

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION  OF AVISTA CORPORATION DBA  AVISTA UTILITIES FOR AUTHORITY  TO INCREASE ITS RATES AND  CHARGES FOR ELECTRIC AND  NATURAL GAS SERVICE IN IDAHO</b>	) <b>CASE NOS. AVU-E-17-01</b> ) <b>AVU-G-17-01</b> ) <b>NOTICE OF</b> ) <b>PROPOSED SETTLEMENT</b> ) <b>NOTICE OF</b> ) <b>AMENDED SCHEDULE</b> ) <b>NOTICE OF TECHNICAL</b> ) <b>HEARING</b> ) <b>ORDER NO. 33920</b>
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On June 9, 2017, Avista Corporation filed an Application seeking authority to increase the Company's general rates for electric and natural gas service in Idaho. Avista proposed a two-year rate plan that would increase annual electric billed revenues by \$18.6 million (7.9%) on January 1, 2018, and by \$9.9 million (4.2%) on January 1, 2019, and increase in annual natural gas revenues by \$3.5 million (5.7%) on January 1, 2018, and by \$2.1 million (3.3%) on January 1, 2019.

The Commission issued a Notice of Application and Notice of Intervention Deadline and suspended the proposed effective date to January 1, 2018. Order No. 33808. Clearwater Paper, Idaho Conservation League (ICL), Idaho Forest Group, the Community Action Partnership Association of Idaho (CAPAI), and Sierra Club were granted intervention as parties. The Commission also set deadlines for the parties to file testimony and exhibits, and scheduled public workshops, and a technical hearing. *See* Order Nos. 33825 and 33837.

On October 17, 2017, Staff notified the Commission that a settlement had been reached and moved the Commission to amend the case schedule. On October 20, 2017, Staff filed the proposed settlement, and a motion to approve the stipulation and settlement. The Settlement is signed and supported by all parties except Sierra Club and ICL.

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

## 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>

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

If approved, Avista would be allowed to make changes to its tariff schedules designed to increase annual base electric revenue by \$12.9 million (about 5.1% billed), effective January 1, 2018, and \$4.5 million (about 1.7% billed), effective January 1, 2019. Natural gas base revenue would increase by \$1.2 million (about 1.9% billed), effective January 1, 2018, and \$1.1 million (about 1.8% billed), effective January 1, 2019.

Avista further agreed to a two-year stay out provision—that it will not file an electric or natural gas rate case before May 31, 2019, with any rate changes going into effect after January 1, 2020. This provision excludes the Company's annual filings for its power cost adjustment, fixed cost adjustment, purchased gas adjustment, and other regular annual adjustment mechanisms. Avista agreed to abstain from making deferred accounting requests, or requests to create a regulatory asset during the two-year stay-out period, except in extraordinary circumstances.

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

If the settlement were approved by the Commission, 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%	5.72%	2.86%
Common Equity	50%	9.50%	4.75%
Total	100%		7.61%

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<sup>1</sup> The actual Stipulation and Settlement, including its attachments, is about 55 pages long and far more detailed than this summary. Interested persons may view the actual Stipulation and Settlement on the Commission's web site.

### 3. Percentage Increase by Service Schedule

The resulting percentage increases to Avista's base rates and billing rates are reflected below by schedule:

#### Resulting Percentage Increase by Electric Service Schedule

Effective January 1, 2018:

<u>Rate Schedule</u>	<u>Increase in Base Rates</u>	<u>Increase in Billing Rates</u>
Residential Schedule 1	5.7%	5.9%
General Service Schedules 11/12	5.0%	5.2%
Large General Service Schedules 21/22	5.4%	5.7%
Extra Large General Service Schedule 25	3.9%	4.7%
Clearwater Paper Schedule 25P	3.9%	4.8%
Pumping Service Schedules 31/32	5.9%	6.1%
Street & Area Lights Schedules 41-48	<u>5.2%</u>	<u>5.1%</u>
<b>Overall</b>	<b><u>5.2%</u></b>	<b><u>5.6%</u></b>

Effective January 1, 2019:

<u>Rate Schedule</u>	<u>Increase in Base Rates</u>	<u>Increase in Billing Rates</u>
Residential Schedule 1	1.9%	2.3%
General Service Schedules 11/12	1.7%	2.1%
Large General Service Schedules 21/22	1.8%	2.3%
Extra Large General Service Schedule 25	1.3%	2.2%
Clearwater Paper Schedule 25P	1.3%	2.2%
Pumping Service Schedules 31/32	2.0%	2.4%
Street & Area Lights Schedules 41-48	<u>1.8%</u>	<u>1.9%</u>
<b>Overall</b>	<b><u>1.8%</u></b>	<b><u>2.3%</u></b>

#### Resulting Percentage Increase by Natural Gas Service Schedule

Effective January 1, 2018:

<u>Rate Schedule</u>	<u>Increase in Base Rates</u>	<u>Increase in Billing Rates</u>
General Service Schedule 101	3.2%	2.2%
Large General Service Schedules 111/112	1.4%	0.7%
Interruptible Service Schedules 131/132	0.0%	0.0%
Transportation Service Schedule 146	3.0%	3.0%
Special Contracts Schedule 148	0.0%	0.0%
<b>Overall</b>	<b><u>2.9%</u></b>	<b><u>1.9%</u></b>

Effective January 1, 2019:

<u>Rate Schedule</u>	<u>Increase in Base Rates</u>	<u>Increase in Billing Rates</u>
General Service Schedule 101	3.0%	2.1%
Large General Service Schedules 111/112	1.3%	0.7%
Interruptible Service Schedules 131/132	0.0%	0.0%
Transportation Service Schedule 146	2.7%	2.7%
Special Contracts Schedule 148	0.0%	0.0%
<b>Overall</b>	<b><u>2.7%</u></b>	<b><u>1.8%</u></b>

#### **4. Cost of Service Workshop**

Prior to May 31, 2019, the Company and interested parties shall meet and confer to discuss the Company’s electric cost of service study, and evaluate differing cost of service methodologies. The Company agreed to provide the Commission with three or more cost of service studies to reflect the differing methodologies prior to the filing of its next general rate case.

#### **5. Low Income Issues**

The Company agreed to collaborate with interested parties to consider a funding increase to weatherization and conservation education funding. The Company agreed to file with the Commission any such request for an increase by December 31, 2017.

#### **6. Natural Gas Rules**

The Company and interested parties will meet to discuss the Company’s tariffs for compliance with the Commission’s service rules for gas utilities. The Company also agreed to confer with interested parties over the Company’s meter placement and protection policies and practices to determine what, if any, changes should be made by the Company. The Company agreed to request Commission approval for any such changes by July 1, 2018.

#### **7. Performance Measures**

The Company and interested parties will work to develop customer performance standards, customer guarantees, and a reporting mechanism for Idaho customers. The Company agreed to file a proposal with the Commission requesting implementation for such measures by July 1, 2018.

**8. Signing Parties**

The Company, Commission Staff, Clearwater Paper, Idaho Forest Group, Community Action Partnership Association of Idaho have all signed onto the settlement, and represent that the Stipulation and Settlement is in the public interest and is fair, just, and reasonable. The Idaho Conservation League, and Sierra Club have not signed onto the settlement.

**COMMISSION SETTLEMENT RULES**

YOU ARE FURTHER NOTIFIED that the Commission will review the proposed settlement consistent with Commission Rules 271-280.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the agreement of the signing parties. 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 bear the burden to 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/or “Natural Gas Cases” and then going to the case numbers 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:

<b>DATE</b>	<b>ACTIVITY</b>
November 3, 2017	Deadline for all parties to file prefiled testimony in favor of the proposed settlement
November 14, 2017	Prefiled reply testimony
November 28, 2017	Rebuttal testimony
December 8, 2017	Technical hearing, and the close of public comments.

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 TECHNICAL HEARING**

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 signing intervenors) regarding the proposed settlement. The technical hearing will convene on **FRIDAY, DECEMBER 8, 2017, AT 9:30 AM (MST) IN THE COMMISSION'S HEARING ROOM AT 472 WEST WASHINGTON STREET, BOISE, IDAHO.**

YOU ARE FURTHER NOTIFIED that anyone may file written comments with the Commission about the case through the close of business on December 8, 2017. 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.*

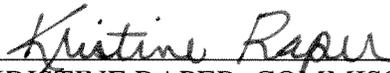
**ORDER**

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

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this <sup>25<sup>th</sup></sup> day of October 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane Hanian  
Commission Secretary

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