



Avista Makes Annual Price Adjustment Filings in Idaho

08/03/15

Changes Would Result in Modest Decrease in Electric Prices Effective Oct. 1, 2015

SPOKANE, WA -- (Marketwired) -- 08/03/15 -- Avista (NYSE: AVA) has made two annual rate adjustment filings with the Idaho Public Utilities Commission (IPUC or commission) that could, if approved, result in a modest electric decrease effective Oct. 1, 2015.

These annual filings are separate from the general rate case request filed in June 2015 regarding base retail rates in Idaho and have no impact on the company's earnings.

Power Cost Adjustment (PCA)

The first adjustment is the Avista's annual Power Cost Adjustment (PCA). The PCA is an annual rate adjustment made to reflect the differences between Avista's actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. It is a true-up to reflect the actual cost of power to serve customers.

Part of the proposed PCA rate adjustment decrease is related to the expiration of a surcharge customers are currently paying in their retail rates. Beginning in October 2014, Avista began passing through to customers a one-year surcharge of approximately \$7.8 million related to last year's PCA. That surcharge will end Sept. 30, 2015. In addition, power supply costs in the most recent 12 months ending June 2015 were approximately \$1.0 million lower than those included in base retail rates, due primarily to decreased natural gas and wholesale power prices and favorable hydroelectric conditions. As a result of the expiration of the prior period PCA surcharge and the decreased costs for the last 12 months, the proposed decrease to rates is approximately 3.5 percent, or \$8.8 million.

Residential Exchange Program

The second electric 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 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 2015 will be lower than the current level of benefits currently being passed through to qualifying customers. As a result of the lower level of benefits, the proposed rate increase to customers is approximately \$3.2 million, or an overall increase of approximately 1.3 percent.

Net Change in Rates

If approved by the IPUC, the two proposed electric rate changes would result in a net revenue decrease of approximately 2.2 percent or \$5.6 million, effective Oct. 1, 2015. Residential electric customers in Idaho using an average of 929 kilowatt hours per month would see their monthly bills decrease from \$85.24 to \$84.99, a decrease of \$0.25 per month, or 0.3 percent.

The PCA-related decrease applies to all customer rate schedules. PCA rate adjustments are applied based on a uniform cents per kilowatt-hour change for all rate schedules. Because there are differences in the basic charges, demand charges, and energy charges between the various rate schedules, the PCA percentage decrease is different. The decrease in benefits from the BPA Residential Exchange Program, however, only affects residential and small farm customers.

The electric decreases by rate schedule are:

Residential Service - Schedule 1 0.3%
General Service - Schedules 11 & 12 2.6%
Large General Service - Schedules 21 & 22 3.4%
Extra Large General Service - Schedule 25 5.2%
Extra Large General Service - Schedule 25P 5.2%
Pumping Service - Schedules 31 & 32 2.6%
Street & Area Lights - Schedules 41-48 1.0%

Rate Application Procedure

Avista's applications are proposals, subject to public review and a commission decision. Copies of the applications are available for public review at the offices of both the commission and Avista, and on the commission's homepage (www.puc.idaho.gov). Customers may file with the commission written comments related to Avista's filings. Customers may also subscribe to the commission's RSS feed (<http://www.puc.idaho.gov/rssfeeds/rss.htm>) to receive periodic updates via e-mail about the case. Copies of rate filings are also available on Avista's website at www.avistautilities.com/rates.

About Avista Corp.

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is our operating division that provides electric service to 369,000 customers and natural gas to 329,000 customers. Its service territory

covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.6 million. Alaska Energy and Resources Company is an Avista subsidiary that provides retail electric service in the city and borough of Juneau, Alaska, through its subsidiary Alaska Electric Light and Power Company. Avista stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com.

This news release contains forward-looking statements regarding the company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2014 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.

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Source: Avista Corp.