



*Case No. AVU-G-17-01 and AVU-E-17-01*

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## Tentative settlement reached in Avista rate case, hearings scheduled

**BOISE (Oct. 31, 2017)** – Parties to an Avista Utilities rate case have proposed a settlement that reduces the utility’s requested rate increase for electric and natural gas service.

If approved by the Idaho Public Utilities Commission, the settlement would increase electric rates by an average of 5.6 percent in 2018 and 2.3 percent in 2019, while increasing the basic monthly service charge by 25 cents, to \$6.

The company’s original proposal called for an average increase of 7.9 percent for Avista’s electric customers in 2018 and 4.2 percent in 2019, along with the 25-cent increase to the service charge.

For natural gas customers, the settlement would lead to an average rate increase of 1.9 percent in 2018 and 1.8 percent in 2019, down from the company’s original proposal of 5.7 percent in 2018 and 3.3 percent in 2019. The settlement agreement also calls for an increase of 75 cents to the basic charge, raising it to \$6 per month.

The Commission has scheduled a public hearing on the case Nov. 30 in Coeur D’Alene.

The hearing is scheduled for 6 pm to 8 pm (PST) at the Coeur D’Alene School District’s Midtown Center Meeting Room, 1505 N. 5<sup>th</sup> St. It will provide customers an opportunity to provide testimony that will be made part of the formal case record. There will be no formal presentation at the hearing.

A technical hearing has been set for Dec. 8 at 9:30 am (MST) in the Commission’s hearing room at 472 W. Washington St. in Boise. Technical hearings allow intervening parties to the case to present testimony and evidence.

Written comments will be accepted until the conclusion of the technical hearing.

Avista serves approximately 125,000 electric customers and 75,000 natural gas customers in northern Idaho.

The Spokane-based company said the primary driver for a rate increase is the need to replace or upgrade its aging infrastructure.

Avista owns and operates eight hydropower plants, five natural gas plants, a biomass facility and a 222-megawatt share of the output at the Colstrip coal plant in Montana.

Among the planned capital investments are the rehabilitation of a generator at its biomass plant, an ongoing project to replace portions of a natural gas distribution line, upgrades to the company's transmission and distribution system and technological improvements.

Idaho 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.

The proposed settlement calls for reductions or delays in a number of projects included in the company's original proposal.

For Avista's electric operations, those changes include a \$1.075 million decrease to the overall 2018 revenue requirement tied to a delay in the implementation of a new meter data management system, a reduction of nearly \$400,000 through the elimination of officer incentive pay and a reduction in non-officer incentives, and a reduction of \$276,000 for information systems and information technology-related projects.

For natural gas operations, the settlement calls for an adjustment to weather normalization methodology that decreases the overall revenue requirement by \$1.162 million, a delay in a new meter data management system that decreases the revenue requirement by \$415,000 and \$300,000 in reductions tied to miscellaneous expenses.

The proposed settlement agreement was reached between several parties to the case after a settlement conference in late September. Those parties include Clearwater Paper, Idaho Conservation League, Idaho Forest Group, the Community Action Partnership Association of Idaho and Sierra Club.

Sierra Club and the Idaho Conservation League opposed the proposed settlement.

If approved by the Commission, the settlement would increase Avista's annual billed electric revenue by \$12.9 million in 2018 and \$4.5 million in 2019. That is down from \$18.6 million and \$9.9 million in the company's original proposal.

For natural gas service, the settlement terms are designed to increase annual billed revenue by \$1.2 million in 2018 and \$1.1 million in 2019. The original proposal would have increased annual billed revenue by \$3.5 million in 2018 and \$2.1 million in 2019.

The revenue increases are based on a 9.5-percent return on equity, down from a 9.9-percent return on equity in Avista's original proposal.

For a residential electric customer using an average of 910 kilowatt-hours per month, the proposed settlement would lead to an increase of \$5.22 per month, for a monthly bill of \$93.34, effective Jan. 1, 2018. The same customer would see an increase of \$2.16 per month in 2019, taking the monthly bill to \$95.50.

A residential natural gas customer using an average of 63 therms per month would see an increase of \$1.13 per month, for a monthly bill of \$53.74, if the settlement agreement is approved. In 2019, that customer would see an increase of \$1.09 per month for a monthly bill of \$54.83.

Avista's application and exhibits are available on the Commission's website. Click on "Open Cases" under the "Electric" or "Natural Gas" heading and scroll down to Case No. AVU-E-17-01 (Electric) or AVU-G-17-01. Or go [here](#) for the electric case and [here](#) for the natural gas case.

To submit written comments, go to the Commission website, [www.puc.idaho.gov](http://www.puc.idaho.gov), and click on "Case Comment Form" under the "Electric" or "Natural Gas" heading and enter the case number. Or go [here](#). Comments can also be mailed to the Idaho Public Utilities Commission, P.O. Box 83720, Boise, ID, 83720-0074.