



Avista files for reconsideration and rehearing of 2016 Washington general rate cases

12/23/16

SPOKANE, WA -- (Marketwired) -- 12/23/16 -- Avista (NYSE: AVA) has filed a petition with the Washington Utilities and Transportation Commission (Commission or UTC) for reconsideration and alternately for rehearing of the Company's 2016 general rate cases to arrive at new electric and natural gas rates that are fair, just, reasonable and sufficient. In its original filing, Avista proposed electric and natural gas revenue increases of \$38.6 million and \$4.4 million, respectively.

"The Commission's decision is irreconcilable with the evidence presented in the rate case by Avista, as well as that provided by the Commission Staff," said Scott Morris, chairman, president and chief executive officer of Avista Corp. "In response, Avista will consider all available remedies toward a reasonable end result that supports our ability to continue to provide safe and reliable energy for our customers and a fair return for our shareholders."

The Commission's order and Avista's response

In its order, the Commission ruled that Avista did not demonstrate that the Company's current revenue is insufficient for covering costs and providing the opportunity to earn a reasonable return during the 2017 rate period. The Commission also ruled that Avista did not demonstrate that the Company's capital expenditures and increased operating costs are both necessary and immediate.

Avista's response to the Commission's order in the petition points to evidence in the case that demonstrates, contrary to the Commission's findings, the following:

- Current retail rates are not sufficient for the 2017 rate period, and therefore a revenue increase is necessary. Commission Staff agrees that current rates are not sufficient.
- The costs associated with the growth in rate base and operating expenses are growing at a faster pace than retail sales, and therefore a revenue adjustment is necessary to cover this gap in the growth in costs and sales revenue. The revenue adjustment to close this gap has been referred to as an attrition adjustment. Commission Staff agrees that a revenue adjustment is necessary to close this gap.
- All of the capital projects and operating expenses included in the case by Avista are necessary in the time frame proposed in order for the Company to continue to provide safe, reliable service to customers. No party in the case identified a single capital project that should not be completed in the time frame proposed by Avista (other than Public Counsel's general opposition to Advanced Metering Infrastructure).
- Avista presented all of the studies and analyses in this case, consistent with the prior practice of the Commission, and the Commission Staff acknowledged that Avista provided such studies.
- Avista earned close to its allowed return on equity (ROE) during each of the years 2013 through 2015, and into 2016. This opportunity was possible only with the revenue increases related to an attrition adjustment, and an attrition adjustment continues to be necessary for 2017.

The Commission Staff itself supported revenue increases of over \$20 million. Commissioner Jones dissented and did not support the decision. In his dissent, Commissioner Jones supported an electric revenue increase of \$26 million, and a natural gas increase of \$2.4 million.

Reconsideration

With the filing of the petition for reconsideration, the Commission has 20 days to take action, which could include denying reconsideration, or extending the time for its deliberation. If the Commission grants reconsideration, it may deliver a decision revising or affirming its previous order.

Rehearing

In the event that the Commission does not grant reconsideration of the existing evidence, Avista requests that the Commission grant the opportunity for rehearing of the 2016 general rate case, which may, at the discretion of the Commission, allow for additional evidence to be entered into the record. The purpose of the rehearing is to bring matters to the attention of the Commission that were not previously presented or otherwise provide additional argument to arrive at an alternative resolution. This process, if invoked, may take several months, and if additional hearings are to be conducted, a new procedural schedule would be determined by the Commission.

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 and the Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2016.

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