



Avista Receives Commission Decision in Oregon Natural Gas Rate Case

03/01/16

New Rates Take Effect March 1, 2016

SPOKANE, WA -- (Marketwired) -- 03/01/16 -- Avista's (NYSE: AVA) natural gas rate case has concluded with an order from the Public Utility Commission of Oregon (PUC) that will change natural gas rates beginning March 1, 2016.

The Commission approved rates designed to increase annual billed revenues by 4.9 percent or \$4.5 million.

"The Commission's decision represents positive outcomes for our customers, the company and our shareholders," said Dennis Vermillion, Avista Corp. senior vice president and president of Avista Utilities. "It supports Avista's efforts to continue to make key capital investments in our natural gas utility infrastructure as well as recover the operating costs of serving our customers."

The Commission's decision reflects a 9.4 percent return on equity (ROE), and a 50 percent equity layer. The rate of return is 7.46 percent.

A residential customer using an average of 46 therms per month would see a \$2.83 per month increase, or 5.6 percent, for a revised monthly bill from \$54.61 to \$57.44, effective March 1, 2016. This bill change reflects a \$1.00 increase in the monthly basic charge. The actual percentage increase will vary by customer class and will depend on how much energy a customer uses.

Decoupling

The Commission's decision includes approval of a natural gas decoupling mechanism. Decoupling 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 therm sales will vary, up or down, from the level set by the PUC. This could be due to changes in weather, conservation or the economy. Under the proposed decoupling mechanism, the company's natural gas revenues would be adjusted each month to reflect revenues based on the number of customers, rather than 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.

Avista's Original Request

Avista's original request filed with the PUC in May 2015 included an increase in natural gas billed rates for customers by an overall 8.0 percent designed to produce \$8.6 million in additional revenue and was based on a proposed rate of return of 7.72 percent with a common equity ratio of 50 percent and a 9.9 percent return on equity.

Avista's general rate request filing was driven by the need to expand and replace the facilities used to serve customers. This included, among other things, increased investment to replace certain natural gas service pipe and other pipeline upgrades.

Avista serves approximately 98,000 customers in Oregon.

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 375,000 customers and natural gas to 335,000 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, 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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