

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NOS. AVU-E-11-01
OF AVISTA CORPORATION DBA AVISTA)	AVU-G-11-01
UTILITIES FOR AUTHORITY TO)	
INCREASE ITS RATES AND CHARGES FOR)	NOTICE OF APPLICATION
ELECTRIC AND NATURAL GAS SERVICE)	
IN IDAHO)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	ORDER NO. 32292

On July 5, 2011, Avista Corporation dba Avista Utilities filed an Application seeking authority to increase the Company’s general rates for electric and natural gas service in Idaho by averages of 3.7% and 2.7%, respectively. If approved, the Company’s revenues for electric based rates would increase by \$9 million annually. Company revenues for natural gas would increase by \$1.9 million annually. The Company requests an effective date of August 5, 2011, for its proposed electric and natural gas rate increases.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Avista is a public utility primarily engaged in the generation, transmission and distribution of electric power and the distribution of natural gas in portions of eastern and central Washington and northern Idaho, as well as distribution of natural gas in northeast and southwest Oregon. The Company’s existing Idaho rates and charges for electric and gas service were approved by the Commission on September 21, 2010, and became effective on October 1, 2010. Order No. 32070.

YOU ARE FURTHER NOTIFIED that the Company’s Application maintains that its proposed revenue increases are driven primarily by an increase in net plant investment (including return on investment, depreciation and taxes, and offset by the tax benefit of interest), increases in distribution, operation and maintenance (O&M), and administrative and general (A&G) expenses, partially offset by a reduction in net power supply and transmission expenditures. Application at 3-4.

YOU ARE FURTHER NOTIFIED that evidence in support of the Company’s need for a rate increase for electric and natural gas is based on a 12-month test year ending December 31, 2010. *Id.* at 4. The Company is requesting an overall rate of return of 8.49% with a

proposed 10.9% return on equity. *Id.* at 7. Avista asserts that it will notify each customer of the proposed rate increases through a bill stuffer during a billing cycle and by issuing a news release.

A. Electric Service

YOU ARE FURTHER NOTIFIED that the Company contends that approximately 90% of the revenue requirement requested in this case is due to an increase in net plant investment. The Company maintains that it experienced an increase of approximately \$21 million in net plant rate base for the Idaho jurisdiction. Morris Direct at 17. The remaining 10% is due to increases in O&M and A&G expenses.

YOU ARE FURTHER NOTIFIED that the proposed increase for a residential customer using an average of 956 kilowatt-hours (kWh) per month is \$3.06 per month, or a 3.7% increase in their electric bill. This includes a Company-proposed increase in the basic/customer charge from \$5.00 to \$5.50 per month. Ehrbar Direct at 5. The Company is not proposing any changes to the present rate structures *within* its electric schedules. *Id.* at 6.

B. Gas Service

YOU ARE FURTHER NOTIFIED that the Company asserts that its proposed increase in natural gas rates is primarily driven by changes in various operating cost components. Approximately two-thirds of the increase is due to O&M and A&G expenditures, such as increased costs in employee benefits. The remaining one-third increase is a result of net plant investment, due to additional Company investment in underground storage facilities, distribution and general plant. Morris Direct at 18. The proposed increase for a residential customer using an average of 62 therms of gas per month would be \$2.15 per month, or a 3.5% increase in their gas bill. As part of this increase, the Company is proposing an increase in the monthly customer charge from \$4.00 to \$4.50 per month. Ehrbar Direct at 7. The Company is not proposing any changes to the present rate structures *within* its gas service schedules. *Id.* at 32.

The proposed percentage increases by rate schedules for electric and natural gas service are reflected in the tables below.

Proposed Electric Increase by Percentage

Residential (Sch. 1)	3.6%
Commercial (Sch. 11)	3.5%
Large Commercial (Sch. 21)	3.5%
Industrial (Sch. 25)	3.4%
Clearwater Paper (Sch. 25P)	3.3%

Proposed Natural Gas Increase by Percentage

Residential & General Service (Sch. 101)	3.5%
Large Commercial (Sch. 111)	0.1%
Interruptible Service (Sch. 131)	1.0%

YOU ARE FURTHER NOTIFIED that Avista’s intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Avista retail customers, both recurring and non-recurring, including those of special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings and may approve, reject or modify existing or proposed relationships among and between customer classes or rate groupings. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce or create rate blocks or categories of rates and charges, abolish, create or reduce components of rates and charges, abolish, reduce or create customer classes or rate groupings, and abolish, reduce or create absolute or relative differences among and between existing classes or rate groupings of customers. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter 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

SUSPENSION

After reviewing the Application in this matter, the Commission finds it will be unable to consider the Application before the proposed effective date of August 5, 2011, because of other demands on the Commission's time and the complexity of the issues. The Commission further finds that the Application is of sufficient importance to require the Commission's investigation of the reasonableness of the proposed increase in rates and charges. Consequently, the proposed rate changes subject to this Application are suspended for a period of thirty (30) days plus five (5) months from the proposed effective date of August 5, 2011. *Idaho Code* §§ 61-622 and 61-623.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases" and/or "Gas Cases."

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 specifically *Idaho Code* §§ 61-502, 61-622, and 61-623. 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.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing **must file a**

Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate at the hearing must file a Petition to Intervene **no later than fourteen (14) days from the service date of this Order**. Persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that once the Notice of Parties is issued, the Staff counsel will convene an informal prehearing conference for the purpose of discussing a schedule to process this case, the service of discovery, and other issues raised by the parties. Parties desiring to participate by phone should contact Staff counsel for teleconference instructions.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Avista's representatives in this matter:

David J. Meyer
Vice President & Chief Counsel, Reg. & Gov't Affairs
Avista Corporation
PO Box 3727
1411 East Mission Avenue
Spokane, WA 99220-3727
E-mail: david.meyer@avistacorp.com

Kelly Norwood
Vice President – State & Federal Regulation
Avista Utilities
PO Box 3727
1411 East Mission Avenue
Spokane, WA 99220-3727
E-mail: kelly.norwood@avistacorp.com

ORDER

IT IS HEREBY ORDERED that the proposed increase in rates and charges submitted by Avista is suspended for a period of thirty (30) days plus five (5) months from the proposed effective date of August 5, 2011, or until such time as the Commission issues an Order accepting, rejecting, or modifying the proposed schedules in this matter.

IT IS FURTHER ORDERED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than fourteen (14) days from the service date of this Order.

IT IS FURTHER ORDERED that discovery is available in these consolidated cases pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.221-234.

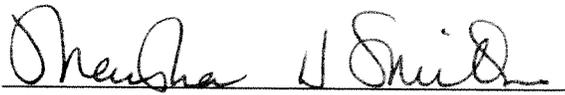
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14th day of July 2011.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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