



Idaho Public Utilities Commission

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Case No. AVU-E-19-04
Final Order No. 34499
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Idaho Public Utilities Commission approves settlement with Avista Utilities that will result in rate decrease

BOISE – The Idaho Public Utilities Commission has approved a proposed settlement with Avista Utilities that decreases annual base electric revenues by \$7.18 million, or 2.84 percent.

The settlement takes effect Dec. 1, 2019. A residential electric customer who uses an average of 900 kilowatt-hours per month will see a decrease in their bill of \$0.86, or a 1 percent decrease for a revised monthly bill of \$84.45.

Avista's original proposal called for an increase in electric base revenues of \$5.25 million, or 2.1 percent. The Spokane-based company said its original request was prompted by an increase in net plant investment (including return on investment, depreciation and taxes, and offset by the tax benefit of interest) from that currently authorized. In addition, net power supply expense is reduced from the currently authorized level, offsetting the company's overall increase as originally requested.

Idaho state law allows regulated utilities to recover prudently incurred expenses and earn a reasonable rate of return. The rate of return is established by the Idaho Public Utilities Commission. A utility has the burden of proof to demonstrate that additional capital investment was necessary to serve customers and, if so, that the expenses were prudently incurred.

Based on the settlement, there will be several reductions to the company's original proposal. For Avista's electric operations, those changes include a \$2.2 million decrease to the company's proposed 2019 revenue requirement tied to a reduction in return on common equity, a reduction of nearly \$774,000 through the elimination of officer incentive pay and salary increases and a reduction in non-officer incentives and salary increases. There also is a reduction of approximately \$6.4 million due to reduced power supply costs.

The revenue decreases are based on a 9.5-percent return on equity, down from a 9.9-percent return on equity in Avista's original proposal.

The settlement agreement was reached between parties to the case after a settlement conference in September. Those parties included commission staff, Clearwater Paper Corporation, Idaho Conservation League, Inc., Idaho Forest Group, LLC, the Community Action Partnership Association of Idaho, Inc. and Walmart, Inc.

Avista serves approximately 133,000 electric customers in northern Idaho.

To access documents filed in this case, please visit the commission's website at www.puc.idaho.gov, and click on "Open Cases" under the "Electric" heading. Scroll down to case number AVU-E-19-04.