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**IDAHO PUBLIC UTILITIES COMMISSION**

**For Immediate Release**

**Case No. AVU-E-04-1, AVU-G-04-1**

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**Hearings announced in Avista rate case**

**Boise** – Hearings are scheduled for Kellogg, Sandpoint and Lewiston on July 26 and 27 regarding Avista Utilities' application to the Idaho Public Utilities Commission to increase both its electric and gas rates.

The commission also announced a technical hearing for the week of July 19 in Boise and set deadlines for testimony and exhibits from the company, commission staff and other intervenors in the case.

The public hearings will give Avista ratepayers an opportunity to offer testimony to the three members of the commission regarding the company's proposal. A more informal series of workshops that allow ratepayers to ask questions of commission staff are also tentatively scheduled for late May in Moscow and Coeur d'Alene.

Avista, which has about 105,000 customers in its northern Idaho territory, is requesting an average 24.1 percent increase in electric rates and a 9.2 percent average increase in gas rates. Avista is also proposing a reduction in its annual power cost adjustment surcharge that would lessen the 24.1 percent increase to residential customers to about 13.5 percent. Avista proposes an increase in the monthly customer service charge from \$4 to \$5 per month for electric customers.

Commission staff, which includes auditors, engineers and attorneys, is investigating the utility's application. Commission staff, Avista and intervenors will file their testimony and exhibits by no later than June 21. Rebuttal testimony and exhibits are due July 12. The commission will post testimony and exhibits from all parties on its Web site.

Intervenors in the case include Potlatch Corporation, Coeur Silver Valley, Inc., and the Community Action Partnership of Idaho. Coeur Silver Valley owns two silver mines between Osborn and Wallace. The Community Action Partnership of Idaho is a non-profit corporation consisting of six community action agencies across the state, representing the interests of primarily low-income citizens.

According to the company's calculations, a residential electric customer using 1,000 kWh a month would see an increase from \$60.15 to \$68.37 if Avista's proposal were accepted. That includes the proposed reduction in the power cost adjustment surcharge.

Avista's proposed electric increases for other customer classes, including the proposed reduction in the power cost surcharge, are 8.7 percent for general service, 10.1 percent for large general service and 12.1 percent for irrigation customers.

Avista claims the electric increase is needed because of the addition of new generation, a reduction in wholesale sales revenue, increased natural gas costs, a decline in electric use by customers, record low-water conditions and unprecedented high wholesale market prices that resulted in credit ratings below investment grade and increased financing costs.

Gas rates for residential customers would increase by 10 percent under Avista's proposal from 78.69 cents per therm to 86.56 cents. The company proposes an increase from \$3.28 to \$5 per month in the customer service charge for gas customers. Under the company's proposal, the monthly bill for a residential gas customer using an average of 70 therms of natural gas would increase from \$57.68 to \$63.26.

The company claims the gas rate increase is needed because of a decline in natural gas use by customers, a growth in the number of customers and general increases in expenses since the last rate increase 14 years ago.

Last fall, the commission extended for one year a 19.4 percent surcharge added to electric customers' bills to recover costs associated with the record-low stream flow conditions and high market prices during the energy crisis of 2000-01. Under the company's proposal, that surcharge would be reduced and spread over two years, reducing the size of the general rate increase on customers.

In that same power cost adjustment case, commission staff recommended that the commission deny Avista authority to collect nearly \$12 million from customers in expenses resulting from two fuel purchases for the company's Coyote Springs II gas-fired generating plant. In order to allow Avista an opportunity to defend the fuel purchases, the commission agreed to defer the matter to this rate case.

The public hearing schedule is as follows:

- Kellogg – Monday, July 26, at 1 p.m. at the Silver Valley Job Service, 35 Wild Cat Way.
- Sandpoint – Monday, July 26, at 7 p.m. at the Edgewater Resort, 56 Bridge St.
- Lewiston – Tuesday, July 27, at 6 p.m. at the Nez Perce County Commissioners hearing room, 1225 Idaho St.

Dates, times and locations for the public workshops in Moscow and Coeur d'Alene will be announced soon.

Copies of the company's application and other documents are available on the commission's Web site at [www.puc.state.id.us](http://www.puc.state.id.us). Click on "Avista Rate Case," under the "Hot" items in the upper-right hand corner. They are also available for public inspection at the commission's offices on 472 W. Washington St., Boise.