



Avista Requests Electric Rate Increase in Idaho

05/26/16

Company Seeks Recovery of Costs for Investments in Infrastructure; Does Not Request Increase in Natural Gas Rates

SPOKANE, WA -- (Marketwired) -- 05/26/16 -- Capital investments in infrastructure and system maintenance are the main drivers in Avista's (NYSE: AVA) electric request filed today with the Idaho Public Utilities Commission (IPUC or Commission).

Avista's request, if approved, is designed to increase annual electric revenues effective Jan. 1, 2017, by an overall 6.3 percent or \$15.4 million.

The request is based on a proposed rate of return (ROR) on rate base of 7.78 percent with a common equity ratio of 50 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.

Avista serves more than 128,200 electric customers in Idaho. The IPUC has up to nine months to review Avista's request.

Capital Investments

Capital investments included in Avista's request include upgrades and maintenance of the company's generation facilities, transmission and distribution equipment, and technology. Costs to replace facilities and parts of our system are many times more expensive today than when originally installed. This is the primary reason for the need to increase rates.

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 the 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 refurbishment of Post Falls South Channel Dam, built in 1906, with six new spill gates, frames and hoists along with a new spillway control system, electrical distribution and concrete facing that enable the structure to continue its role in generating clean, low-cost renewable energy.

Residential Customer Electric Bill

If Avista's electric request is approved, a residential customer using an average of 918 kilowatt hours per month could expect to see a bill increase of \$6.54 per month, or 7.7 percent, for a revised monthly bill of \$91.26. The bill change includes a proposed increase of \$1.00 per month in the basic charge, from \$5.25 to \$6.25 per month.

The requested electric increase by service schedule is as follows:

Rate Schedule	Proposed Billing Increase
Residential Service - Schedule 1	7.7 percent
General Service - Schedules 11 & 12	4.5 percent
Large General Service - Schedules 21 & 22	5.6 percent
Extra Large General Service - Schedule 25	4.7 percent
Extra Large General Service 25P - Schedule 25P	4.5 percent
Pumping Service - Schedules 31 & 32	7.5 percent
Street & Area Lights - Schedules 41 - 49	8.2 percent
Total	6.3 percent

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 customers through referrals to area organizations for

help with housing, utilities, medical assistance and other needs. Avista also provides support to customer assistance funds such as Project Share as well as energy efficiency and outreach programs that help customers manage their energy use. 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.

More Information

Avista's application is a proposal, subject to public review and a decision by the Commission. A copy of the application is 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 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. The Commission will begin a comprehensive review of Avista's application and will seek public input. If you would like to submit comments on the proposed increase, you can do so by going to the Commission website or mailing comments to:

Idaho Public Utilities Commission
P. O. Box 83720
Boise, ID 83720-0074

Additional information about Avista's rate request, including a video, is available at www.avistautilities.com/idrates.

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 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](http://www.alaskapower.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, 2015 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

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Source: Avista Corp.