



## Avista Requests Electric and Natural Gas Rate Increase in Washington

02/19/16

### Company Seeks Recovery of Costs for Investments in Infrastructure and Technology

SPOKANE, WA -- (Marketwired) -- 02/19/16 -- Capital investments in infrastructure, technology and system maintenance are the main drivers in Avista's (NYSE: AVA) requests filed today with the Washington Utilities and Transportation Commission (UTC or Commission) to increase electric and natural gas base rates. The proposal includes an 18-month rate plan, with new rates taking effect Jan. 1, 2017 and Jan. 1, 2018. Under this plan, Avista would not file a rate case for new rates to be effective prior to July 1, 2018.

#### **Avista's Requests**

Avista's requests, if approved, are designed to increase annual electric revenues by 7.6 percent or \$38.6 million, and annual natural gas revenues by 2.8 percent or \$4.4 million on Jan. 1, 2017. A portion of the 2017 electric request, just under 2 percent, is related to the expiration of a long-term power supply contract that has provided benefits to customers for nearly 20 years.

In addition, Avista's requests, if approved, are designed to increase electric revenues by 3.9 percent or \$10.3 million, and natural gas revenues by 1.0 percent or \$0.9 million on Jan. 1, 2018. Avista has proposed to offset the electric increase, for the January through June 2018 time period, with Energy Recovery Mechanism (ERM) dollars. As a result, customers would not see an electric billing increase effective Jan. 1, 2018.

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).

"Serving our customers with safe, reliable energy at a reasonable cost is our priority. We must continually invest in the facilities and systems we use to serve customers, including maintenance, replacements and upgrades, to meet their energy needs and expectations now and into the future. The costs of doing business and making these infrastructure investments continue to rise, and this is what is driving our general rate requests," Avista Chairman, President and Chief Executive Officer Scott L. Morris said.

#### **Capital Investments**

Current investments include upgrades and maintenance of generation facilities, transmission and distribution equipment, natural gas pipe and new meter technology, some of which are large, multi-year projects that have been in-progress. Avista's rates are cost-based, where the cost included in customer rates reflects the cost of the equipment when it was installed. The costs to replace facilities and parts of our system are many times more expensive today than when originally installed. This is one of the primary reasons for the rate request.

Among the major [capital investments in today's filing](#) are:

- the ongoing and multi-year redevelopment of the 106-year-old Little Falls Powerhouse on the Spokane River to increase generation reliability and continuing rehabilitation of the 108-year-old Nine Mile Powerhouse on the Spokane River, including the replacement of original generators, turbines and other equipment which will increase the generation of clean, renewable power.
- the ongoing project to systematically replace portions of natural gas distribution pipe, including hundreds of miles of natural gas distribution lines in Avista's service area that were installed prior to 1987.
- technology investments for deploying Advanced Metering Infrastructure (AMI) in Washington. These meters allow for two-way communication between Avista and customers' meters, and the technology creates the foundation for future customer benefits, including faster outage detection and restoration of service, plus near real-time energy use information and energy usage alerts. These capabilities will allow customers to better understand and manage their energy use.

#### **18-Month Rate Plan**

The 18-month proposal would change the cycle of base rate adjustments from winter to summer months. With this, customers would be aware of any rate adjustments prior to entering the winter heating season. Future general rate cases would likely be filed in the summer months, with rate adjustments expected to occur the next summer.

#### **Residential Customer Bill**

If Avista's requests are approved, a **residential electric customer** using an average of 957 kilowatt hours 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. The revised monthly bill includes a proposed

increase in the monthly basic charge from \$8.50 to \$9.50.

Under the proposal, residential electric customers would not experience a billed rate increase on Jan. 1, 2018 due to a rebate related to the ERM. The ERM rebate would offset the base rate increase of 3.9 percent for January through June 2018.

If the requests are approved, a **residential natural gas customer** using an average of 66 therms per month could expect to see a billed increase of:

- \$2.13, 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 change to the basic charge at this time.

The actual percentage increase for electric and natural gas customers would vary by customer class and depend on how much energy a customer uses.

Avista serves more than 246,400 electric and nearly 154,300 natural gas customers in Washington. The Commission has up to 11 months to review Avista's requests.

Additional information about Avista's rate request, including a video, is available at [www.avistautilities.com/warates](http://www.avistautilities.com/warates).

### **Customer Assistance**

To assist customers in managing their energy bills, Avista offers services for customers such as comfort level billing, payment arrangements and Customer Assistance Referral and Evaluation Services (CARES), which provide assistance to special-needs customers through referrals to area agencies and churches for help with housing, utilities, medical assistance and other needs. Avista also provides support to customer assistance funds such as Project Share and the Low Income Rate Assistance Program as well as energy efficiency and outreach programs that help customers manage their energy use. To learn more, visit [www.avistautilities.com](http://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 365,000 customers and natural gas to 325,000 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 1.5 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.alaskapower.com). Avista stock is traded under the ticker symbol "AVA." For more information about Avista, please visit [www.avistacorp.com](http://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 Sep. 30, 2015.

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Source: Avista Corp.