



Case No. AVU-E-16-05, Order No. 33571

Contact: Gene Fadness (208) 890-2712

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## PCA is up for Avista customers, but higher BPA credit results in proposed 0.3 percent rate decrease

**BOISE (August 22, 2016)** – The Idaho Public Utilities Commission will take comment through September 15 on an Avista Utilities application to slightly decrease the variable portion of customer rates.

Avista proposes to slightly reduce the size of the rebate given to customers in its annual Power Cost Adjustment (PCA) which increases rates, while slightly increasing the credit customers get as part of the Bonneville Power Administration's Residential Exchange Program, which decreases rates. The net result is a decrease of 0.3 percent or about 30 cents per month on an average residential monthly bill. If approved, changes to both the PCA and the BPA credit would be effective Oct. 1.

Every year on October 1, the variable portion of Avista rates is adjusted up or down depending on the previous year's power supply expense, which is largely determined by changes in hydroelectric generation and market prices for natural gas and electricity.

While these applications impact variable rates, Avista has a separate application before the commission to increase the fixed portion of rates, or base rates, by an average 6.3 percent.

Lower natural gas prices and less operating expense at the Colstrip and Kettle Falls plants kept power supply costs down for Avista. But 13 percent below normal hydro generation, more expense related to the operation of the Palouse Wind plant and a change in the contract between Avista and Clearwater Paper resulted in overall greater PCA expense. Thus, the size of the PCA rebate to customers is reduced from 0.032 cents per kilowatt-hour to 0.017 cents per kWh, or a 0.2 percent increase to customers.

Offsetting the PCA increase is a larger credit than currently given residential and small-farm customers as a result of the BPA Residential Exchange Program. BPA credits customers of utilities who live near BPA's hydroelectric projects along the Columbia River. The credit to customers fluctuates each year depending on a formula BPA uses to calculate the benefit. A higher benefit this year results in an overall decrease to customers of 0.5 percent.

The commission will take comments through Sept. 15 on the proposed changes. To comment go to [www.puc.idaho.gov](http://www.puc.idaho.gov). Under the "Consumers" heading, click on "Case Comment Form," and include the case number, AVU-E-16-05, in your comments. Comments can also be mailed to the commission at P.O. Box 83720, Boise, ID, 83720-0074.

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