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PCA is up for Avista customers, but higher BPA credit results in overall 0.3 percent decrease for most customers

BOISE (Oct. 4, 2016) – Two rate adjustments that became effective Oct. 1 for customers of Avista Utilities will result in an overall rate reduction of about 0.3 percent for residential and small-farm customers.

Customers will be given a \$516,000 rebate as part of Avista's annual Power Cost Adjustment (PCA), but that rebate is not as large as last year, so the result is a slight increase in the PCA of about 0.2 percent as approved by the Idaho Public Utilities Commission. However, at the same time, a rebate given residential and small-farm customers from the Bonneville Power Administration's Residential Exchange Program is increasing slightly. The net result of both the PCA and BPA's credit is a decrease of 0.3 percent or about 30 cents per month on an average residential monthly bill.

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.

Lower natural gas prices and less operating expense at the Colstrip and Kettle Falls plants kept power supply costs down for Avista. But hydro generation that was 13 percent below normal, 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.

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 residential and small-farm customers of utilities who live near BPA's hydroelectric projects along the Columbia River. The credit fluctuates each year depending on a formula BPA uses to calculate the benefit. A higher benefit this year results in an overall decrease to residential and small-farm customers of 0.5 percent.