

Agenda Date: November 30, 1999

Item Number: 2E and 2F

Docket: UE-991606 and UG-991607

Company: Avista Corp.

Staff: Mike Parvinen, Policy Research Specialist 
Assigned Rate Case Team

Recommendation:

Issue a complaint and order suspending the filings in Dockets UE-991606 and UG-991607 and set the matters for hearing.

Discussion:

On October 22, 1999, Avista Corp. filed general rate increases for its electric and natural gas operations with effective dates of December 1, 1999, and January 1, 2000, respectively. The proposed revenue increases are \$26,253,000 (10.4%) for electric and \$4,899,000 (6.5%) for natural gas.

Background:

The company's last general rate filings were July 1, 1990, for electric and January 1, 1998, for natural gas. In the current filings the company is requesting a return on common equity of 12.25% with an overall rate of return of 9.93%. The company serves approximately 204,000 electric and 118,000 natural gas customers in the Spokane area.

To date, the Commission has received 78 letters opposed to the increase in rates for both gas and electric services by Avista. Customers believe the rates are high enough for electric and gas services. Customers believe the proposal is outrageous and believe the company should look for methods to tighten its operational budget. Some customers stated that they are on a fixed income and will not be able to afford the proposed increases. Customers have requested that this proposal be scrutinized very closely and some have agreed that a small increase may be warranted.

Summary:

The proposed effects of the electric and natural gas filings would result in revenue increases for the following customers classes:

Electric:

	<u>Annual Revenue</u>	<u>Percent Change</u>
Residential	\$14,500,000	14.0%
Small Commercial	1,740,000	7.0%
Medium - Large Commercial & Industrial	5,802,000	7.9%
Large Commercial & Industrial	3,345,000	12.6%
Agriculture & Other Water Pumping	516,000	12.0%
Street & Area Lighting	<u>350,000</u>	<u>9.8%</u>
Total	\$26,253,000	10.4%

Natural Gas:

	<u>Annual Revenue</u>	<u>Percent Change</u>
Residential and Small Commercial - Firm	\$3,833,000	7.5%
Large General Service - Firm	760,000	4.4%
Large General Service - High Annual Load Factor - Firm	128,000	4.6%
Interruptible Service	0	0%
Transportation Service	178,000	8.6%
Transportation Service - High Volume	<u>0</u>	<u>0%</u>
Total	\$4,899,000	6.5%

Staff's recommendation is to issue a complaint and order suspending the filings in Dockets UG-991606 and UG-991607 and set the matters for hearing.