

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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**Editor's note: This news release reflects the position of energy staff of the Washington Utilities and Transportation Commission (UTC) and NOT the views of the three-member commission. It discusses a staff recommendation that the commissioners have not yet reviewed. Any positions taken or comments offered by the commission staff regarding this proceeding should be attributed clearly to staff members and NOT to the UTC.**

**State utility staff reach settlement on Avista's electric and natural gas rate request**

**OLYMPIA, Wash.** – Staff members of the Utilities and Transportation Commission (UTC) today reached a multi-party settlement agreement on Avista's request to increase electric and natural gas rates for its customers in Washington.

The three-member UTC, which is not bound by the staff recommendation, will make a final decision on the utility's rate-hike request this winter. The agreement calls for a Jan. 1, 2013 effective date. Evidentiary hearings will be held on Nov. 29 and 30 at the commission's headquarters in Olympia.

Under the terms of the settlement agreement, Avista's annual electric revenues would increase to \$9.25 million, or overall 2 percent, beginning Jan. 1, 2013. The company also would receive another \$9.44 million, or overall 2 percent, starting Jan. 1, 2014. That compares to the \$41 million, or 9.1 percent, the company asked for in its initial request in May.

In addition, Avista would be able to collect an additional \$5.3 million or 3.7 percent, in annual natural gas revenues beginning Jan. 1, 2013. Starting Jan. 1, 2014, rates would raise \$1.4 million, or another 0.9 percent.

An average residential electric customer using 1,000 kilowatt-hours-a-month would see an increase in 2013 of \$1.22, or a monthly bill of \$79.58. In 2014, the increase is \$1.62 or a monthly bill of \$81.20. A typical natural-gas customer using 70 therms a month would pay 48 cents less starting Jan. 1, 2013. Beginning Jan. 1, 2014, a monthly bill would rise by 57 cents. A \$2 increase for basic service charges is included in the monthly bill for electric and gas service.

Beginning in 2013, the settlement agreement would include an additional \$175,000 in electric and natural gas contributions to the Low-Income Ratepayer Assistance Program (LIRAP). Starting in 2014, \$131,000 more would be available for the LIRAP program for low-income electric and natural gas customers.

A provision in the settlement agreement states Avista would not file for further rate increases to be effective before 2015.

The commission has received 149 public comments to date on the Avista rate increase proposal – 124 opposed, 25 undecided, and none in support.

In addition to the UTC staff and the company, three other parties to the cause signed the settlement agreement. They are the Northwest Industrial Gas Users, Industrial Customers of Northwest Utilities and The Energy Project.

Spokane-based Avista serves more than 237,000 electric and nearly 149,000 natural gas customers in Washington.

The UTC is the state agency that regulates private, investor-owned electric and natural gas utilities in Washington. It is the commission's responsibility to ensure regulated companies provide safe and reliable service to customers at reasonable rates, while allowing them the opportunity to earn a fair profit.

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