



Idaho Public Utilities Commission

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Case No. AVU-E-15-07, AVU-G-15-02

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Avista proposes decreases to variable components of rates for electric, natural gas customers

BOISE (August 28, 2015) – The annual adjustment that tracks that portion of electric and gas expenses that changes every year could result in a 3.5% decrease for Avista Utilities’ electric customers and a 14.5% decrease for its natural gas customers.

There are two major components to electric and natural gas rates for Avista customers. The base rate covers fixed costs (generation, distribution, transmission, operations and maintenance) while the variable rate is adjusted annually to account for changes in streamflows, weather, wholesale market prices for electricity and natural gas, transportation costs and other variable expenses. Avista’s variable power supply expenses are reconciled in the Power Cost Adjustment (PCA) every year on Oct. 1 and its variable gas supply expenses are reconciled in the Purchased Gas Cost Adjustment (PGA) on Nov. 1. This year, Avista is proposing reductions in both the PCA and the PGA. (In separate cases, Avista is proposing increases in the fixed, base rates for electric and natural gas customers.)

In its PCA application to the Idaho Public Utilities Commission, Avista claims that variable power supply costs from July 1, 2014, through June 30, 2015 decreased by about \$1.2 million. Most of that – \$820,000 – results in lower payments owed to Clearwater Paper, which owns a cogeneration plant that sells power to Avista. Another \$400,000 credited to customers is the result of a settlement between electric companies and the Bonneville Power Administration.

If the commission were to adopt Avista’s proposal, the PCA would change from a surcharge of 0.252 cents per kilowatt-hour to a rate credit of 0.032 cents per kWh or about \$2.64 less per month to a residential customer who uses the system average of 929 kWh per month. (In the base rate electric case, Avista is seeking a 5.2% increase in 2016 and 5.1% in 2017.)

A reduction in wholesale market prices for natural gas due to a warmer than normal winter, an abundance of natural gas held in storage and continued high production levels of natural gas all contributed to what could be a 14.5% reduction in natural gas rates for Avista customers.

If Avista's proposal is adopted by the commission, an Avista residential customer using the company average of 61 therms per month would see a \$7.94 reduction in monthly bills. The PGA would more than offset the base rate natural gas increase the company is proposing in a separate case. If the commission were to grant Avista's base rate increase request in total, base gas rates would go up 4.5% in 2016 and 2.2% in 2017.

The commission is accepting written comments on both the PCA and PGA. Comments are accepted by accessing the commission's website at www.puc.idaho.gov and clicking on "Case Comment Form" under the "Consumers" heading. Fill in the case number (AVU-E-15-07 for the PCA and AVU-G-15-02 for the PGA) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID, 83720 or faxed to 208-334-3762.

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