

# **AVISTA UTILITIES**

2016 Washington PGA Filing

## **EXHIBIT “B”**

Notice of Public Applicant’s Proposed Tariffs

August 31, 2016

## Important Notice for Washington Electric and Natural Gas Customers September 2016

### Proposed Rate Adjustments Filed to be Effective Nov. 1, 2016

Avista has filed three annual rate adjustment requests with the Washington Utilities and Transportation Commission (UTC or Commission), with a requested effective date of Nov. 1, 2016.

The **first** rate adjustment is the annual Purchased Gas Cost Adjustment (PGA). The PGA is filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. If approved, the request is designed to decrease Avista's natural gas revenues by \$12.8 million or 8.0 percent.

The **second** rate adjustment is related to the Bonneville Power Administration (BPA) Residential Exchange Program. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm electric customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit in their monthly electric rates. The benefit Avista will receive from BPA starting in October 2016 will result in a higher level of benefits than is currently being passed through to qualifying customers. As a result of the higher level of benefits, the proposed rate decrease for residential and small farm customers is designed to decrease revenues by approximately \$0.6 million, or an overall decrease of approximately 0.1 percent.

The **third** rate adjustment is related to electric and natural gas decoupling. Decoupling is a mechanism designed to break the link between a utility's revenues and customers' energy usage. Generally, Avista's electric and natural gas revenues are adjusted each month based on the number of customers, rather than kilowatt hour and therm sales. The difference between revenues based on sales and revenues based on the number of customers is surcharged or rebated to customers beginning in the following year. For electric operations, the rate adjustment is designed to increase revenues by \$3.4 million, or 0.7 percent. For natural gas operations, the rate adjustment is designed to increase revenues by \$4.6 million, or 2.9 percent. These rate adjustments are driven primarily by a lower level of customer usage in 2015 due in part to a warmer than normal winter.

**Change in Rates** - As a result of the filings, residential electric customers in Washington using an average of 957 kilowatt hours per month would see their monthly bills change from \$83.91 to \$86.19, an increase of \$2.28 per month, or approximately 2.7 percent. Residential natural gas customer using an average of 66 therms per month would see their monthly bills change from \$61.85 to \$58.81, a decrease of \$3.04 per month, or approximately 4.9%.

The percentage change for electric and natural gas customers varies by rate schedule and depends on how much energy a customer uses.

If approved, customers would see the following rate adjustments:

#### Electric

Residential Service - Schedule 1	2.7%
General Service - Schedules 11 & 12	-1.2%
Large General Service - Schedules 21 & 22	-1.5%
Extra Large General Service - Schedule 25	0.0%
Pumping Service - Schedules 31 & 32	-1.5%
Street & Area Lights - Schedules 41-48	0.0%

#### Natural Gas

General Service - Schedule 1 01	-4.8%
Large General Service - Schedule 111	-6.5%
Ex. Large General Service - Schedule 121	-4.9%

Interruptible Sales Service - Schedule 131	-1.7%
Transportation Service - Schedule 146	0.0%

Avista's requests are proposals, subject to public review and a Commission decision. You may contact the UTC at the following address: UTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; or by e-mail at: [comments@utc.wa.gov](mailto:comments@utc.wa.gov). Copies of the applications are available for public review at the offices of the Commission and the Avista, as well as on our website at [www.avistautilities.com/rates](http://www.avistautilities.com/rates).

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, energy-saving information, rebates and incentives. Avista also provides energy assistance programs and payment options for qualifying customers. Information about these customer programs and options is available at [www.avistautilities.com](http://www.avistautilities.com).

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