



IDAHO PUBLIC UTILITIES COMMISSION

Case No. AVU-E-03-6

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Avista seeks extension of electric surcharge

BOISE – Avista Utilities is seeking approval to continue a 19.4 percent surcharge it began assessing its northern Idaho customers in October of 2001. Rates would not increase from current levels if the Idaho Public Utilities Commission approves Avista's request.

The commission is taking written comments on the company's proposal and will answer questions at public workshops scheduled Sept 8 and 9 in Lewiston and Coeur d'Alene.

The current surcharge is set to expire in October of this year, but Avista claims the surcharge must be extended to pay for a \$27.8 million deferral balance and to improve the company's financial health. The company estimates the deferral balance won't reach zero until mid-2005. However, it can seek only a 12-month extension from the commission. When the company originally sought the increase in October 2001, it asked for a 27-month surcharge, but the commission granted only 12-month surcharges with a condition that the company file an annual status report before seeking extension for another year.

The increase in the cost of natural gas needed for its gas-fired generating plants accounts for more than half of the \$27.8 million deferral owed in the company's Idaho territory, according to Avista. Other power supply expenses include payments to terminate a long-term power purchase agreement with Enron and the final lease payments related to the Kettle Falls bi-fuel generating units.

Avista's credit ratings were lowered to below investment grade in October 2001. Avista contends that the company's finances must continue to improve so that that investment grade credit ratings can be restored and longer-term debt refinanced on more reasonable terms.

The commission is taking public comments through Sept. 30 regarding Avista's request. Commission staff will also discuss the surcharge during public workshops already scheduled in Lewiston and Coeur d'Alene to discuss Avista's proposed average 2.5 percent increase in natural gas rates.

Those workshops will be held Monday, Sept. 8, in Lewiston at the Nez Perce County Commission Brammer Building, 1225 Idaho Street in Lewiston, and on Tuesday, Sept. 9, at the Student Union Building of North Idaho College, 1000 W. Garden Avenue in Coeur d'Alene. Both workshops begin at 7 p.m.

Commission staff will attend the workshops to answer questions regarding both Avista proposals to increase gas rates by 2.5 percent and to continue the 12-month electric surcharge.

Those wanting to submit comments on extending the electric surcharge can do so via e-mail by no later than Sept. 30. Go to the commission's website at www.puc.state.id.us and click on "Comments & Questions." Fill in the case number (AVU-E-03-6) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762. The same can be done for comments on the proposed gas increase, but using the case number AVU-G-03-1. Written comments are due Sept. 15 in that case.

A full text of the commission's order regarding the electric surcharge, along with other documents related to this case, are available on the commission's website. Click on "File Room" and then on "Electric Cases," and scroll down to the appropriate case number.

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