revenue under existing schedules, the annual revenue under proposed schedules, the average monthly bills under existing and proposed schedules, and the reasons supporting the proposed tariff.

The PGA mechanism was originally established by Order No. 89-1046 to minimize the frequency of gas cost-related rate changes and the fluctuation of rate levels pursuant to ORS 757.259(2)(e). Since the mechanism's creation in 1989, the Commission has issued a series of orders concerning PGA filings through open-docket UM 1286.[1] Order No. 18-144 is the most recent of these orders, and revises the Commission's procedures and requirements of the Natural Gas Portfolio Development Guidelines in Docket No. UM 1286 by adding language concerning review and approval of long-term hedging instruments in a local distribution company's (LDC) natural gas portfolio. No changes were made to the PGA Filing Guidelines previously established in Order No. 14-238.

On December 16, 2021, the Department of Environmental Quality (DEQ) adopted the Oregon Climate Protection Program (CPP) rules, which set a cap on greenhouse gas

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[1] Order No. 08-504 established the form of the PGA Mechanism. PGA Guidelines were acknowledged by the Commission in Docket No. UM 1286, Order No. 09-248, on June 23, 2009. The Guidelines in Docket No. UM 1286 have been modified four different times since they were first acknowledged by the Commission, in Order No. 10-197, in Order No. 11-196, in Order No. 14-238, and in Order No. 18-144.

emissions from transportation fuels and natural gas, and are set forth in OAR 340-271-0010 through OAR 340-271-9000.

Analysis

On July 31, 2023, Avista submitted Advice No. 23-02-G, which constitutes its annual PGA filing (Initial 2023 PGA Filing). On September 15, 2023, Avista supplemented its initial filing (Supplemental 2023 PGA Filing), which updated its commodity costs to reflect index purchases based on 60-day basin-weighted average prices as of August 31, 2023. In aggregate, the filings are commonly referred to as the 2023 PGA Filing. The 2023 PGA Filing is comprised of two parts: a forward-looking part (Projected Purchased Gas Cost for the 2023-2024 Gas Year) and a backward-looking part (True-Up of the 2022-2023 Gas Year).

The Projected Purchased Gas Cost for the 2023-2024 Gas Year includes the costs of natural gas for the upcoming gas year (i.e., November 1, 2023, to October 31, 2024) and results in the new rates set forth in Schedule 461.[2] The True-Up of the 2022-2023 Gas Year trues up the costs of natural gas in the previous gas year (November 1, 2022, to October 31, 2023) by comparing the amount collected from customers in that year with the actual costs incurred by the Company in the same year. [3] Any over or under-collection from customers in the 2022-2023 Gas Year, together with any over or under-collection from previous years,[4] is either given back (in the case of over-collection) or surcharged (in the case of under-collection) to customers in the upcoming gas year. The True-Up of the 2022-2023 Gas Year results in the new rates set forth in Schedule 462.[5]

Projected Purchased Gas Cost for the 2023-2024 Gas Year (Rate Schedule 461)
The Projected Purchased Gas Cost for the 2023-2024 Gas Year comprises two rate components: 1) the commodity component rate and, 2) the capacity or demand component rate. The rates for these components are represented in Table 1 on a dollar per therm basis.

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2 Schedule 461 is titled "Purchased Gas Cost Adjustment Provision - Oregon."

3 The 2022-2023 Gas Year began November 1, 2022, and concludes October 31, 2023. However, per page 10 of Appendix A to Order No. 14-238 in Docket No. UM 1286 (See: https://apps.puc.state.or.us/orders/2014ords/14-238.pdf), all deferrals to be amortized into rates will be based on June deferral balances plus interest for July-October, and the deferrals that occur after June will be carried forward to the next PGA period.

4 Any over-collection or under-collection from previous years is because actual volumetric sales of natural gas will always be different from forecasted volumetric sales. Since amortizations are intended to be recovered in volumetric forecasted sales, a remaining balance will always be present.

5 Schedule 462 is titled "Gas Cost Rate Adjustment - Oregon."

Table 1: Projected Purchased Gas Cost for 2023-2024
($/Therm or as noted otherwise)

Item		Current Rate 2022-23 Gas Year [6]	Proposed Rate 2023-24 Gas Year	Change
Commodity	(A)	$0.44416	$0.33928	($0.10488)
Demand	(B)	$0.16082	$0.15645	($0.00437)
Total Gas Cost	**(C = A+B)**	**$0.60498**	**$0.49573**	**($0.10925)**

The commodity component of WACOG proposed for the 2023-2024 Gas Year is decreasing by $0.10488 per therm, a decrease of 18.5 percent from the previous PGA gas year, as shown in Table 1. Last year, wholesale natural gas prices were predicted to increase significantly. At this point, gas prices are predicted to decline from the last year's prediction.

In 2022, several factors led to increased natural gas prices and elevated price volatility:

- Global market disruption after Russia invaded Ukraine, and Western Countries responded with economic sanctions – Liquefied Natural Gas (LNG) exports from the U.S to Europe surged.
- Surging inflation associated with a healthy job market increased demand for production inputs;
- Storage inventories fell below the five-year average level in 2022 and failed to recover during the 2022 injection season.
- Last year was a low hydro year, forcing power generation to rely more on gas fired generators.

Over the course of the last 12 months, the wholesale market price of gas has declined overall.

- Natural gas production increased in 2023, leading to lower prices now than forecast and going forward.
- Prices along the west coast remain relatively high in contrast to gas purchased at AECO. Limited and fully subscribed import capacity from AECO to PNW causes a disconnect between AECO and west coast prices during times of high demand. Avista's Oregon customers are supplied through contracts at AECO, resulting in even lower gas prices.
- The volume of natural gas exports remains high, which may increase gas prices.

6 These values are addressed in 2023 Confidential Oregon PGA Work Papers filed September 15, 2023, Tabs: Calculation – Commodity and Calculation - Demand.

- The amount of natural gas in storage is high nationally and available storage space will increase next year with the expansion of Aliso Canyon. Starting the winter with a high balance combined with normal winter temperatures should lead to lower prices for Winter 2023-2024.
- The recent conflict between Hamas and Israel may also impact the market although it is unclear at the time what effect the conflict will have.

The proposed demand component reflects a decrease of approximately 0.00437 per therm, a decrease of 2.7 percent from the previous PGA gas year.

Current Impact of Oregon DEQ Climate Protection Plan (CPP)
Avista reports no immediate impact of the CPP herein. Note that Avista currently does not have an approved Renewable Natural Gas (RNG) or hydrogen plan.

Sharing Election
Avista again elects 90/10 sharing.

Filing and Portfolio Guidelines
Avista's 2023 PGA Filing meets the PGA Filing Guidelines and the Natural Gas Portfolio Guidelines. Avista has demonstrated its adherence to these Guidelines with regard to natural gas supplies and financial hedges.[7] Staff's conclusions are supported by the Company's comprehensive work papers and by review and discussion as part of the quarterly PGA update meetings.

Staff reviewed Avista's forecasted commodity and demand costs to determine whether the Company complied with the Commission's Natural Gas Portfolio Development Guidelines (Portfolio Guidelines). Accepted "best practices" for the purchase of natural gas supply by a local distribution company (LDC) result in a portfolio that balances the objectives of reliability, cost control, and managing price volatility using diversity, flexibility, and balance in a LDC's gas portfolio. The Portfolio Guidelines implement these "best practices" for Oregon LDCs. The Portfolio Guidelines also require each gas utility to include certain information related to its gas supply portfolio with its annual PGA filing. This information assists the Commission in determining the prudence of the LDC's costs.

Avista's portfolio preparation and planning process meets the standards in Section III of the Portfolio Guidelines related to portfolio planning, as do Avista's physical gas contracts and financial transactions related to natural gas pricing. Avista has also

[7] The Portfolio Guidelines require gas utilities to include certain information related to their gas supply portfolio with their annual PGA filing. Staff's analysis of and conclusions regarding Avista's natural gas supply portfolio and related purchasing strategies and actions are based on the Portfolio Guidelines provided in Docket No. UM 1286.

demonstrated its adherence to the Portfolio Guidelines with regard to natural gas supplies and financial hedges. In addition, Avista has provided all the information called for in Section IV (Information and Work Papers), and Section V (Supporting Data and Analysis) of the Portfolio Guidelines.

True-Up of the 2022-2023 Gas Year (Schedule 462)

Table 2: True-Up of the 2022-2023 Gas Year [8]
($/Therm or as noted otherwise)

Item		Current Rate[9]	Proposed Rate[10]	Change
Commodity Amortization[11]	(D)	$0.04133	($0.03504)	($0.07637)
Demand Amortization[12]	(E)	$0.01100	($0.01985)	($0.03085)
Total Amortization	**(F=D+E)**	$0.05233	($0.05489)	($0.10722)

Deferral and amortization of residual gas costs from the current and previous PGA periods results in a ratepayer credit of approximately $10.5 million due to over-collection in the last year. This is due to a combination of commodity and demand amortization costs. There is a forecasted decrease of commodity amortization of approximately $7.80 million for the period from November 2023 to October 2024 compared to the period from November 2022 to October 2023.[13] This credit will decrease the gas commodity amortization price by $0.07637 per therm after accounting for the commodity cost variance sharing between the Company and customers. There is also a forecasted decrease of demand amortization of approximately $2.7 million for the November 2023 to October 2024 period is forecast compared to the period from November 2022 to October 2023.

Three Percent Test

Pursuant to ORS 757.259(6), ORS 757.259(7), and OAR 860-027-0300, the annual average rate impact of the amortizations authorized under the statutes may not exceed three percent of the natural gas utility's gross revenues for the preceding calendar year unless the Commission finds that allowing a higher amortization rate is reasonable under the circumstances.

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8 Positive numbers represent surcharges; negative numbers or numbers in parentheses represent refunds.
9 Approved by the Commission in Order No. 22-420 of Docket No. UG 438.
10 Addressed in Avista's Supplemental Advice No. 22-04-G filed September 9, 2022.
11 These figures are for Weighted Average Cost of Gas (WACOG) Deferral only.
12 These figures are for Firm Demand Deferral only.
13 Addressed in 2023 Confidential Oregon PGA Work Papers (09.05.23) Tab: Attachment C.

The resulting annual average rate impact from the PGA amortization and four other filings calculated in accordance with ORS 757.259 is a decrease in rates compared to the Company's 2022 total gross revenues, which is below the three percent amortization limitation specified in ORS 757.259(6).[14]

The percentage changes in Table 3 below reflect the change in revenues resulting from the PGA filing, and four other advice filings with an effective date of November 1, 2023, related to the non-base rate portion of the Company's gross revenues for the 2023-2024 gas year based on projected customer usage and differs from the three percent calculation.[15]

Table 3: Overall Commodity and Related Schedule Revenue and Rate Impact
(Inclusive of prior COVID Deferral Costs)

Schedule	Description	Total Revenues at Current Rates	Revenue Increase / (Decrease)	Change (%)
410	Residential	$38,857,035	($12,437,319)	(32%)
420	General	$20,288,481	($6,493,774)	(32%)
424	Large General	$3,205,617	($1,126,756)	(35%)
440	Interruptible	$7,225,826	($3,001,862)	(42%)
444	Seasonal	$140,733	($49,222)	(35%)
456	Transportation	($128,301)	$18,452	(14%)
Total Commodity Only		**$69,589,391**	**($23,090,481)**	**(33%)**

Table 3 addresses all PGA related schedules and has incremental costs to Seasonal and Interruptible Transportation over Table 4. Table 3 is the revenue associated with all adder schedules that have a rate change effective November 1 (PGA Schedules 461 and 462), decoupling, intervenor funding, regulatory fees, and LIRAP. Table 4 is PGA only (Schedules 461 and 462) resulting in less revenue compared to Table 3. When compared to other Utilities, the difference between the overall revenue change and the change resulting from the PGA only will vary based on whether their other non-PGA adder schedules are in a rebate or surcharge position.

[14] The four other filings are: UG 468, UG 469, UG 470, and UG 471.

[15] Addressed in 2023 Confidential Oregon PGA Work Papers (09.15.23), Tabs: Attachment A Adjust Sched. Summary and Attach B Adjust. Sched. Detail.

Table 4 below reflects only the change in revenues related to the gas commodity portion of the Company's gross revenues, (Purchased Gas Cost Adjustment Provision; Schedule 461) and amortization of previous deferrals (Gas Cost Rate Adjustment; Schedule 462) for the 2023-2024 gas year based on projected customer usage.

Table 4: PGA ONLY Commodity Revenue and Bill Impact

Schedule	Description	Total Revenues at Current Rates	Revenue Increase / (Decrease)	Change (%)
410	Residential	$35,497,932	($11,690,431)	(33%)
420	General	$19,195,137	($6,321,479)	(33%)
424	Large General	$3,009,948	($991,258)	(33%)
440	Interruptible	$6,894,242	($2,573,856)	(37%)
444	Seasonal	$132,189	($43,534)	(33%)
456	Int. Transportation	$0	$0	0%
Overall Commodity Only		**$64,729,448**	**($21,620,558)**	**(33%)**

Table 5: 2023-2024 **PGA** (Including OCAT)
Proposed Rate & Bill Increases[16]
Residential Bill Impacts

Rate Schedule 410 – Residential Bill Impacts					
Average Therms	**Customer Charge**	**Current Bill**	**Proposed Bill**	**Change in Bill**	**% Change in Bill**
January					
93	$10.50	$142.10	$120.68	($21.42)	(15.1%)
Annual / Monthly					
47	$10.50	$77.01	$66.18	($10.83)	(14.1%)

Credits from NW Pipeline
On August 18, 2017, the Federal Energy Regulatory Commission (FERC) approved a Northwest Pipeline (NW Pipeline) Stipulation and Settlement Agreement in Docket No. RP17-346-000. Section 12.4 of the 2017 Settlement required NW Pipeline to file a

16 Values are drawn from Tab: Attachment D from work papers.

Natural Gas Act ("NGA") Section 4 general rate case for rates to become effective not later than January 1, 2023, unless NW Pipeline entered a pre-filing settlement effectively satisfying the NGA Section 4 general rate case filing requirement. From September 2021 through June 2022 NW Pipeline worked with their shippers to resolve issues to avoid filing a full Section 4 general rate case.

On August 26, 2022, Northwest Pipelines filed a stipulation and settlement agreement. As part of this settlement, NW Pipeline would issue credits to shippers of record (2018-2022) to refund monies due to a reduction in the federal corporate income tax rate per the Tax cuts and Jobs Act signed into law on December 22, 2017. During last year's PGA, the stipulation was known but did not get approved until after the PGA was finalized. FERC issued the approval on November 15, 2022. In response to the pending order, Avista agreed to flow the benefits to customers at a later date. Avista is now returning these credits through this PGA.

<u>Conclusion</u>

Avista's 2023 PGA filing, and four other advice filings filed on July 31, 2023, reflect a revenue decrease of $21.6 million or approximately 33 percent, effective November 1, 2023.

With all changes addressed herein, effective November 1, 2023, the monthly bill of a residential customer using an average of 47 therms per month will decrease by $10.83, or -14.4 percent, from $77.01 to $66.18.

Avista has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve Avista's Advice No. 23-02-G, which updates the Company's 2023 annual PGA tariff sheets, for service rendered on and after November 1, 2023.

Attachment A: Avista Corp 2023 **PGA and Related Dockets**
Incremental Revenue Change by Customer Rate Schedule (Inclusive of prior COVID Deferral Costs)[17]
(Red) indicates negative numbers.

Customer Rate Schedule	Description	Gas Costs and Adjustment Revenues at Current Rates[18]	Gas Costs and Adjustment Revenues at Proposed Rates	Incremental Change in $ Revenue	% Change by Rate Schedule	% Contribution to Total Incremental Change
410	Residential	$38,857,035	$26,419,716	($12,437,319)	(32%)	54%
420	Small Commercial and Industrial	$20,288,481	$13,794,707	($6,493,774)	(32%)	28%
424	Large Commercial and Industrial	$3,205,617	$2,078,861	($1,126,756)	(35%)	5%
425	Transportation	$0	$0	$0	0%	0%
439	Interruptible Transportation	$0	$0	$0	0%	0%
440	Interruptible	$7,225,826	$4,223,964	($3,001,862)	(42%)	13%
444	Seasonal	$140,733	$91,511	($49,222)	(35%)	0%
456	Transportation	($128,301)	($109,849)	$18,452	(14%)	0%
	Overall	**$69,589,391**	**$46,498,910**	**($23,090,481)**	**(33%)**	**100%**

[17] Values are drawn from tab: “Attach A Adjust Sched Summary” in work papers.
[18] Revenue at "Current" does not reflect current revenues, but rather what the revenues would be if existing rates continued to be in effect during the upcoming year (i.e., current rates times forecasted therms). There will be small differences with the Advice filings.

Attachment B: Avista Corp. 2023 **PGA and Related Dockets**
Incremental Revenue Change by Adjustment Schedule[19]
(Red) indicates negative numbers.

Adjustment Schedule	**Description**	**Gas Cost & Adjustment Schedule Total Revenue at Current Rates**	**Gas Cost & Adjustment Schedule Total Revenue at Proposed Rates**	**Total Incremental Change in Revenue**	**% Change by Rate Schedule**	**% Contribution to Total Incremental Change**
461	Purchase Gas Adjustment	$59,538,141	$48,436,125	($11,102,016)	(19%)	48%
462	Purchase Gas Cost Amortization	$5,191,307	($5,327,235)	($10,518,542)	(203%)	46%
467	COVID Deferred Costs	$774,970	$0	($774,970)	(100%)	3%
469	Public Purposes	$3,287,884	$3,287,884	$0	0%	0%
475	Decoupling	$3,382,724	$129,071	($3,253,653)	(96%)	14%
476	Intervenor Funding	$73,934	$121,888	$47,954	65%	(0.2%)
478	Demand Side Management	$0	$0	$0	0%	0%
482	Regulatory Fees Amortization	$121,710	$103,029	($18,681)	(15%)	0.1%
486	Tax Customer Credit	($2,255,487)	($2,255,487)	$0	0%	0%
487	Deferred Tax Credit	($769,356)	($769,356)	$0	0%	0%
493	LIRAP	$243,562	$2,772,991	$2,529,429	1039%	(11%)
	Overall	**$69,589,389**	**$46,498,910**	**($23,090,479)**	**(33%)**	**100%**

[19] Values are drawn from tab: “Attach B Rate Schedule Summary” in work papers.

Attachment C: Avista Corp. 2023-2024 **PGA**
Three Percent Test[20]

	Surcharge	Rebate
Prior Period Gas Cost Deferral True-Up	$0	($5,327,429)
Non-Gas Cost Amortization		
Intervenor Funding (Advice No. 23-04-G)	$122,387	$0
Decoupling (Advice No. 23-03-G)	$129,071	$0
Regulatory Fees (Advice No 23-05-G)	$100,907	$0
LIRAP (Advice No 23-07-G)	$565,155	$0
Subtotal	$917,520	($5,327,429)

Total	($9,737,338)
Total Proposed Amortization (Surcharge Less Credits)	($4,409,909)
Less intervenor Funding1	($122,387)
Net Proposed Amortization (subject to the 3% test)	($4,532,296)
Utility Gross Revenue 20222	$177,907,223
3% of Utility Gross Revenue	$5,337,217
Allowed Amortization	($4,532,296)
Allowed Amortization as % of Gross Revenues	0%

20 Values are drawn from Tab: “Attachment C” in work papers with added Covid deferral values from Advice No. 22-02-G.

Attachment D: 2023-2024 **PGA**

Proposed Rate & Bill Increases for ALL Oregon Local Distribution Companies by Class of Service[21]

		Rate Impacts[22]			
Class of Service	**Rate Schedule**	**Current Rate per Therm**	**Proposed Rate per Therm**	**Change Rate per Therm**	**% Change Rate per Therm**
Residential					
Avista	410	$1.41500	$1.18470	-$0.23030	-16.3%
Commercial					
Avista	420	$1.34489	$1.12252	-$0.22237	-16.5%
Industrial					
Avista	424	$0.84162	$0.59556	-$0.24606	-29.2%
Interruptible					
Avista	440	$0.62352	$0.41213	-$0.21139	-33.9%

21 Values are drawn from Tab: “Attachment D” in work papers.

22 The residential rates illustrated above do not include pass-through charges included on customer bills that utilities are required to collect and distribute to the appropriate third parties, such as for franchise fees or the Public Purposes Charge.

Received
Filing Center
SEP 15 2023

SCHEDULE 461

PURCHASED GAS COST ADJUSTMENT PROVISION – OREGON

APPLICABILITY:

This schedule applies to all schedules for natural gas sales service within the entire territory served by the Company in the State of Oregon. The definitions and provisions described herein shall establish the natural gas costs for Purchased Gas Adjustment (PGA) deferral purposes on a monthly basis.

PURPOSE:

The purpose of this provision is to allow the Company, on established Adjustment Dates, to adjust rate schedules for changes in the cost of gas purchased in accordance with the rate adjustment provisions described herein.

RATE:

(a) The rates of gas Schedules 410, 420, 424 and 444 are to be increased by \$0.49573 per therm in all blocks of these rate schedules. (R)
(b) The rate of gas Schedule 440 is to be increased by \$0.33928 per therm in all blocks of these rate schedules. (R)
(c) The rates of transportation Schedule 456 are to be increased by \$0.0000 per therm in all blocks.

A. DEFINITIONS:

1. Actual Commodity Cost: The natural gas supply costs for commodity actually paid for the month, including Financial Transactions, fuel use, and distribution system lost and unaccounted for natural gas (LUFG) plus Gas Storage Facilities withdrawals, plus or minus the cost of gas associated with pipeline imbalances, plus propane costs, plus odorization charges, less Commodity Off-System Sales Revenues received during the month, plus actual Variable Transportation Costs, plus commodity-related reservation charges, less all transportation demand charges embedded in commodity costs.

2. Commodity Off-System Sales Revenues: Revenues received from the sale of natural gas to a party other than the Company's Oregon sales customers less costs associated with the sales transactions.

3. Variable Transportation Costs: Variable transportation costs, including pipeline volumetric charges and other variable costs related to volumes of commodity delivered to sales customers.

4. Actual Non-Commodity Cost: Actual Non-Commodity gas costs shall be equal to actual Demand Costs, less actual Capacity Release Benefits, plus or minus actual pipeline refunds or surcharges.

5. Demand Costs: Fixed monthly pipeline costs and other demand-related natural gas costs such as capacity reservation charges, plus any transportation demand charges embedded in commodity cost.

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SEP 15 2023

SCHEDULE 461 (continued)

PURCHASED GAS COST ADJUSTMENT PROVISION – OREGON

6. <u>Capacity Release Benefits</u>: This component includes revenues associated with pipeline capacity releases. The benefits to Customers, through the monthly PGA deferrals, shall be 100 of the capacity release revenues up to the full pipeline rate, and 80 of the capacity release revenues in e cess of full pipeline rates. Capacity release revenues shall be quantified on a transaction-by-transaction basis.

7. <u>Estimated eighted Average Cost Of Gas (ACOG)</u>: The estimated ACOG is calculated by the following formula: (Forecasted Purchases at Adjusted Contract Prices) divided by forecasted sales.

a. Forecasted Purchases means November 1 – October 31 forecasted sales, plus a percentage for Distribution System Unaccounted for Gas.
b. Distribution System Unaccounted for Gas means the 5-year average of actual unaccounted for gas, not to e ceed 2 .
c. Adjusted Contract Prices means contract prices that are adjusted by each associated Canadian pipeline's published (closest to August 1) fuel-in-kind and line loss amount provided for by tariff, and by each associated U.S. pipeline's tariffed rate.

The Estimated ACOG per therm is as follows:

ith Gross Revenue Factor	$0.33928	(R)
ithout Gross Revenue Factor	$0.32975	(R)

8. <u>Estimated Non-Commodity Cost per Therm:</u> The estimated Non-Commodity Cost per therm shall be equal to estimated Demand Costs, less estimated Capacity Release Benefits, plus or minus estimated pipeline refunds or surcharges, divided by November 1 – October 31 forecasted sales

The Estimated Non-Commodity Cost per therm is as follows:

ith Gross Revenue Factor	$0.15645	(R)
ithout Gross Revenue Factor	$0.15206	(R)

9. <u>Forecasted Monthly Calendar Sales Volumes</u>: Forecasted billed sales therms, adjusted for estimated unbilled therms, for Schedules 410, 420, 424, 440, and 444.

Advice No. 23-02-G
Issued September 15, 2023

Effective For Service On & After
November 1, 2023

Issued by Avista Utilities
By Patrick Ehrbar, Director of Regulatory Affairs

Received
Filing Center
JUL 31 2023

SCHEDULE 462

GAS COST RATE ADJUSTMENT – OREGON

APPLICABILITY:

This schedule applies to all schedules for natural gas sales service within the entire territory served by the Company in the State of Oregon.

PURPOSE:

The purpose of this provision is to allow the Company to pass through the differences between the actual cost of gas purchased and transported for customer usage and the amount collected from customers. These differences are accumulated in a sub-account of Account 191 for later refund or surcharge to customers.

RATE:

(a) The rates of gas Schedules 410, 420, 424 and 444 are to be decreased by $0.05489 per therm. (R)

(b) The rate of gas Schedule 440 is to be decreased by $0.03504 per therm. (R)

AMORTIZATION OF ACCOUNT 191 SUB-ACCOUNT DEFERRALS:

The Account 191 sub-account deferred balances approved for surcharge or refund to customers shall include interest calculated on a monthly basis using the interest rate(s) approved by the Commission.

The surcharge or refund rate shall be adjusted annually as part of the annual Purchased Gas Adjustment (PGA) filing.

AMOUNT OF ADJUSTMENT:

The amount of adjustment to be made to customers' rates shall consist of the sum of the changes in the Embedded Commodity Cost and Non-Commodity Cost deferral accounts and the change in amortization rates of the Account 191 sub-accounts, as well as other gas cost related deferral accounts as the Commission may approve.

GENERAL RULES AND REGULATIONS:

This schedule is subject to the General Rules and Regulations contained in this tariff and to those prescribed by regulatory authorities. This schedule is an automatic adjustment clause (PGA) as described in ORS 757.210(1) and is subject to the customer notification requirements as described in OAR 860-022-0017.

Patrick D Ehrbar