

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF AVISTA CORPORATION DBA AVISTA UTILITIES FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC AND NATURAL GAS SERVICE IN IDAHO) CASE NOS. AVU-E-15-05) AVU-G-15-01)) NOTICE OF) PROPOSED SETTLEMENT)) NOTICE OF) AMENDED SCHEDULE)) NOTICE OF PUBLIC AND) TECHNICAL HEARINGS)) ORDER NO. 33400
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On June 1, 2015, Avista Corporation dba Avista Utilities applied to increase its general rates for electric and natural gas service. The Company proposed a two-phase rate plan that would increase *electric* billed revenues by \$13.2 million (5.2%) on January 1, 2016, and by \$13.7 million (5.1%) on January 1, 2017. In addition, the Company's plan would increase annual *natural gas* billed revenues by \$3.2 million (4.5%) on January 1, 2016, and by \$1.7 million (2.2%) on January 1, 2017. The Company also proposed to implement an electric and natural gas fixed-cost adjustment (FCA) that would sever the link between Avista's revenues and its customers' energy use.

The Commission subsequently suspended the proposed effective date, and allowed the following parties to intervene in the case: Clearwater Paper Corporation; Idaho Forest Group, LLC; Community Action Partnership Association of Idaho (CAPAI); Idaho Conservation League (ICL); and Snake River Alliance (SRA). The Commission also set deadlines for the parties to file testimony and exhibits, and scheduled public workshops and a technical hearing. *See* Order Nos. 33324, 33331, 33338, and 33353.

On October 19, 2015, the Company and Commission Staff moved the Commission to amend the case schedule and approve a Stipulation and Settlement that has been entered into by all parties. *See* Motion for Approval of Stipulation and Settlement.

With this Order, we provide notice of the settlement, amend the case schedule, and set technical and public hearings.

NOTICE OF PROPOSED SETTLEMENT
 NOTICE OF AMENDED SCHEDULE
 NOTICE OF PUBLIC AND TECHNICAL HEARINGS
 ORDER NO. 33400

NOTICE OF PROPOSED SETTLEMENT

YOU ARE HEREBY NOTIFIED that, in summary, the Stipulation and Settlement proposes to fully resolve the case as follows:¹

1. Overview of Settlement and Revenue Requirement

Avista would revise its tariff schedules to recover \$1.7 million in additional annual *electric* revenue (about 0.7%), and \$2.5 million in additional annual *natural gas* revenue (about 3.5%). The new electric and natural gas rates would become effective January 1, 2016.

2. Capital Structure and Cost of Capital

Avista’s capital structure and weighted-average cost of capital (rate of return) would be:

Component	Capital Structure	Cost	Weighted Average Cost of Capital
Debt	50%	5.34%	2.67%
Common Equity	50%	9.50%	4.75%
Total	100%		7.42%

3. Percentage Increase by Service Schedule

Avista’s base rates and billing rates would increase overall by 0.7% by schedule, as reflected below:

Resulting Percentage Increase by Electric Service Schedule

Rate Schedule	Increase in Base Rates	Increase in Billing Rates
Residential Schedule 1	0.9%	0.9%
General Service Schedules 11/12	0.5%	0.5%
Large General Service Schedules 21/22	0.6%	0.6%
Extra Large General Service Schedule 25	0.6%	0.6%
Clearwater Paper Schedule 25P	0.4%	0.4%
Pumping Service Schedules 31/32	0.7%	0.7%
Street & Area Lights Schedules 41-48	0.8%	0.8%
Overall	<u>0.7%</u>	<u>0.7%</u>

¹ The actual Stipulation and Settlement, including its attachments, is about 28 pages long and much more detailed than this summary. Interested persons may view the actual Stipulation and Settlement at the Commission’s offices or on the Commission’s web site.

Avista’s natural gas base rates would increase overall by 6.9%, and its natural gas billing rates would increase overall by 3.5%. However, because a \$1.2 million rebate that customers currently receive is expiring, and will be replaced with a lesser, \$0.2 million rebate related to Avista’s 2014 natural gas earnings sharing, the actual overall billing increase for natural gas service, by schedule, is 4.8% as reflected below:

Resulting Percentage Increase by Natural Gas Service Schedule

<u>Rate Schedule</u>	Increase in Base	Increase in Billing	Billing Increase
	<u>Rates</u>	<u>Rates</u>	<u>Net of New & Expiring Rebate</u>
General Service Schedule 101	7.7%	4.1%	5.3%
Large General Service Schedules 111/112	3.7%	1.5%	3.1%
Interrupt. Sales Service Schedules 131/132	7.5%	2.7%	4.8%
Transportation Service Schedule 146*	<u>5.2%</u>	<u>5.2%</u>	<u>3.1%</u>
Overall	<u>6.9%</u>	<u>3.5%</u>	<u>4.8%</u>

* excludes commodity and interstate pipeline transportation costs

4. Fixed Cost Adjustment Mechanism

Avista would implement an electric and natural gas FCA that severs the link between Avista’s revenues and its customers’ energy use. There will be two rate groups established for the electric FCA and the natural gas FCA: residential and commercial. Avista would provide quarterly and annual reports detailing FCA activities, and any other reasonably requested information upon demand. The FCA would have an initial term of three years, and its efficacy would be reviewed after the second full year.

YOU ARE FURTHER NOTIFIED that all parties, including Commission Staff, CAPAI, SRA, ICL, Idaho Forest Group, and Clearwater Paper, represent that the Stipulation and Settlement is in the public interest and is fair, just and reasonable. The Commission is not, however, bound by these representations; the Commission will independently review the proposed settlement to decide whether to approve it, reject it, or state conditions under which to accept it. The proposed settlement’s proponents ultimately must prove that it is just, fair and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.

YOU ARE FURTHER NOTIFIED that the Stipulation and Settlement, Application, and supporting workpapers, testimony, and exhibits are available for public inspection during

regular business hours at the Commission offices. They also may be viewed on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases" and/or "Natural Gas Cases" and then going to the case numbers referenced in the above caption.

NOTICE OF AMENDED SCHEDULE

YOU ARE FURTHER NOTIFIED that the Commission vacates the existing case schedule, and replaces it with the following amended schedule:

DATE	ACTIVITY
November 13, 2015	Deadline for all parties to file prefiled testimony
November 23, 2015	Customer and technical hearings

The parties' prefiled testimony and exhibits must conform to the requirements of Rules 231, 266 and 267 of the Commission's Rules of Procedure. Reference IDAPA 31.01.01.231 and .266-.267. The above deadlines are for testimony and exhibit filing with the Commission. E-copy service on parties of record should be made on the same date to the extent practicable with full service of testimony and exhibits provided to parties of record no later than the following business day.

NOTICE OF PUBLIC AND TECHNICAL HEARINGS

YOU ARE FURTHER NOTIFIED that the Commission will convene a **technical hearing** in this matter. The purpose of the technical hearing is to take testimony from the parties (the Company, Staff, and the intervenors). The technical hearing will convene on **MONDAY, NOVEMBER 23, 2015, AT 9:30 A.M. IN THE COMMISSION'S HEARING ROOM AT 472 WEST WASHINGTON STREET, BOISE, IDAHO.**

YOU ARE FURTHER NOTIFIED that the Commission also will convene a **telephonic public hearing** in this matter to take testimony from Avista's customers and other interested members of the public. The telephonic public hearing will convene on **MONDAY, NOVEMBER 23, 2015, AT 7:00 P.M.** Persons wishing to testify or listen to the proceedings should call into the hearing, toll-free: (888) 706-6468; Participant Code 4435939. The telephonic hearing will be conducted as follows:

- Those wishing to testify should call the number beginning at 6:45 p.m.

- Names will be taken of those wanting to testify as they call in.
- When it is your turn to testify, one of the commissioners will call out your name. You will then be asked to state your name and address and be sworn in.
- When you testify we ask that you eliminate any background noise, such as the TV, radio, etc., in order for us to clearly hear and record your testimony. At the conclusion of your testimony, you may be asked questions.
- While people are welcome to listen to the entire hearing, they can speak only when they testify.

As the Commission is holding a telephonic public hearing, it does not intend to hold an in-person public hearing unless it receives written comments from customers or other interested persons specifically asking the Commission to schedule an in-person public hearing. Persons desiring the Commission to consider setting an in-person hearing must specifically request such a hearing in their written comments, and explain why a telephonic public hearing is inappropriate or insufficient in this case.

If you are unable to participate in the public hearing but would nevertheless like to provide input into the case, you may file written comments with the Commission about the case through the date of the customer hearing set above. The comments may be mailed to the Commission at the address referenced in the following paragraph, or they may be e-mailed by accessing the Commission's home page located at www.puc.idaho.gov. Scroll to the "Consumers" tab, click the "Utility Case Comment or Question Form," and complete the form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that all hearings in this case will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-Mail: secretary@puc.idaho.gov

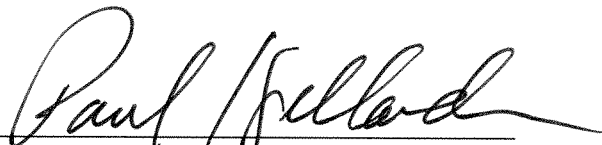
YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that an amended schedule, as set forth above, is adopted.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20th day of October 2015.



PAUL KJELLANDER, PRESIDENT

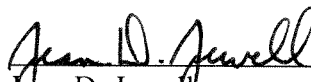


MARSHA H. SMITH, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:AVU-E-15-05_AVU-G-5-01_kk2

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