



Idaho Public Utilities Commission

P.O. Box 83720, Boise, ID 83720-0074

C.L. Butch Otter, Governor

Paul Kjellander, Commissioner

Marsha Smith, Commissioner

Kristine Raper, Commissioner

Case No. AVU-E-15-05, AVU-G-15-01, Order No. 33437

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www.puc.idaho.gov

PUC adopts settlement to Avista case, agrees to implement annual fixed cost adjustment

BOISE (Dec. 22, 2015) – The Idaho Public Utilities Commission is adopting a settlement to the Avista Utilities electric and natural gas rate case that increases electric rates an average 0.6% (six-tenths of 1%) and natural gas rates by 3.5% effective Jan. 1, 2016.

The settlement is a significant reduction from Avista's original electric rate request of 10.3% over two years – 5.2% in 2015 and 5.1% in 2017. On the gas side, Avista originally requested 4.5% in 2016 and 2.2% in 2017.

The settlement reduces Avista's requested annual electric revenue increase from \$13.2 million to \$1.7 million. It reduces the requested natural gas annual revenue increase from \$3.2 million to \$2.5 million. Avista sought a 9.9% return on equity and was granted 9.5%.

For a residential customer who uses the company average of 929 kilowatt-hours per month, the increase is about 75 cents per month. The original request would have increased bills by about \$5.92 per month in 2016 and \$6.10 in 2017. For a natural gas customer who uses the company average of 61 therms per month, the increase is about \$3.20 per month, counting the \$1 per month increase in the basic service charge. The original request would have increased natural gas bills \$3.90 per month in 2016 and \$1.79 per month in 2017.

Parties signing the settlement include Avista, commission staff, the Idaho Conservation League, Snake River Alliance, Clearwater Paper Corporation, Idaho Forest Group LLC and the Community Action Partnership Association of Idaho, which represents primarily customers on low- and fixed-incomes.

The commission approved the company's request for an annual rate adjustment called the Fixed Cost Adjustment (FCA). The FCA will be a surcharge or a rebate granted every year depending on whether Avista recovers its fixed costs of doing business. During some years, the utility may not recover its fixed costs due to changes in conservation, weather or the economy.

By ensuring that Avista recovers its fixed costs when electricity and natural gas sales decline, the FCA removes the disincentive for Avista to invest in and promote energy efficiency programs.

The FCA will have an initial term of three years and will be reviewed to determine whether the adjustment should continue. During those years when there is a surcharge, the charge cannot exceed 3%. There is no cap on the amount a rebate can be.

Petitions for reconsideration must be submitted by no later than Jan. 8. Petitions must cite why the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

The commission's final order and other documents are available on the commission's website at www.puc.idaho.gov. Click on Open Cases under the "Electric" heading and scroll down to Case No. AVU-E-15-05.

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