ORDER NO. 26-405

ENTERED Oct 28 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UG 529, UM 1356(19), UM 1497(16)

In the Matters of AVISTA CORPORATION, dba AVISTA UTILITIES, 2026 Annual Natural Gas Cost Adjustment Filing (UG 529); Request for Reauthorization to Defer Certain Costs Related to Intervenor Funding Grants, (UM 1356(19)); and Request for Reauthorization to Defer Purchased Gas Costs Differences (UM 1497(16)).	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Special Public Meeting on October 27, 2026, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:

Alison Lackey
Chief Administrative Law Judge

A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: October 27, 2026

REGULAR ____ **CONSENT** __X__ **EFFECTIVE DATE** ____**October 31, 2026**____

DATE: October 19, 2026

TO: Public Utility Commission

FROM: Julie Dyck

THROUGH: Scott Gibbens and Anna Kim **SIGNED**

SUBJECT: AVISTA UTILITIES:
Docket Nos. UG 529, UM 1356(19), and UM 1497(16)
Consolidated Staff Memo – Non-Gas Dockets Accompanying 2026 Purchased Gas Adjustment Filings.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Avista Corporation dba Avista Utilities' (Avista, AVA, or Company) Advice No. 26-02-G for service rendered on and after October 31, 2026, and approve the Company's requests to reauthorize deferrals in Docket Nos. UM 1356(19) and UM 1497(16).

DISCUSSION:

Purpose

The purpose of this memo is to provide the Commission with a consolidated summary of the non-commodity cost rate changes that are typically filed in conjunction with the annual Purchased Gas Adjustment (PGA) of Avista.[1] Each year, the utilities file annual updates to their PGA tariffs to reflect updated projected cost of natural gas and a true-up of actual gas costs from the previous year. In addition, utilities submit related non-gas dockets addressing cost recovery for programs and initiatives that are ongoing. This memo compiles Staff's review and recommendations on a majority of those non-commodity cost matters for Avista.

[1] Starting in 2025, Staff started consolidating its memos into gas and non-gas with the exception of those that required additional analysis. Starting in 2026, the Companies also began filing all of their PGA related items into one docket, with the exception of deferrals. This new process was created in order to reduce regulatory burden and condense postings where possible.

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Avista's 2026 annual PGA non-gas Advice Filings updating multiple rate schedules and approve two requests to reauthorize deferrals.

Applicable Rule or Law

ORS 757.205 requires public utilities to file all rates, tolls, 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.[2] Order No. 25-308 is the most recent order which amended the timeline specified in Order No. 14-238. Order No. 18-144 is also one of 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. The Company's PGA filing is included in a separate Staff memo.

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 emissions from transportation fuels and natural gas. These rules were invalidated in December 2023 by the Oregon Court of Appeals following challenges by multiple parties. The DEQ adopted a revised CPP on November 21, 2024. The first compliance period started January 1, 2025, and covers emissions through the end of 2027.

Prudence, Earnings Review, 3 Percent Test

To determine prudence, the Commission reviews the utility's actions, based on all that the company knew or should have known at the time with the information that was available (or could reasonably have been available) to the utility, to determine whether the utility's actions were reasonable in light of contemporaneous circumstances. This analysis includes a review of not only the company's decision to make an investment, but also the amount of money it decided to invest. Expenditures found excessive, unaccounted for, or caused by lack of proper foresight may be deemed imprudent and disallowed. In addition, "*the process* used by the utility to make a decision to invest in a plant is highly valuable in determining whether the utility's actions were reasonable and prudent in light of the circumstances which then existed."[3]

An earnings test is a formulaic model that calculates a utility's jurisdictional earnings based on the most recent general rate case revenues by calendar year. The Company applies an earnings test or earnings review when required by the applicable

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[2] 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.

[3] *In the Matter of Portland Gen. Elec. Co., Renewable Resource Automatic Adjustment Clause (Schedule 122) (Clearwater Wind Project)*, Docket No. UE 427, Order No. 25-075 at 10 (Feb. 21, 2025) (emphasis added) (quoting Order No. 12-493 at 26).

Commission order or other governing authority. The methodology varies by mechanism. The Company's traditional PGA-related earnings review is conducted pursuant to Commission Order No. 99-272 and compares adjusted regulated utility earnings to the applicable earnings threshold, which is set each year depending on the PGA sharing election the Company makes (90/10 or 80/20). If the Company's earnings exceed the threshold, 33 percent of earnings above the threshold are shared with customers. Certain mechanisms are subject to separate earnings-review requirements.

The 3 percent test will be calculated according to ORS 757.259(6) and is specific to amortizations of deferred amounts. The total proposed amortization subject to the 3 percent test will be the net of credits and surcharges, less Intervenor Funding, as it is excluded from the 3 percent test pursuant to ORS 757.259(4). The LDC's gross revenues to be used in the calculation represent all Oregon revenues including Other Revenues that are booked above the line (First column of the ROO from the preceding year), as filed with the Commission. Please also refer to Order No. 14-238.

Analysis

This section provides a summary table of the filings included in this memo, and provides a brief section covering Staff's analysis of each of the filings. Staff had to recalculate the proposed residential rate change since the initial workpaper submitted by the Company incorrectly used the therms from last year's PGA. Staff confirmed the updated rate impacts below with the Company.

The following is a list of the tariff updates analyzed in this memorandum. The tariffs amortize amounts deferred under ORS 757.259(2)(e) and (3). Amounts deferred under these sections may only be amortized into rates after a prudence review and review of the Company's earnings for a period that is representative of the deferral period, unless the updates are part of an automatic adjustment clause (AAC). If part of an AAC, the earnings review is discretionary. Staff reviewed the prudence of the costs at issue and Avista's earnings for calendar year 2025. Staff did not find the amounts subject to review were imprudent or that amortization of the deferrals at issue is inappropriate in light of Avista's earnings during the deferral period. Staff will address each of the tariff updates separately below.

Table 1: Avista Summary Table

Docket #	Issue	Type	Earnings Review	3% Test	Deferral Order #	Proposed Residential Rate % Change	Staff Recommendation
UG 529	Decoupling	Amortization	No	Yes	UM 1753	3.00%	Approve
UG 529	Intervenor Funding	Amortization	No	No[4]	UM 1356	0.04%	Approve
UG 529	Regulatory Fees	Amortization	No	Yes	UM 2053	-0.01%	Approve
UG 529	LIRAP (Rate Discount)	Amortization	Yes	Yes	UM 1978	1.1%	Approve
UG 529	CPP Compliance Costs	Amortization	Yes	Yes	UM 2361	0.1%	Approve
UG 529	Public Purpose Funding	Amortization	Yes	Yes	UM 1979	4.2%	Approve
UM 1356(19)	Defer Intervenor Funding	Deferral					Approve
UM 1497(16)	Defer PGA	Deferral					Approve

Decoupling (Schedule 475)
Summary of Filing:
Avista proposes to update its Decoupling Mechanism, Schedule 475, which weakens the relationship between customers' energy usage and the utility's revenues and allows the Company to defer the difference between gas revenues allowed for collection (as determined in a rate case) and gas revenues actually collected from customers. Avista requests to amortize the decoupling deferral balance for calendar year 2025 (January 1, 2025 through December 31, 2025).

[4] Intervenor funding is excluded form the result of the 3% test pursuant to ORS 757.259(4).

Background:
The decoupling mechanism allows the Company to: 1) defer the difference between actual decoupling related revenue received from customers through volumetric rates, and the decoupling-related revenue approved for recovery in the Company's last general rate case on a per customer basis; and 2) file a tariff to surcharge or rebate, by rate group, the total deferred amount accumulated in the deferred revenue accounts for the prior January through December time period.[5] The difference between actual and allowed decoupled revenues is recovered through rates on an equal cents-per-therm basis for each rate group.[6] Deferral of decoupling revenue is authorized in Docket No. UM 1753 and rates are adjusted annually for this purpose. The filing was first approved on February 29, 2016, in Order No. 16-076 in Docket No. UM 1753. The deferral of these costs has been reauthorized every year since then. The deferral of 2025 costs were approved on December 10, 2024, in Order No. 24-435.

Key Facts:
The total proposed increase in decoupling revenue is $2,366,023, a 63.3 percent increase from current decoupling revenue, $3,740,117, and a 1.8 percent increase in overall retail revenues. For residential customers, proposed decoupling revenue is $4,650,083, an increase of $2,355,912 from current decoupling revenue. For non-residential customers, proposed decoupling revenue is $1,456,057, an increase of $10,112 from current decoupling revenue.[7] Weather is a significant driver of decoupling deferral amounts. When it is warmer than usual, customers use less natural gas and the Company collects less revenue than expected, which results in positive deferral amounts (i.e., money that then needs to be collected from customers so the Company can collect expected margin revenue/cover its fixed costs). More extreme weather means larger deferral amounts. The weather-related deferral amounts in this filing are positive, meaning it was warmer than "normal" in 2025. Other factors that impact decoupling revenue are conservation and the economy. Similar to the explanation above, when usage is lower than "normal" because of conservation efforts or a weak economy, the Company collects less revenue than expected that it then needs to collect later through the decoupling mechanism. The non-weather-related deferral amounts in this filing are positive meaning usage was lower than "normal" in 2025 due to conservation, the economy, and other possible factors.

Customer Impact:
New customers are excluded from the decoupling mechanism, meaning the number of customers decoupled each month cannot exceed the monthly forecasted number of customers, by rate group, included in the rate year forecasted customers.[8] For

5 AVA Advice No. 26-02-G/UG-529 (Annual Natural Gas Cost Adjustment Filing), page 7.
6 Commission Order No. 24-435, Appendix A page 5.
7 UG_529_NONC_Decoupling_Workpapers_07312026, Bill Impact tab.
8 AVA Advice No. 26-02-G/UG-529 (Annual Natural Gas Cost Adjustment Filing), page 9.

residential (410/411) customers, the decoupling rate is increasing from $0.04459 per them to $0.09038 per therm. The bill of an average customer using 45 therms per month would increase from $68.64 to $70.70, a $2.06 or 3.00 percent increase.[9]

Intervenor Funding (Schedule 476)

Summary of Filing:
The purpose of Schedule 476 is to amortize amounts deferred under Docket No. UM 1356(18) for intervenor funding.

Background:
An Intervenor Funding Agreement (IFA) governs intervenor funding grants for organizations representing customer interests in Commission proceedings. Energy utilities pay into the IFA funds. The IFA sets forth eligibility criteria, regulatory procedures, and payment issuance and review. Expenses included for amortization in Docket No. ADV 1753 were deferred by the Company during the 12-month period ending June 30, 2025. Use of intervenor funding grants for this deferral period are in accordance with the Fifth Amended and Restated Intervenor Funding Agreement, approved by the Commission in Order No. 22-506, and a separate intervenor funding agreement specific to environmental justice and low-income advocate organizations, approved in Order No. 23-033. The Company recently requested reauthorization of UM 1356(19), which is analyzed below.

Key Facts:
The net effect of the new temporary adjustment for intervenor funding, proposed to go into effect October 31, 2026, will result in an increase in the Company's annual revenues of $10,970.

Customer Impact:
The average residential customer served under Rate Schedule 410/411, using an average of 45 therms/month, will see a monthly increase of approximately $0.03 or 0.04 percent. The average interruptible commercial or industrial customer served under Rate Schedule 440, using an average of 44,275 therms/month, will see a monthly decrease of approximately $18.59 or 0.16 percent. The average commercial and industrial customer for interruptible transportation of customer owned natural gas served under Rate Schedule 456, using an average of 74,945 therms/month, will see a monthly decrease of approximately $912.83 or 0.46 percent.

[9] Bill Impact tab of UG 529_NONC_Decoupling_Workpapers_07312026 workpaper.

Regulatory Fees (Schedule 482)

Summary of Filing:
The purpose of this filing is to request amortization of amounts deferred in UM 2053(6). The requested amortization is a refund to customers and reflects the difference between the 0.45 percent collected in base rates under Docket No. UG 519, and the current rate of 0.43 percent approved in UM 1012, plus the forecasted rebate balance.

Background:
Pursuant to ORS 756.310 and OAR 860-021-0034, as a gas utility, Avista must pay the Commission a regulatory fee each year by April 1. The fee is determined by the Commission and assessed as a percentage of the utility's gross operating revenues attributable to Oregon. The rate is set annually, by March 1, in Docket No. UM 1012. In 2024, per Order No. 24-054, the annual fee was set at 0.45 percent of 2023 gross operating revenues. This rate was adopted at 0.45 percent, effective March 1, 2025, in Order No. 25-069.[10] The Company submits an annual filing to defer costs associated with incremental changes in the annual regulatory fee. The Commission most recently reauthorized the deferral application in Docket No. UM 2053(6), Order No. 25-536. The deferral allows the Company to recover any differences between the Commission regulatory fee percentage collected in base rates and the Commission regulatory fee percentage set in Docket No. UM 1012.

Key Facts:
The effect of applying the new temporary rate adjustments is to decrease the Company's annual revenues by $31,000 or about 0.02 percent. The amounts sought for recovery represent an equal-percentage-of-revenue basis.

Customer Impact:
107,833 customers are impacted. For Schedule 410/411, an average customer bill will decrease from $68.64 to $68.63. For Schedule 420, an average customer bill will decrease from $262.17 to $262.12. For Schedule 424, an average customer bill will decrease from $2,536.92 to $2,535.66.

Low Income Rate Assistance Program (LIRAP) (Schedule 493)

Summary of Filing:
The purpose of this docket is to update the tariffs collecting rates for the Company's LIRAP, which administers its low-income programming. The Company is requesting an increase of $1.3 million (1 percent).

[10] In 2020, per Order No. 20-054, the Commission approved a rate of 0.35 percent. That rate was increased in 2021, per Order No. 21-066 to 0.375 percent and again in 2022, per Order No. 22-062, to 0.43 percent. This rate was increased to 0.45 percent, effective March 1, 2024, in Order No. 24-054.

Background:
Avista's LIRAP was approved in 2002, and in 2022, transitioned into the income-based discount model with complementary arrearage assistance (AMP) to better serve Avista's customers. In 2023, the Company started amortizing costs for the program in Schedule 493. Schedule 493 applies to all customers, residential, commercial, and industrial, as approved in Order No. 23-394, Docket No. UM 2232. Therefore, no customers are treated differently. The current Schedule 493 LIRAP deferral was authorized on December 9, 2025, in Docket No. UM 1978. Interest accrues on this balancing account each month based on the average monthly fund balance at the Modified Blended Treasury (MBT) rate.

Key Facts:
As of June 30, 2026, the net deferral for LIRAP is a surcharge balance of $843,802, and the Company forecasts that approximately $3.2 million will be needed for the next two program years, 2026-2027 and 2027-2028. The Company states this amount is subject to change based on customer participation as well as the throughput of various federal assistance programs such as the Low-Income Home Energy Assistance Program (LIHEAP). Rates are designed here to reduce the net deferral balance to $0. Therefore, the Company will collect an additional 2.6 million over the next two years, in addition to the surcharge balance.

Customer Impact:
Schedule 410/411 customers (residential customers) will see an increase of $0.75 a month, or 1.1 percent. There are 95,680 customers in this schedule. Schedule 420 customers (small commercial customers) will see an increase of approximately $2.70 a month, or 1.0 percent. There are 11,982 customers in this schedule. Schedule 424/425 customers (larger industrial and transportation customers) will see an increase of $11.57 a month, or 0.5 percent. There are 93 customers in this schedule. Schedule 439/440 customers (interruptible customers) will see an increase of $44.40 a month, or 0.4 percent. There are 47 customers in this schedule. Schedule 444 customers (seasonal customers) will see an increase of $17.67 a month, or 0.4 percent. There are 2 customers in this schedule.

CPP (Schedule 463)
Summary of Filing:
Avista's Climate Protection Program (CPP) Adjustment Schedule 463. This filing adjusts the rates for Schedule 463 to recover the cost of the Energy Trust of Oregon (ETO) budget for a transport energy efficiency program used in CPP compliance. Avista did not fully recover 2025 costs as anticipated due to warm winter conditions causing actual load to be less than forecasted. As such, the purpose of the rate adjustment is to collect the under-recovery of 2025 ETO expenses as well as recover the 2026 ETO expenses.

The net effect of the updated rates is to increase the Company's annual revenues by $183,026 or 0.1 percent.

Background:
This filing replaces the current rates effective October 31, 2025, when Schedule 463 was first approved in last year's PGA, and would be effective October 31, 2026. Avista defers costs associated with compliance with the CPP rules as approved in Docket No. UM 2361. The Company filed for reauthorization of the CPP deferral on December 16, 2025, which is still pending Commission approval. Avista's CPP compliance costs have historically consisted only of costs to offer a transport energy efficiency program through ETO. The ETO program budget for the transport energy efficiency program is $638,000 annually with potential reserves of up to $160,000 if needed. The Company makes fixed payments to ETO which are deferred with interest to be recovered in the future.

Key Facts:
The Company did not anticipate updating Schedule 463 as the budget did not change from 2025 to 2026. However, warm winter weather conditions resulted in actual load being less than forecasted leading to the Company under-recovering the approved costs effective October 31, 2025. Schedule 463 impacts all customers except for Emissions-Intensive, Trade-Exposed (EITE) customers as outlined in the CPP.

Customer Impact:
This will affect roughly 95,680 residential customers and 12,153 commercial and industrial customers. The monthly bill of the average residential customer using 45 therms will see an increase of $0.06 or 0.1 percent for a revised monthly bill of $68.70. Across all commercial and industrial schedules excluding Large Interruptible Transport customers, the average increase is about 0.2 percent. Large Interruptible Transport customers will see an average increase of 0.9 percent.

Public Purpose Charge (PPC) (Schedule 469)
Summary of Filing:
The purpose is to include costs related to the PPC based on adjustments to meet forecasted budgetary needs between October 31, 2026 and November 1, 2026, for key components including Energy Trust of Oregon (Energy Trust) cost recovery and transferal, Avista's Oregon Low Income Energy Efficiency (AOILEE) and Home Energy Assessment (HEA) programs as well as general Avista administrative and implementation costs associated with such programs and professional services related to Avista's Integrated Resource Plan (IRP).

Background:
This tariff originated in Docket No. UG 221 on November 1, 2012. Order No. 12-408 as supplemented by Order No. 12-437, and was filed in accordance with ORS 767.205 and OAR 860-022-0005.

Key Facts:
The net effect of the proposed rates, to replace the rates effective as of January 1, 2026, is to increase the Company's annual revenues by $5,284,401 or 4.1 percent. The primary drivers of the net rate increase listed above are the projected (end of) October 2026 under-collected balance of $3,057,365 and the projected expenditure budget for November 2026 through October 2027 of $11,621,490. Cumulatively, the under-collected balance by October 2026 and projected expenditures for November 2026 through October 2027 yield a cost of $14,678,855, and then $15,166,779.83 after application of the 3.324 percent Recovery Adjustment Factor, to be recovered between October 31, 2026 and November 1, 2027.

Customer Impact:
This will affect roughly 95,680 residential customers (in terms of total billings across the year divided by twelve), 11,982 commercial customers, 140 industrial customers, and 29 transportation customers. The monthly bill of the average residential customer served under Rate Schedule 410/411 using 45 therms will see an increase of $2.91 (or 4.2 percent). The monthly increase for the average general (or commercial) Rate Schedule 420 customer using about 202 therms is $11.05 (or 4.2 percent), the average industrial Rate Schedule 424 customer using 4,696 therms will see a monthly increase of about $107.91 (or 4.3 percent), the average industrial Rate Schedule 440 interruptible sales customer using about 44,275 therms will see a monthly increase of about $373.65 or (3.1 percent). And the average interruptible transportation Rate Schedule 456 customer using about 74,945 therms will see a monthly increase of about 198.03 (or 2.7 percent). Cumulatively, the proposed rates yield an approximately 4.1 percent increase in total billing and represent approximately 11.32 percent of total proposed revenues.

UM 1356(19)
Summary of Filing:
The purpose of this filing is to reauthorize the Company to record and defer costs related to intervenor funding grants for the 12-month period beginning November 1, 2026.

Background:
The Intervenor Funding Agreement, Fifth Amended and Restated Intervenor Funding Agreement by Order No. 22-506 dated December 29, 2022, between the Company, Citizens' Utility Board of Oregon (CUB), and Alliance of Western Energy Consumers

(AWEC) established three funds from which grants could be made (CUB Fund, Preauthorized Matching Fund and an Issues Fund with a separate account for the Issues Fund entitled Case-Certified Account). The Interim Funding Agreement (Interim Agreement), established consistent with House Bill 2475 (HB 2475) in Order No. 22-043 dated February 10, 2022 (Docket No. UM 2211), established one fund from which grants could be made and approved Rogue Climate, the Coalition of Communities of Color (CCC) the Community Action Partnership of Oregon (CAPO), and Community Energy Project (CEP) as the preliminary groups eligible for funding. The Interim Agreement was later replaced with the Environmental Justice Communities Funding Agreement (EJC Agreement) via Order No. 23-033 in Docket No. UM 2211, dated February 8, 2023; the EJC Agreement was between the Company, Rogue Climate, Verde, and Community Energy Project (CEP) and established two funds from which grants could be made (Pre-certification Fund and Case Fund).

Key Facts:
The Commission approved an Intervenor Funding Agreement between the Company and Intervenors in Order No. 07-487, and has periodically approved updated IFAs, including the last approval on February 8, 2023, in Order No. 23-033 in Docket No. UM 2211. The deferral was most recently approved on October 31, 2025, in Order No. 24-372 in Docket No. UM 1356(18). Avista asks the Commission for an order reauthorizing it to utilize deferred accounting for Intervenor Funding Grants provided to various qualifying organizations. The intervenor Funding Agreement provides that pre-certified intervenors must submit a proposed fund budget to the Commission. The Interim Agreement also provides that eligible recipients must submit a proposed budget to the Commission.

UM 1497(16)
Summary of Filing:
Avista's submitted application for the PGA mechanism allows utilities to reflect the costs to purchase and transport gas. The monthly differences arise because utilities calculate the rates associated with gas costs using forecasted gas prices and therm usage.

Background:
The Sub-account 191909 tracks the commodity segment of these cost differences, while Account 191910 monitors the demand segment. Once the Commission confirms that these costs were appropriately incurred, these differences are part of the Company's yearly PGA submission for either refunds or surcharges to customers. Avista files an annual request to amortize the accumulated deferral, with amortization this year to begin October 31. Additionally, the Company provides the calendar year regulated utility earnings, for ratemaking purposes, which is representative of the period when the deferral activity and dollar totals took place. On an annual basis, the Company files its Oregon Division Results of Operations report to satisfy the reporting

requirements associated with Docket No. UM 903 (associated Order No. 99-272, and Order No. 99-284) as well as the standard Oregon annual reporting requirements.

Key Facts:
Due to the volatility of the price of natural gas purchased and transported for customer use, the associated costs are difficult to establish with any degree of certainty. This volatility makes the use of deferred accounting extremely important. It is appropriate that deferred accounting be reauthorized for the Purchased Gas Cost differences for the same reasons that originally established the PGA mechanism. Namely, deferred accounting minimizes both the frequency of rate changes and the fluctuation of rate levels pursuant to paragraph (2)(e) of ORS 757.259.

Conclusion

Staff has reviewed the non-gas filings accompanying the 2026 Purchased Gas Adjustments for Avista. Staff finds the filings to be consistent with Commission policy and prior practice, with the specific recommendations outlined above. Staff requests Commission approval of the recommendations provided in this memo.

Avista has reviewed this memo.

PROPOSED COMMISSION MOTION:

Approve Avista's Advice Nos. 26-02-G, which updates the Company's tariff sheets, for service rendered on and after October 31, 2026, and approve the Company's requests to re-authorize deferrals in Docket Nos. 1356(19) and UM 1497(16).