



Avista Reaches Settlement in Idaho Electric and Natural Gas Rate Requests

10/19/15

New Rates Would Take Effect Jan. 1, 2016

SPOKANE, WA -- (Marketwired) -- 10/19/15 -- Avista (NYSE: AVA) and all of the other parties in the company's electric and natural gas rate case filings have reached a settlement agreement that, if approved by the Idaho Public Utilities Commission (IPUC or Commission), would conclude the proceedings related to the general rate requests filed on June 1, 2015. New rates would take effect Jan. 1, 2016.

If approved, the settlement agreement would increase annual electric base revenues by \$1.7 million, or 0.7 percent, and annual natural gas base revenues by \$2.5 million, or 3.5 percent. The settlement revenue increase is based on a 9.5 percent return on equity (ROE) with a common equity ratio of 50 percent.

In addition to the agreed-upon increase in electric and natural gas revenues, the settlement agreement also includes:

- Adjustment to capital additions due to a timing delay, which reduced the overall revenue increase by \$3.3 million.
- The continued recovery of approximately \$3.2 million in costs related to the Palouse Wind Project through the Power Cost Adjustment mechanism rather than through base rates.
- The extension of certain deferral amortizations from two years to four years, which reduced the overall revenue increase by \$1.0 million.
- The implementation of electric and natural gas Fixed Cost Adjustment (FCA) mechanisms, as discussed below.

"This settlement agreement will provide new electric and natural gas rates and accounting treatment in Idaho that are fair and reasonable for our customers, the Company and our shareholders," said Dennis Vermillion, Avista Corp. senior vice president and president of Avista Utilities. "The combination of the revenue increases, modifications to deferrals and amortizations, and the implementation of FCA mechanisms provides us the opportunity to continue to earn a fair return in Idaho and supports Avista's efforts to make key capital investments so we can continue to provide the reliable energy our customers expect."

Fixed Cost Adjustment

The settlement includes electric and natural gas FCA mechanisms. The FCA is a mechanism designed to break the link between a utility's revenues and a consumer's energy usage. The company's actual revenue, based on kilowatt-hour and therm sales, will vary, up or down, from the level set by the IPUC. This could be due to changes in conservation, weather or the economy.

Under the FCA mechanism, the company's electric and natural gas revenues would be adjusted each month to reflect revenues based on the number of customers, rather than kilowatt-hour and therm sales. The difference between revenues based on sales and revenues based on the number of customers will result in either surcharges or rebates to customers in the following year.

Residential Customer Electric Bill

If the settlement is approved, a residential customer using an average of 929 kilowatt hours per month could expect to see a bill increase of \$0.75 per month, or 0.9 percent, for a revised monthly bill of \$85.74. The basic charge would not change under the settlement.

As a part of its original application, Avista proposed to use \$5.6 million related to its 2014 Idaho electric earnings sharing to extend a \$2.8 million rebate customers are currently receiving in 2015. As a part of the settlement agreement, that rebate will be extended through 2017.

If approved, the electric increase by service schedule for 2016 is as follows:

Rate Schedule	2016 Billing Increase
Residential Service - Schedule 1	0.9%
General Service - Schedules 11 & 12	0.5%
Large General Service - Schedules 21 & 22	0.6%
Extra Large General Service - Schedule 25	0.6%
Extra Large General Service 25P - Schedule 25P	0.4%
Pumping Service - Schedules 31 & 32	0.7%
Street & Area Lights - Schedules 41 - 49	0.8%
Total	0.7%

Residential Customer Natural Gas Bill

If the settlement is approved, a residential natural gas customer using an average of 61 therms per month could expect to see a \$3.19, or 5.4 percent, bill increase for a revised monthly bill of \$62.41. Included in this is a \$1.00 per month increase in the general service schedule basic charge, from \$4.25 to \$5.25 per month.

As a part of its application, Avista proposed to use \$0.2 million related to its 2014 natural gas earnings sharing to replace a portion of a \$1.2 million rebate customers are currently receiving in 2015. As a part of the settlement agreement, customers will receive that rebate in 2016.

If approved, the natural gas increase by service schedule for 2016 is as follows:

Rate Schedule	2016 Billing Increase Inclusive of New and Expiring Credits
General Service - Schedule 101	5.3%
Large General Service - Schedules 111 & 112	3.1%
Interruptible Service - Schedules 131 & 132	4.8%
Transportation Service - Schedule 146	3.1%
Total	4.8%

Avista serves more than 127,000 electric and nearly 78,100 natural gas customers in Idaho.

Customer Assistance

To assist customers in managing their energy bills, Avista offers services such as comfort level billing, payment arrangements and Customer Assistance Referral and Evaluation Services (CARES). CARES provides assistance to special-needs customers through referrals to area agencies and churches for help with housing, utilities, medical assistance and other needs. To learn more, visit www.avistautilities.com. There, customers can also find information on energy efficiency rebates and incentives, as well as online tools for managing energy use.

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](http://www.avistautilities.com) 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](http://www.alaskalightandpower.com). 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.

Contact:

Media:

Casey Fielder
(509) 495-4916
casey.fielder@avistacorp.com

Investors:

Jason Lang
(509) 495-2930
jason.lang@avistacorp.com

Avista 24/7 Media Access
(509) 495-4174

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