

**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</b>
<b>INCREASE ITS RATES AND CHARGES FOR</b>	)	<b>PROPOSED SETTLEMENT</b>
<b>ELECTRIC SERVICE IN IDAHO</b>	)	
	)	<b>NOTICE OF</b>
	)	<b>AMENDED SCHEDULE</b>
	)	
	)	<b>NOTICE OF PUBLIC AND</b>
	)	<b>TECHNICAL HEARINGS</b>
	)	
	)	<b>ORDER NO. 33641</b>

---

On June 1, 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. On June 7, 2016, the Commission issued a Notice of Application and Notice of Intervention Deadline. Clearwater Paper Corporation, Idaho Forest Group, Snake River Alliance, and Community Action Partnership Association of Idaho petitioned for and were granted intervention. The Commission also set deadlines for the parties to file testimony and exhibits, scheduled public workshops and a technical hearing.

On October 14, 2016, Staff filed a Motion notifying the Commission that the parties had reached a settlement and requesting an amendment to the procedural schedule. On October 24, 2016, the Company and Staff jointly moved the Commission to further amend the case schedule and approve a Stipulation and Settlement that has been entered into by all parties.

With this Order, we provide notice of the settlement, amend the case schedule, and set technical and public hearings.

**NOTICE OF PROPOSED SETTLEMENT**

YOU ARE HEREBY NOTIFIED that, in summary, the Stipulation and Settlement proposes to fully resolve the case as follows:<sup>1</sup>

---

<sup>1</sup> The actual Stipulation and Settlement is available for viewing at the Commission's offices or on the Commission's web site.

### ***1. Overview of Settlement and Revenue Requirement***

Avista would revise its tariff schedules to recover \$6.25 million in additional annual revenue, or about a 2.6% increase, effective January 1, 2017.

### ***2. Capital Structure and Cost of Capital***

Avista's capital structure and weighted-average cost of capital (rate of return) would be:

<b>Component</b>	<b>Capital Structure</b>	<b>Cost</b>	<b>Weighted Average Cost of Capital</b>
Debt	50%	5.67%	2.83%
Common Equity	50%	9.50%	4.75%
Total	100%		7.58%

### ***3. Percentage Increase by Service Schedule***

Avista's base rates and billing rates would increase overall by about 2.5% by schedule, as reflected below:

#### **Resulting Percentage Increase by Electric Service Schedule**

<b><u>Rate Schedule</u></b>	<b><u>Increase in Base Rates</u></b>	<b><u>Increase in Billing Rates</u></b>
Residential Schedule 1	3.2%	3.1%
General Service Schedules 11/12	1.9%	1.8%
Large General Service Schedules 21/22	2.3%	2.3%
Extra Large General Service Schedule 25	1.9%	1.9%
Clearwater Paper Schedule 25P	1.8%	1.8%
Pumping Service Schedules 31/32	3.1%	3.0%
Street & Area Lights Schedules 41-48	<u>3.4%</u>	<u>3.3%</u>
<b>Overall</b>	<b><u>2.6%</u></b>	<b><u>2.5%</u></b>

### ***4. Collaboration on Low Income Issues***

The Company and interested parties will meet and confer prior to the Company's next general rate case to assess the Company's low-income programs and explore different options to improve those programs.

YOU ARE FURTHER NOTIFIED that all parties, including Commission Staff, Clearwater Paper, Idaho Forest Group, Snake River Alliance, and CAPAI represent that the Stipulation and Settlement is in the public interest and is fair, just and reasonable. The Commission is not, however, bound by these representations; the Commission will independently review the proposed settlement to decide whether to approve it, reject it, or state conditions under which to accept it. The proposed settlement's proponents ultimately must prove that it is just, fair and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.

YOU ARE FURTHER NOTIFIED that the Stipulation and Settlement, Application, and supporting workpapers, testimony, and exhibits are available for public inspection during regular business hours at the Commission offices. They also may be viewed on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and then "Electric Cases" and then click on the case number referenced in the above caption.

#### NOTICE OF AMENDED SCHEDULE

YOU ARE FURTHER NOTIFIED that the Commission vacates the existing case schedule, and replaces it with the following amended schedule:

DATE	ACTIVITY
November 22, 2016	Deadline to file prefiled testimony relating to the proposed settlement
November 29, 2016	Telephonic customer hearing
December 2, 2016	Technical hearing

The parties' prefiled testimony and exhibits must conform to the requirements of Rules 231, 266 and 267 of the Commission's Rules of Procedure. Reference IDAPA 31.01.01.231 and .266-.267. The above deadlines are for testimony and exhibit filing with the Commission. E-copy service on parties of record should be made on the same date to the extent practicable with full service of testimony and exhibits provided to parties of record no later than the following business day.

#### NOTICE OF PUBLIC AND TECHNICAL HEARINGS

YOU ARE FURTHER NOTIFIED that the Commission will convene a **technical hearing** in this matter. The purpose of the technical hearing is to take testimony from the parties

(the Company, Staff, and the intervenors). The technical hearing will convene on **FRIDAY, DECEMBER 2, 2016, AT 9:30 A.M. (MST) IN THE COMMISSION'S HEARING ROOM AT 472 WEST WASHINGTON STREET, BOISE, IDAHO.**

YOU ARE FURTHER NOTIFIED that the Commission also will convene a **telephonic public hearing** in this matter to take testimony from Avista's customers and other interested members of the public. The telephonic public hearing will convene on **TUESDAY, NOVEMBER 29, 2016, AT 7:00 P.M. (PST).** Persons wishing to testify or listen to the proceedings should call into the hearing, toll-free: (888) 706-6468; Participant Code 4435939. The telephonic hearing will be conducted as follows:

- Those wishing to testify call the number beginning at 6:45 p.m. (PST).
- Names will be taken of those wanting to testify as they call in.
- When it is your turn to testify, one of the commissioners will call out your name. You will then be asked to state your name and address and be sworn in.
- When you testify we ask that you eliminate any background noise, such as the TV, radio, etc., in order for us to clearly hear and record your testimony. At the conclusion of your testimony, you may be asked questions.
- While people are welcome to listen to the entire hearing, they can speak only when they testify.

In September 2016, Commission Staff conducted two public workshops—one in Moscow, and another in Coeur d'Alene. Staff advertised the workshops, but turnout and participation was slight with only three people attending in Coeur d'Alene, and a single person attending the Moscow presentation. Further, only 14 public comments have been filed in this matter, compared to 59 public comments at the same point in Avista's last rate case in 2015. Likewise, the Commission has determined it prudent to convene a telephonic public hearing in an effort to facilitate a more convenient and inclusive public participation process for customers spanning from Lewiston to Sandpoint. Further, the Commission does not intend to hold an in-person public hearing unless it receives written comments from customers or other interested persons specifically asking the Commission to schedule an in-person public hearing. Persons desiring the Commission to consider setting an in-person hearing must specifically request such

NOTICE OF PROPOSED SETTLEMENT  
NOTICE OF AMENDED SCHEDULE  
NOTICE OF PUBLIC AND TECHNICAL HEARINGS  
ORDER NO. 33641

a hearing in their written comments, and explain why a telephonic public hearing is inappropriate or insufficient in this case.

If you are unable to participate in the public hearing but would nevertheless like to provide input into the case, you may file written comments with the Commission about the case through the date of the customer hearing set above. The comments may be mailed to the Commission at the address referenced in the following paragraph, or they may be e-mailed by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Scroll to the "Consumers" tab, click the "Utility Case Comment or Question Form," and complete the form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that all hearings in this case 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 case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that 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.*

#### **ORDER**

IT IS HEREBY ORDERED that the amended schedule, as set forth above, is adopted.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10<sup>th</sup>  
day of November 2016.

  
PAUL KJELLANDER, PRESIDENT

  
KRISTINE RAPER, COMMISSIONER

  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

O:AVU-E-16-03\_bk4