

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	<b>CASE NO. AVU-E-16-03</b>
<b>OF AVISTA CORPORATION DBA AVISTA</b>	)	
<b>UTILITIES FOR AUTHORITY TO</b>	)	<b>NOTICE OF APPLICATION</b>
<b>INCREASE ITS RATES AND CHARGES FOR</b>	)	
<b>ELECTRIC SERVICE IN IDAHO</b>	)	<b>NOTICE OF</b>
	)	<b>INTERVENTION DEADLINE</b>
	)	
	)	<b>ORDER NO. 33536</b>

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On May 26, 2016, Avista Corporation dba Avista Utilities filed an Application seeking authority to increase its electric base rates by \$15.4 million (6.3%) in Idaho. The Company says its average residential customer would experience an electric bill increase of \$6.54 (7.7%) per monthly bill. Avista requests an effective date of June 26, 2016, but requests that date be suspended until January 1, 2017, for its proposed increase to take effect.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that Avista is a public utility engaged in the production, transmission, and distribution of electric power and natural gas to customers in eastern Washington, northern Idaho, and parts of southern and eastern Oregon. Avista’s existing base rates and charges for electric service were approved by the Commission on December 18, 2015, and took effect on January 1, 2016. Order No. 33437. Avista’s natural gas rates are not at issue in this case.

YOU ARE FURTHER NOTIFIED that if the Application is approved, a residential customer using an average of 918 kilowatt hours (kWh) per month could expect to see a bill increase of \$6.54 per month in 2017, which includes a basic charge increase from \$5.25 to \$6.25 per month. Avista’s proposed electric rate increase would impact electric bills by schedule as follows:

**Proposed Electric Increase**

<b>Service Schedule</b>	<b>Proposed Billing Increase</b>
Residential Service Schedule 1	7.7%
General Service Schedules 11 & 12	4.5%
Large General Service Schedules 21 & 22	5.6%
Extra Large General Service Schedule 25	4.7%
Extra Large General Service Schedule 25P	4.5%
Pumping Service Schedules 31 & 32	7.5%
Street & Area Lighting Schedules 41-49	8.2%
Overall Increase	6.3%

YOU ARE FURTHER NOTIFIED that Avista claims its existing electricity rates are not fair, just, and reasonable, and that it must increase them so it can have an opportunity to earn a fair return on its investment. Avista plans to notify its customers about the proposed rate increase by distributing bill stuffers over the June 2016 billing cycle, and through news releases.

YOU ARE FURTHER NOTIFIED that Avista also claims that approximately 77% of the proposed increase is attributable to cover an increase in Net Plant Investment (including return on investment, depreciation and taxes, and offset by the tax benefit of interest). The Company states further that approximately 12% of the proposed increase relates to net power supply expenses, and that 11% is owed to increases in operation and maintenance, and administrative expenses. Avista’s evidence is based on a 12-month test year ending December 31, 2015. Avista’s request will result in an overall rate of return of 7.78%, which includes a 50% common equity ratio, and a 9.9% return on equity.

YOU ARE FURTHER NOTIFIED that the Commission has designated this case as a general rate case. As such, 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. *See Rule 124.*

YOU ARE FURTHER NOTIFIED that the Commission finds it appropriate to suspend Avista’s proposed effective date of June 26, 2016, for a period of thirty days plus five months, until January 1, 2017, as requested by the Company, unless the Commission issues an earlier Order accepting, rejecting, or modifying Avista’s Application. *See Idaho Code § 61-622(4) and Order No. 33130.*

YOU ARE FURTHER NOTIFIED that the rates and charges of all Avista electric 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. *See Rule 124.*

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. *Id.*

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. *Id.*

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. *Id.*

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](http://www.puc.idaho.gov). To access the documents, click on the "File Room" tab at the top of the Commission's webpage, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

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* §§ 61-501, 61-502, 61-507, 61-520, 61-521, 61-523, and 61-622. The Commission may enter any final Order consistent with its authority under Title 61.

## 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 Commission's Staff will convene an informal prehearing conference at the Commission's offices for the parties to discuss a schedule to process this case and other issues as may be raised by the parties.

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](mailto: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](mailto:kelly.norwood@avistacorp.com)

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](mailto:secretary@puc.idaho.gov)

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.*

**ORDER**

IT IS HEREBY ORDERED that the June 26, 2016, effective date that Avista proposes for its electric rate increase is suspended for a period of thirty days plus five months, until January 1, 2017, unless the Commission issues an earlier Order accepting, rejecting, or modifying the Application. Order No. 33130 and *Idaho Code* § 61-622(4).

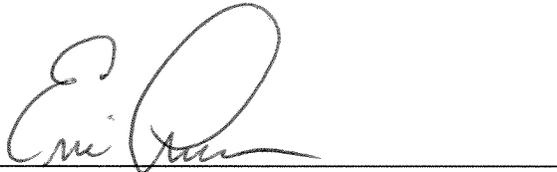
IT IS FURTHER ORDERED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than fourteen (14) days from the service date of this Order.

IT IS FURTHER ORDERED that discovery is available pursuant to the Commission's Rules of Procedure 221-234.

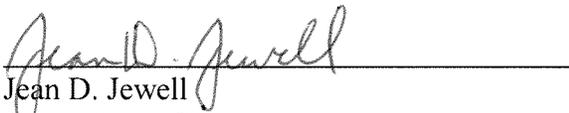
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7<sup>th</sup>  
day of June 2016.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

O:AVU-E-16-03\_bk