



## Avista requests electric and natural gas rate changes in Idaho

06/09/17

### Company seeks recovery of costs for investments in infrastructure and technology

SPOKANE, Wash., June 09, 2017 (GLOBE NEWSWIRE) -- Capital investments in infrastructure, system maintenance, and technology and increased power supply costs are the main drivers in Avista's (NYSE:AVA) request filed today with the Idaho Public Utilities Commission (IPUC or Commission).

"Our customers expect their energy to be there when they need it, and so do we. To meet these expectations, we're continually investing in our systems in an effort to maintain reliability and deliver value, at a reasonable cost for customers," Avista Chairman, President and Chief Executive Officer Scott L. Morris said.

These investments include the rehabilitation and maintenance of generating plants and distribution and transmission infrastructure that is necessary to serve customers. The work to upgrade and modernize this equipment will enable it to run efficiently and serve our communities for decades to come, said Morris. Avista's rates are cost-based, where the costs related to projects that are included in customer rates reflects the cost of the equipment when it was installed, decades ago. As the company replaces the turbines, generators, poles and other equipment, the costs are many times more expensive today. This is a primary reason for the request to increase rates, he added.

"We understand that increasing prices can be a challenge. This is a key consideration as we make decisions about how and where to invest," Morris said.

#### Two-Year Rate Plan

The proposal is a two-year rate plan for calendar years 2018 and 2019, with new rates taking effect Jan. 1, 2018 and Jan. 1, 2019. This plan would create a stay-out period where Avista would not file a new general rate case for a new rate plan to be effective prior to Jan. 1, 2020. This would provide customers with some predictability in their expected future energy prices.

#### Avista's Requests

Avista's request, if approved, is designed to increase annual electric billed revenues by \$18.6 million or 7.9 percent, effective Jan. 1, 2018 and \$9.9 million or 4.2 percent effective Jan. 1, 2019.

For natural gas, the rate request is designed to increase annual billed revenues by \$3.5 million or 5.7 percent, effective Jan. 1, 2018 and \$2.1 million or 3.3 percent effective Jan. 1, 2019.

The electric and natural gas requests for the January 2018-December 2019 rate periods are based on a proposed rate of return (ROR) on rate base of 7.81 percent with a common equity ratio of 50 percent and a 9.9 percent return on equity (ROE).

The company is not proposing to update base power supply costs for year two of the rate plan, but rather have any differences flow through the Power Cost Adjustment (PCA) mechanism.

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

#### Capital Investments

Avista's capital investment plans address the need to replace infrastructure that has reached the end of its useful life, as well as respond to the need for reliability and technology investments required to build the integrated energy services grid for today and into the future.

Among the capital investments in today's filing are:

- Generator rehabilitation at the Kettle Falls biomass plant that will ensure efficient generation and operations.
- The ongoing project to systematically replace portions of natural gas distribution pipe in Avista's service area that were installed prior to 1987 as well as replacement of other natural gas service equipment.
- Transmission and distribution system investment, such as wood pole replacements, feeder upgrades, and substation and transmission line rebuilds to maintain reliability for our customers.
- Technology upgrades that support necessary business processes and operational efficiencies that allow Avista to effectively manage the utility and serve customers.
- A refresh of the customer-facing website, providing relevant information, greater accessibility on mobile devices, easier navigation, and a streamlined payment experience.

#### New and Expiring Rebates

As a result of the 2015 general rate case, customers are currently receiving a rebate of approximately \$2.7 million for 2017 that expires on Dec. 31, 2017. In this filing, Avista has proposed to replace approximately one half of the current rebate in 2018 with \$1.5 million related to the 2015 earnings sharing. The net effect of the new and expiring rebate for 2018 is a billed increase of approximately \$1.2 million.

#### Residential Customer Bills

##### *Electric*

Effective Jan. 1, 2018:

Residential customers using an average of 910 kilowatt hours per month would see their monthly bills increase from \$86.39 to \$93.42, an increase of \$7.03 or 8.1 percent per month. As a part of the request, Avista is proposing that the basic monthly charge for residential service currently set at \$5.75 per month increase to \$6.00 per month.

Effective Jan. 1, 2019: Residential customers using an average of 910 kilowatt hours per month would see their monthly bills increase from \$93.42 to \$97.44, an increase of \$4.02 or 4.3 percent per month.

#### **Natural Gas**

Effective Jan. 1, 2018: Residential customers using an average of 61 therms per month would see would see their monthly bills increase from \$51.10 to \$54.47, an increase of \$3.37 per month or 6.6 percent. As part of the request, Avista is proposing that the basic monthly charge for residential service currently set at \$5.25 increase to \$6.00 per month.

Effective Jan. 1, 2019: Residential customers using an average of 61 therms per month would see their monthly bills increase from \$54.47 to \$56.54, an increase of \$2.07 per month or 3.8 percent.

#### **Changes by Service Schedule**

The requested electric increase by service schedule is as follows:

<b>Rate Schedule</b>	<b>Proposed 2018 Billing Increase</b>	<b>Proposed 2019 Billing Increase</b>
Residential Service - Schedule 1	8.1 percent	4.3 percent
General Service - Schedules 11 & 12	7.5 percent	4.0 percent
Large General Service - Schedules 21 & 22	8.2 percent	4.4 percent
Extra Large General Service - Schedule 25	7.7 percent	4.3 percent
Extra Large General Service 25P - Schedule 25P	7.2 percent	4.1 percent
Pumping Service - Schedules 31 & 32	8.8 percent	4.6 percent
Street & Area Lights - Schedules 41 – 49	7.5 percent	3.8 percent
<b>Total</b>	<b>7.9 percent</b>	<b>4.2 percent</b>

The requested natural gas increase by service schedule is as follows:

<b>Rate Schedule</b>	<b>Proposed 2018 Billing Increase</b>	<b>Proposed 2019 Billing Increase</b>
General Service - Schedule 101	6.6 percent	3.8 percent
Large General Service - Schedules 111 & 112	2.2 percent	1.3 percent
Transportation Service - Schedule 146 <i>(excludes commodity and interstate pipeline transportation costs)</i>	9.2 percent	5.0 percent
<b>Total</b>	<b>5.7 percent</b>	<b>3.3 percent</b>

Additional information about Avista's rate request and energy prices is available at [www.myavista.com/rates](http://www.myavista.com/rates).

#### **Customer Resources**

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 partners with community action agencies in administering the Project Share bill payment assistance program.

Avista provides energy efficiency and outreach programs that include rebates and incentives as well as tips and resources to help customers manage their energy use and energy bills. Customers can learn more at [www.myavista.com](http://www.myavista.com).

#### **Rate Application Procedure and Additional Information**

The Company's application is a proposal, subject to public review and a Commission decision. A copy of the application is available for public review at the offices of both the Commission and Avista, and on the Commission's website ([www.puc.idaho.gov](http://www.puc.idaho.gov)). Customers may file with the Commission written comments related to the Company's filing. 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. Copies of the rate filing is also available on our website, [www.myavista.com/rates](http://www.myavista.com/rates).

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

#### **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.avista.com) is the operating division that provides electric service to 379,000 customers and natural gas to 342,000 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](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, 2016 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

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