

## How Can You Participate in the Rate Case Process?

The UTC will conduct Public Hearings and take comments from the public at the following:

### Public Hearing Dates and Locations

August 26, 2014

6:00 p.m. - 7:30 p.m.

Spokane Council Chambers

808 W. Spokane Falls Blvd.

Spokane, WA

Paid parking nearby (i.e., parking meters, parking lots, parking garage)

August 27, 2014

12:00 p.m. - 1:30 p.m.

Spokane Valley Council Chambers

11707 E. Sprague Avenue

Spokane, WA

Free Parking

The Commission is committed to providing reasonable accommodations to participants with disabilities. If you need reasonable accommodations, please contact the Commission at [human\\_resources@utc.wa.gov](mailto:human_resources@utc.wa.gov) or (360) 664-1132.

For more information, go to [www.utc.wa.gov](http://www.utc.wa.gov). If you write, please include your name and mailing address, the name of the company (Avista), and the Dockets UE-140188/UE-140189. If you are unable to attend, you may still contact the UTC with questions or to share your comments several ways.

By email at: [comments@utc.wa.gov](mailto:comments@utc.wa.gov)

By phone at: (888) 333-WUTC (9882)

Write to: WA UTC

P.O. Box 47250

Olympia, WA, 98504-7250

UTC online comment form:

[www.utc.wa.gov/consumers/](http://www.utc.wa.gov/consumers/) (Click on "Submit a Comment" link at the top of the web page)

## Commission Investigation

The UTC is conducting an investigation and will hold hearings to examine the requested increase(s). The UTC has the authority to set final rates that may be different from the requested increase(s) based on the results of the investigation. The UTC can take up to 11 months to review the filing and should issue its ruling on or before Jan. 1, 2015.

For more information about the proposed rate increase, conservation tips and energy efficiency programs, energy assistance programs and bill payment plans, visit us at [www.avistautilities.com](http://www.avistautilities.com) or contact us at 1-800-227-9187.

The public is represented by the Public Counsel Section of the Washington State Attorney General's Office. You can contact them via the web at [www.atg.wa.gov/utilities.aspx](http://www.atg.wa.gov/utilities.aspx), or by email at [utility@atg.wa.gov](mailto:utility@atg.wa.gov).

## Bill Assistance and Payment Options

Avista has a variety of tools available to help customers who may need them, such as:

- Energy assistance programs and grants
- Energy saving tools and advice
- Payment options
- Rebates
- Online Energy Advisor

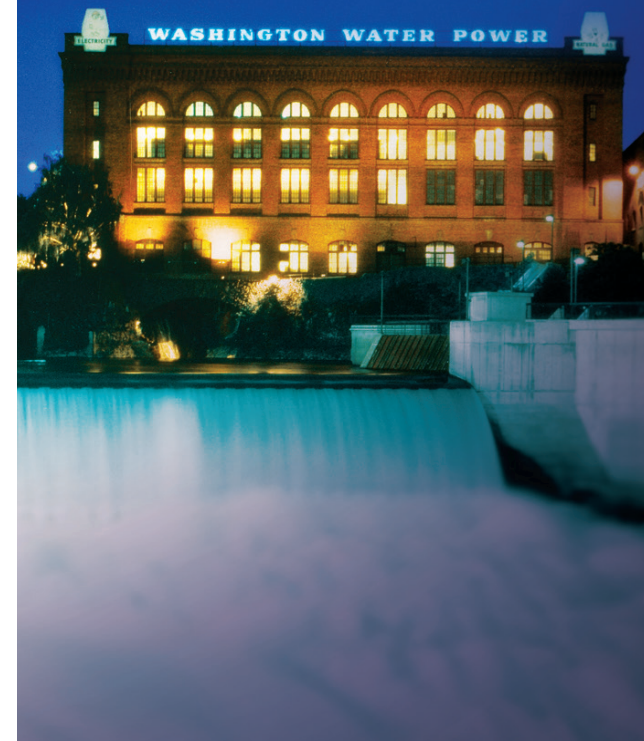
Customers may qualify for payment arrangements and bill or energy assistance programs on an individual basis.

If you find that you need a helping hand, please contact us.

To learn more about these and other options, go to [avistautilities.com/assistance](http://avistautilities.com/assistance) or call 1-800-227-9187.

The Avista logo is displayed in white on a dark blue background. It features the word "AVISTA" in a bold, sans-serif font, with a stylized graphic of three intersecting lines to the right.

Avista requests electric and natural gas rate increase in Washington



Company seeks recovery of costs related to capital investments in infrastructure and technology.



## Avista requests electric and natural gas rate increase in Washington

*Company seeks recovery of costs related to capital investments in infrastructure and technology*

On Feb. 4, 2014, Avista filed a general rate request with the Washington Utilities and Transportation Commission (UTC or Commission) to increase electric and natural gas base rates.

Increased capital investment – the continuing need to expand and replace the facilities and equipment used every day to serve customers – is the major driver in the request. To address this, Avista prepared electric and natural gas attrition studies, which Avista believes demonstrates that the growth in capital investment and expenses are growing at a faster pace than revenues.

Avista has requested an effective date of Jan. 1, 2015. The Commission has up to 11 months to review the filing.

In Avista's last rate case, the Commission approved a temporary rate increase that went into effect on Jan. 1, 2014. The temporary rate increase raised electric revenues by \$14 million. Natural gas revenues increased by \$1.4 million. In the current rate case, Avista asks the Commission to make the temporary 2014 rates permanent.

Avista seeks a rate increase over the Jan. 2014 level that, if approved, would increase annual electric base revenues by an additional 3.8 percent or \$18.2 million and annual natural gas base revenues by 8.1 percent or \$12.1 million. Both requests are based on a proposed rate of return on rate base of 7.71 percent with a common equity ratio of 49.0 percent and a 10.1 percent return on equity.

Avista serves approximately 241,000 electric and nearly 152,000 natural gas customers in Washington.

### Electric Bill Impact

Avista's electric customers are currently receiving the benefit of two rebates that are reducing customers' monthly energy bills by 2.8 percent in 2014. These rebates, which do not increase or decrease the company's earnings,

will expire at the end of 2014, resulting in an overall 2.8 percent increase in customers' monthly bills. In addition, the Company is proposing a new rebate beginning Jan. 1, 2015 related to the sale of renewable energy credits which would reduce customers' bills by an overall 1.1 percent. The net effect of the resulting rebates is an increase of 1.7 percent over the requested base rate increase for a total increase of 5.5 percent.

The proposed monthly increase for a residential customer using an average of 965 kilowatt hours (kWhs) per month is \$4.89 a month, inclusive of the impact of new and expiring rebates. The proposed increase also includes an increase of \$7.00 in the monthly Basic Charge from the currently authorized \$8.00 charge to \$15.00, and a slight decrease in charges per kWh as shown in the following table. The Basic Charge covers a portion of Avista's fixed costs that do not vary based on customer usage. The current bill for customers using an average of 965 kWhs per month is \$80.09 and the bills with the proposed increase would be \$84.98. The current and proposed rates for residential service are as follows:

#### Proposed Schedule 1 Residential Rates

Electric Service	Current Bill Rate*	Proposed Increase	Net Impact of New and Expiring Rebates*	Proposed Net Billing Rates
Basic Charge	\$8.00	\$7.00	\$0.00	\$15.00
First 800 kWhs/month	\$0.07265	(\$0.00362)	\$0.00153	\$0.07056
Next 700 kWhs/month	\$0.08469	(\$0.00420)	\$0.00153	\$0.08202
Over 1,500 kWhs/month	\$0.09946	(\$0.00494)	\$0.00153	\$0.09605

\* This amount includes the 2014 temporary rates that Avista seeks to make permanent.

#### Proposed Electric Rate Increase by Schedule

Schedule No.	Rate Schedule	% Increase Before Rebate Impact**	% Increase Including Rebate Impact**
1	Residential Schedule	3.8%	5.6%
11/12	General Service Schedule	3.7%	5.4%
21/22	Large General Service Schedule	3.7%	5.4%
25	Ex. Lg. General Service Schedule	3.8%	5.2%
31/32	Pumping Service Schedule	3.8%	5.3%
41/48	Street and Area Lights Schedule	3.6%	5.4%
	<b>Overall</b>	<b>3.8%</b>	<b>5.5%</b>

\*\* The percent increase is over the 2014 temporary rate level of \$14 million, or 3.0 percent.

## Natural Gas Bill Impact

The proposed monthly increase for a residential customer using an average of 65 therms per month is \$5.23 a month. The proposal also includes an increase of \$4.00 in the monthly Basic Charge from the currently authorized \$8.00 charge to \$12.00. The Basic Charge covers a portion of Avista's fixed costs that do not vary based on customer usage. The current bill for customers using an average of 65 therms per month is \$61.19 and the bills with the proposed increase would be \$66.42. The current and proposed rates for residential and small commercial customers are as follows:

#### Proposed Schedule 101 Rates

Natural Gas	Current Bill Rate*	Proposed Increase	Proposed Net Billing Rates
Basic Charge	\$8.00	\$4.00	\$12.00
First 70 therms/month	\$0.81825	\$0.01903	\$0.83728
Over 70 therms/month	\$0.91933	\$0.02149	\$0.94082

#### Proposed Natural Gas Rate Increase by Schedule

Schedule No.	Rate Schedule	% Increase** Billed Revenue
101	General Service Schedule	8.3%
111/112	Large General Service Schedule	6.1%
121/122	Ex. Lg. General Service Schedule	4.9%
131/132	Interruptible Sales Service Schedule	3.7%
146	***Transportation Service Schedule	17.0%
	<b>Overall</b>	<b>7.8%</b>

\* This amount includes the 2014 temporary rates that Avista seeks to make permanent.

\*\* The percent increase is over the 2014 temporary rate level of \$1.4 million, or 0.9 percent.

\*\*\* Increase does not include wholesale natural gas costs which are procured directly by transportation customers.

## Decoupling

Decoupling is a mechanism intended to break the link between a utility's revenues and a consumer's energy usage. The actual revenue per customer will vary, up or down, from the level set by the Commission. This could be due to changes in weather, conservation or the economy. The decoupling mechanism will account for the difference and the Company will either surcharge or rebate that amount to customers through an annual adjustment filing.