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If you write, please include your name and mailing address, the name of the company (Avista), and the Dockets UE-160228/UG-160229. If you are unable to attend, you may still contact the Commission with questions or to share your comments several ways.

The Commission has an online comment form: www.utc.wa.gov/consumers/ (Click on "Submit a Comment" link at the top of the web page)
By email at: comments@utc.wa.gov
By phone at: (888) 333-WUTC (9882)
Write to: WA UTC
P.O. Box 47250
Olympia, WA, 98504-7250

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 or contact us at 1-800-227-9187.

The public is represented by the Public Counsel Unit of the Washington State Attorney General's Office. You can contact them via the web at <http://atg.wa.gov/utilities-regulated>, or by email at utility@atg.wa.gov.

How Can You Participate in the Rate Case Process?

The Commission is conducting an investigation and will hold hearings to examine the requested increase(s). The Commission has the authority to set final rates that may be different from the requested increase(s) based on the results of the investigation. The Commission can take up to 11 months to review the filing and should issue its ruling on or before Jan. 19, 2017.

Public hearing dates & locations

September 20, 2016
6 p.m.

Spokane Council Chambers
808 W. Spokane Falls Blvd.
Spokane, WA
Paid parking nearby (i.e., parking meters, parking lots, parking garage)

September 21, 2016
Noon

Spokane Valley Council Chambers
11707 E. Sprague Ave., Suite 106
Spokane, WA
Free Parking

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 www.avistautilities.com/assistance or call (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 a cross or star shape to the right.

Avista requests electric and natural gas rate increase in Washington

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Company seeks recovery of costs for investments in infrastructure and technology.

On Feb. 19, 2016, Avista filed a general rate request with the Washington Utilities and Transportation Commission (the Commission) to increase electric and natural gas base rates. The proposal includes a two-step increase in rates, with the first taking effect Jan. 1, 2017 and the second taking effect Jan. 1, 2018. Under the proposal, Avista would not file a future rate case for new rates to be effective prior to July 1, 2018. The Commission has up to 11 months to review the filing.

If Avista's proposal is approved, the first step increase in electric revenues would be 7.6 percent or \$38.6 million, and natural gas revenues would increase by 2.8 percent or \$4.4 million on Jan. 1, 2017. The second step increase in electric revenues would be 3.9 percent or \$10.3 million, and natural gas revenues would increase by 1.0 percent or \$0.9 million on Jan. 1, 2018.

Avista has proposed in its filing to offset the electric increase for January through June 2018 through the use of Energy Recovery Mechanism (ERM) dollars. The ERM accounts for variations in the costs of Avista's power supply. Because power supply costs have been lower than expected in recent years, the account has a positive balance. As a result of Avista's proposal, the proposed Jan. 1, 2018 electric bill increase would be delayed until July 1, 2018.

Components of Avista's Request:

- The electric and natural gas requests for 2017 and 2018 are based on a proposed rate of return (ROR) on rate base of 7.64 percent with a common equity ratio of 48.5 percent and a 9.9 percent return on equity (ROE).
- Just under 2 percent of the 2017 electric request is related to the expiration of a long-term power supply contract that has provided benefits to customers for nearly 20 years.
- 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. Current capital investments include upgrades and maintenance of generation facilities, transmission and distribution equipment,

natural gas pipe and information technology upgrades. Major capital investments in the filing include:

- A multi-year redevelopment of the 106-year-old Little Falls Powerhouse on the Spokane River. The redevelopment will increase generation reliability.
- Continuing rehabilitation of the 108-year-old Nine Mile Powerhouse on the Spokane River. The project includes the replacement of original generators, turbines and other equipment which will increase the generation of clean, renewable power.
- An ongoing project to systematically replace portions of natural gas distribution pipe that is more susceptible to failure over time than newer-generation polyethylene pipe.
- Investments for deployment of Advanced Metering Infrastructure (AMI) in Washington. These meters allow for two-way communication between Avista and customers' meters. The technology creates a foundation for future customer benefits, including faster outage detection and restoration of service. Customers will be able to access near real-time energy use information and receive energy usage alerts. These capabilities will allow customers to better understand and manage their energy use.

Electric Bill Impact

If the Commission approves Avista's requests, a residential electric customer using an average of 957 kilowatt hours (kWhs) per month could expect to see a billed increase of:

- \$6.83 per month, or 8.2 percent, for a revised monthly bill of \$89.62, beginning Jan. 1, 2017. This includes a proposed increase in the monthly Basic Charge from \$8.50 to \$9.50. The Basic Charge covers a portion of Avista's fixed costs that do not vary based on customer usage.
- For 2018, the ERM offset would delay an increase until July 1, 2018. Beginning in July the average bill would increase by \$3.67 per month, or 4.1 percent.

The current and proposed rates for service are as follows:

Step 1: 2017 Proposed Electric Increase

Proposed Schedule 1 Residential Rates (1/1/17)

Electric Service	Current Bill Rate	Proposed Increase	Proposed Net Billing Rates
Basic Charge	\$8.50	\$1.00	\$9.50
First 800 kWhs/month	\$0.07565	\$0.00593	\$0.08158
Next 700 kWhs/month	\$0.08773	\$0.00690	\$0.09463
Over 1,500 kWhs/month	\$0.10255	\$0.00810	\$0.11065

Proposed Electric Rate Increase by Schedule (1/1/17)

Schedule No.	Rate Schedule	% Increase in Billed Revenue
1	Residential Schedule	8.2%
11/12	General Service Schedule	6.8%
21/22	Large General Service Schedule	7.4%
25	Ex. Lg. General Service Schedule	6.7%
31/32	Pumping Service Schedule	8.5%
41/48	Street and Area Lights Schedule	9.9%
Overall		7.6%

Step 2: 2018 Proposed Electric Increase

Proposed Schedule 1 Residential Rates (1/1/18)

Electric Service	Current Bill Rate	Proposed Increase	Proposed ERM Rebate	Proposed Net Billing Rates (including rebate)
Basic Charge	\$9.50	\$0.00	\$0.00	\$9.50
First 800 kWhs/month	\$0.08158	\$0.00373	\$0.00373	\$0.08158
Next 700 kWhs/month	\$0.09463	\$0.00435	\$0.00435	\$0.09463
Over 1,500 kWhs/month	\$0.11065	\$0.00510	\$0.00510	\$0.11065

Proposed Electric Rate Increase by Schedule (1/1/18)

Schedule No.	Rate Schedule	2018 Increase in Billed Rates before ERM Rebate	2018 Increase in Billed Rates after ERM Rebate
1	Residential Schedule	4.1%	0.0%
11/12	General Service Schedule	3.4%	0.0%
21/22	Large General Service Schedule	3.7%	0.0%
25	Ex. Lg. General Service Schedule	3.4%	0.0%
31/32	Pumping Service Schedule	4.2%	0.0%
41/48	Street and Area Lights Schedule	4.9%	0.0%
Overall		3.8%	0.0%

Natural Gas Bill Impact

If the Commission approves Avista's requests, a residential natural gas customer using an average of 66 therms per month could expect to see a billed increase of:

- \$2.13 per month, or 3.5 percent, for a revised monthly bill of \$63.50, beginning Jan. 1, 2017. This includes a proposed increase in the monthly Basic Charge from \$9.00 to \$9.50.
- \$0.79 per month, or 1.2 percent, for a revised monthly bill of \$64.29, beginning Jan. 1, 2018. There would be

no further change to the Basic Charge. The current and proposed rates for service are as follows:

Step 1: 2017 Proposed Natural Gas Increase

Proposed Schedule 101 Rates (effective 1/1/17)

Natural Gas	Current Bill Rate	Proposed Increase	Proposed Net Billing Rates
Basic Charge	\$9.00	\$0.50	\$9.50
First 70 therms/month	\$0.79348	\$0.02471	\$0.81819
Over 70 therms/month	\$0.90942	\$0.03212	\$0.94154

Proposed Natural Gas Rate Increase by Schedule (effective 1/1/17)

Schedule No.	Rate Schedule	% Increase* Billed Revenue
101	General Service Schedule	3.6%
111/112	Large General Service Schedule	0.0%
121/122	Ex. Lg. General Service Schedule	0.0%
131/132	Interruptible Sales Service Schedule	1.0%
146	* Transportation Service Schedule	7.8%
Overall		2.8%

Step 2: 2018 Proposed Natural Gas Increase

Proposed Schedule 101 Rates (effective 1/1/18)

Natural Gas	Current Bill Rate	Proposed Increase	Proposed Net Billing Rates
Basic Charge	\$9.50	\$0.00	\$9.50
First 70 therms/month	\$0.81819	\$0.01203	\$0.83022
Over 70 therms/month	\$0.94154	\$0.01564	\$0.95718

Proposed Natural Gas Rate Increase by Schedule (effective 1/1/18)

Schedule No.	Rate Schedule	% Increase* Billed Revenue
101	General Service Schedule	1.3%
111/112	Large General Service Schedule	0.0%
121/122	Ex. Lg. General Service Schedule	0.0%
131/132	Interruptible Sales Service Schedule	0.4%
146	* Transportation Service Schedule	2.8%
Overall		1.0%

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