



Case No. AVU-E-16-03, Order No. 33536

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

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Commission staff begins processing Avista rate case

Intervention deadline is June 21

BOISE (June 13, 2016) – The Idaho Public Utilities Commission has set June 21 as the deadline for parties who want to formally intervene in the Avista Utilities rate case filing.

Intervenors, usually representing customer groups, file testimony and exhibits and cross-examine witnesses from the utility, commission staff and other intervening parties.

The commission will later announce dates for customer workshops, hearings and written comment deadlines.

Avista's application, supporting testimony and exhibits are available on the commission's website at www.puc.idaho.gov. (Click on "Open Cases" under the "Electric" heading and scroll down to Case No. AVU-E-16-03.) As the case progresses, testimony and exhibits from commission staff and other parties as well as customer comments will also be posted to the website.

On May 26, Avista, which serves about 125,000 electric and about 80,000 natural gas customers from the Grangeville area north, filed an application with the commission to increase its annual electric revenue by \$15.4 million, or 6.3 percent.

If the commission were to grant Avista's request in full, a residential customer who uses the company average of 918 kilowatt-hours per month would see an increase of about \$6.54 per month. That includes a proposed increase in the monthly customer service charge from \$5.25 per month to \$6.25. The company seeks a 7.78 percent rate of return and a 9.9 percent return on equity.

The commission's staff of auditors, engineers and attorneys will now undertake an approximate six-month investigation of the utility's application. The commission, by state law, cannot accept or deny the 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 established by the commission. The burden of proof is on the utility to demonstrate that additional capital investment was necessary to serve customers and, if so, were the expenses prudently incurred. Commission rulings can be appealed to the state Supreme Court by either the utility or customer groups.

Avista claims about 77 percent of the proposed increase is attributable to an increase in net plant investment. The company says it will invest \$165.4 million in 2016 and \$75.8 million in 2017 in generation or production projects, including \$77 million in improvements at the 108-year-old Nine Mile Falls hydroelectric plant northwest of Spokane on the Spokane River. Another \$35 million in improvements are under way at the Little Falls plant further west of the Nine Mile Falls plant. Some \$25 million in improvements are planned for Avista's portion of the Colstrip coal plant in eastern Montana.

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