



Case No. AVU-E-17-01, AVU-G-17-01

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Avista seeks rate increases for electric, gas customers

BOISE (June 13, 2017) - Avista has asked the Idaho Public Utilities Commission to approve a two-year plan calling for rate increases in 2018 and 2019 for its electric and natural gas customers in Idaho.

The Spokane-based company said the request is driven by ongoing investments in its plants, technology and other assets, as well as increased costs associated with providing power to the approximately 128,200 Idahoans in its service territory.

If approved in full, the proposal would lead to an average increase of 7.9 percent for Avista's electric customers beginning Jan. 1, 2018, and an average 4.2-percent increase effective Jan. 1, 2019.

That equates to a \$7.03 increase in the monthly bill for a residential electric customer using an average of 910 kilowatt-hours, from \$86.39 to \$93.42, in 2018.

In 2019, that customer's monthly bill would climb \$4.02, to \$97.44.

For Avista's natural gas customers, the plan calls for rates to rise across all customer classes by an average of 5.7 percent in 2018, and by an average of 3.3 percent in 2019.

Residential natural gas customers using an average of 61 therms per month would see an increase of \$3.37 per month in 2018, taking their bill from \$51.10 to \$54.47, and a \$2.07 increase in 2019, to \$56.54.

Avista also proposes raising the basic monthly charge for residential electric and natural gas service from \$5.75 to \$6 in 2018.

If approved, the rate changes for electric customers would increase revenue by a total of \$28.5 million, the company said, while increases for natural gas customers are expected to boost revenue by \$5.6 million.

According to the company, the primary driver of the proposed increases is the need to replace or upgrade aging infrastructure.

Among the planned capital investments are the rehabilitation of a generator at its Kettle Falls biomass plant; an ongoing project to replace portions of a natural gas distribution pipe installed more than three decades ago; upgrades to the company's transmission and distribution network,

including wood pole replacement and the reconstruction of power lines; technological improvements; and an overhaul of the company's website.

A net increase in power supply costs also played a role in its decision to request a rate increase, Avista said, as did a drop in electric consumption in two customer classes.

Slight decreases in costs associated with distribution, operation and maintenance, and administrative and general expenses helped blunt the requested increase, which the company said would allow it to earn a 7.81 percent rate of return and 9.9 percent return on equity.

State law requires that regulated utilities be allowed to recover their prudently incurred expenses and earn a reasonable rate of return, which is established by the Commission. The burden of proof is on the utility to demonstrate that additional capital investment was necessary to serve customers and, if so, that the expenses were prudently incurred.

Now that the company's application has been filed, the commission's staff of auditors, engineers and attorneys will begin an investigation of the utility's application. Under state law, the Commission cannot accept or deny the requested increase without weighing the evidence.

The Commission is expected to announce dates for customer workshops, hearings and written comment deadlines soon.

Meanwhile, Avista's application and exhibits are available on the commission's website at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" or Natural Gas" heading and scroll down to Case No. AVU-E-17-01 or AVU-G-17-01. As the case progresses, testimony and exhibits from commission staff and other parties as well as customer comments will be posted to the website.