

Idaho Public Utilities Commission

Case Nos. AVU-E-12-08 and AVU-G-12-07

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Contact: Gene Fadness (208) 334-0339, 890-2712

Website: www.puc.idaho.gov

PUC workshops scheduled in Sandpoint, Moscow

On October 11, 2012, Avista Utilities filed for an average 4.6 percent rate increase for electric customers and an average 7.8 percent increase for gas customers. Staff from the Idaho Public Utilities Commission will conduct workshops for Avista customers on Feb. 12 at 7 p.m. at the Sandpoint Community Hall and on Feb. 13 at 7 p.m. in the Great Room of the 1912 Center in Moscow.

The public workshops will give customers an opportunity to hear a presentation from commission staff about how the commission processes a rate case and the specifics of Avista's request. Customers will also be able to ask questions and provide feedback to commission staff. The information provided at the workshop is not to be interpreted as either an endorsement or opposition to the company's request. Later in March, the three commissioners who decide the case will hear formal testimony from customers at public hearings, likely in Lewiston and Coeur d'Alene.

If the increases were granted in full, the bill of an average residential electric customer who uses 930 kilowatt-hours per month would increase by \$4.20 to \$82.89. The gas increase for a residential customer who uses an average 60 therms per month would increase by about \$4.12 per month to about \$56.67.

The commission, by state law, cannot accept or deny a requested increase without first considering the evidence. State law requires that regulated utilities be allowed to recover their prudently incurred expenses and earn a reasonable rate of return, which is also set by the commission. The burden of proof is on the utility to demonstrate if additional expenses already incurred were needed to serve customers and, if so, were they prudently incurred. To read how a rate case is processed, go to the Commission's Website at www.puc.idaho.gov and click on the link, "*Why can't you tell them NO?*" under "Hot Links" in the upper right-hand corner.

The requested gas increase is due to the fixed costs of providing gas, such as maintenance to pipelines. Due to declining wholesale gas prices, the variable portion of gas rates has been decreasing for Avista customers. In October 2012, Avista electric customers received a 5.6 percent natural gas reduction and 3.4 percent electric rate decrease. Overall, gas rates declined by 12 percent during 2012.

Avista claims the electric and gas rate increases are necessary to expand and replace its aging utility infrastructure. About 70 percent of the requested electric increase and 48 percent of the gas increase are due to increases in plant investment, while the remainder is due to increases in

distribution, operations and maintenance and administrative expenses for both electric and gas operations. For example, the company replaces about 6,000 distribution poles each year. Other expense increases are related to hydroelectric plant relicensing, mercury emissions compliance and federal reliability requirements.

The commission's staff of auditors and engineers have been reviewing the company's application since the case was filed last fall and will soon file comments as will other parties to the case including the Idaho Conservation League, Clearwater Paper, the Idaho Forest Group, Snake River Alliance and the Community Action Partnership Association of Idaho, the latter of which represents customers on low- and fixed-incomes.

As those comments are filed, they will be posted on the commission's Website. Click on the electric icon, then on "Open Electric Cases," and scroll down to Case No. AVU-E-12-08. The same documents are included in the gas case. Already posted are the company's application and supporting documents as well as public comments received to date.

The Sandpoint workshop on Feb. 12 is at the Community Hall, 204 S. First Avenue. The Moscow workshop on Feb. 13 is in the Great Room of the 1912 Center at 412 E. Third St.

Avista serves 123,000 electric and 75,000 natural gas customers in northern Idaho.

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