



Case No. AVU-E-16-03, Notice of Proposed Settlement, Public and Technical Hearings

Order No. 33641

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

www.puc.idaho.gov

Parties to Avista rate case propose settlement that reduces average increase from 6.3% to 2.6%

Hearings scheduled for November 29 and December 2

BOISE (Nov. 15, 2016) – The Idaho Public Utilities Commission will conduct technical and public hearings in response to a proposed settlement to the Avista Utilities rate case filed last June. The proposed settlement reduces the increase from an average 6.3 percent to 2.6 percent.

Parties to the case including commission staff, the Clearwater Paper Corporation, Idaho Forest Products, the Snake River Alliance and the Community Action Partnership Association of Idaho signed a negotiated settlement that, if approved by the commission, would reduce the size of Avista’s requested annual revenue requirement increase from \$15.4 million to \$6.25 million.

The commission will conduct a telephonic public hearing on Tuesday, Nov. 29, at 7 p.m. Pacific Standard Time. Persons wishing to testify or listen in can call toll-free at 888-706-6468 and enter a participant code of 4435939. Those wishing to testify should call between 6:45 p.m. and the start of the hearing to allow time for commission staff to take names. When the hearing begins, people will be called on to testify in the order in which they phoned in. While people are welcome to listen to the entire hearing, they can speak only when called upon to testify.

The commission opted for a telephonic hearing rather than an on-site hearing to allow more participation at greater convenience. A telephonic hearing will provide a greater opportunity for customers in all of Avista’s Idaho territory from Grangeville north to Sandpoint to participate as opposed to hearings held in one or two cities. However, if customers desire an on-site hearing, they can request one by writing the commission indicating their desire to attend such a hearing and explaining why a telephonic hearing is not sufficient.

Those who would like to provide input but who are unable to call in to the public hearing, can submit written comments from the commission’s website at www.puc.idaho.gov. Scroll to the Consumers tab, and then click on “Case Comment Form,” and complete the form using the case

number, AVU-E-16-03. Comments can also be mailed to the commission at 472 W. Washington St., Boise, ID, 83702. The deadline for written comments, which carry the same weight as oral testimony, is Dec. 2.

The commission will also conduct a technical hearing for parties intervening in the case on Friday, Dec. 2, at 9:30 a.m. (MST) in the commission hearing room at 472 W. Washington St. in Boise.

The proposed settlement reduces the company's requested annual revenue increase by \$9.2 million. Some of the most significant adjustments were a \$4.5 million reduction by moving Palouse Wind project net expenses from base rates to the annual Power Cost Adjustment process, a \$2.47 million reduction in Cost of Capital; \$1.33 million removed from revised net rate base; \$1 million removed from 2015 storm costs; \$333,000 reduced in administrative and general expense, board of director expense and other items; a \$310,000 reduction in non-union labor expense; and a \$171,000 reduction by removing all company officer incentives.

The proposed settlement reduces Avista's requested Return on Equity from 9.9 percent to 9.5 percent and its proposed Rate of Return from 7.78 percent to 7.58 percent. It also reduces the size of the increase in the Residential Basic Charge from the company's requested \$6.25 per month to \$5.75 per month. The current charge is \$5.25 per month.

The parties also agreed to meet before the next rate case to assess Avista's Low-Income Weatherization and Low-Income Energy Conservation education programs for possible improvements.

Avista serves about 125,000 customers in north-central and northern Idaho. A copy of the proposed settlement as well as other documents in this rate case 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.

###