



Avista Makes Annual Price Adjustment Requests in Washington

08/27/15

Requests Reflect Lower Natural Gas Costs and Reduced Benefit From BPA Program

SPOKANE, WA -- (Marketwired) -- 08/27/15 -- Avista (NYSE: AVA) filed its annual Purchased Gas Cost Adjustment (PGA) and Residential Exchange Program requests that would result in an overall 15.0 percent decrease in natural gas rates and a 1.4 percent increase in electric rates in Washington, if approved by the Washington Utilities and Transportation Commission (UTC). A Nov. 1, 2015 effective date was requested for the two adjustments, which have no impact on company earnings.

Natural Gas Adjustment

If the request is approved, Avista residential customers using an average 68 therms per month could expect their bill to decrease by \$10.17, or 14.9 percent, for a revised monthly bill of \$57.99 beginning Nov. 1, 2015.

The filing would result in an overall decrease of 15.0 percent or \$26.1 million. Avista serves approximately 150,000 natural gas customers in Washington.

PGAs are filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. The primary drivers for the company's requested decrease include a reduction in natural gas commodity costs due to a warmer than normal winter, an abundance of natural gas held in storage, and continued high production levels of natural gas.

About 50 percent of an Avista natural gas customer's bill is the combined cost of purchasing natural gas on the wholesale market and transporting it to Avista's system. These costs fluctuate up and down based on market prices. The costs are not marked up by Avista. The remaining 50 percent covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

Electric Adjustment

The electric 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 \$6.9 million lower than the current level of benefits currently being passed through to qualifying customers. If approved, residential and small farm customers using an average of 966 kilowatt hours per month could see their monthly bill increase from \$80.70 to \$83.39, an increase of \$2.69 per month or 3.3 percent, effective Nov. 1, 2015.

Avista serves approximately 241,000 electric customers in Washington.

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, energy-saving information, rebates and incentives. Avista also provides energy assistance programs and payment options for qualifying customers. Information about these customer programs and options is available at www.avistautilities.com.

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 June 30, 2015.

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