



*Case Nos: AVU-E-17-04 and AVU-G-17-03*

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## **Avista seeks rate increase to recover costs**

**BOISE (July 27, 2017)** – Avista is seeking to increase rates for electric and natural gas service in order to recover expenses incurred in 2016.

The company said it under-collected the fixed costs of serving its Idaho customers by a combined \$9.6 million in the 2016 calendar year. To recover those costs, Avista has asked the Idaho Public Utilities Commission to approve a 3-percent increase to a billing mechanism known as the Fixed Cost Adjustment (FCA).

The adjustment allows Avista to recover the fixed costs it loses when energy sales decline due to decreased consumption among its customers. Though energy consumption fluctuates, the fixed costs associated with providing service are more stable. The FCA is designed to provide the utility with a financial incentive to promote energy efficiency and conservation among its customers.

It can be adjusted annually with Commission approval – via a surcharge when expenses exceed revenue or a refund when FCA revenue surpasses costs. Any increase to the surcharge is capped at 3 percent.

In seeking Commission approval to raise the FCA for the coming year, Avista said its natural gas and electric customers used significantly less energy in 2016 than in 2014, the test year on which revenue projections are based.

For natural gas customers, the drop in usage led to a \$3.1 million shortfall in FCA revenue. The company attributed the bulk of the decline to “abnormally warm” weather, though it said its energy efficiency programs played a role.

The shortfall was even more acute among electric customers – approximately \$6.5 million – with energy efficiency programs and weather having the largest impact.

If approved in full, the company's proposal to recover those costs would increase the monthly bill for residential electric customers using an average of 910 kilowatt-hours by \$2.56.

Avista's residential natural gas customers using an average of 61 therms per month would see an increase of \$1.51 per month.

The utility asked for the change to take effect Oct. 1 for electric service, and Nov. 1 for natural gas customers.

The Commission approved the FCA mechanism in early 2016 as part of a three-year pilot program included in Avista's settlement of a 2015 rate case.

The Commission is accepting comments on Avista's proposal through Aug. 31 for the electric case, AVU-E-17-04, and until Sept. 27 for the natural gas case, AVU-G-17-03. These two cases are separate from Avista's general rate case that is before the Commission.

To comment, visit [www.puc.idaho.gov](http://www.puc.idaho.gov). Under the "Consumers" heading, click on "Case Comment Form," and include the case number(s), AVU-E-17-04 and/or AVU-G-17-03.

Avista's application is available on the Commission's website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on Open Cases under the Electric heading and scroll down to AVU-E-17-04 or click on Open Cases under the Natural Gas heading and scroll down to AVU-G-17-03.