



## Avista Requests Natural Gas Rate Decrease for Oregon Customers in Annual Cost Adjustment Filings

07/28/17

### Request reflects change in the wholesale cost of natural gas included in customer rates

SPOKANE, Wash., July 28, 2017 (GLOBE NEWSWIRE) -- Avista's (NYSE:AVA) customers in Oregon would see a decrease in their natural gas rates effective Nov. 1, 2017 if the Oregon Public Utility Commission (PUC or Commission) approves the company's annual rate adjustment filings. These annual filings are required, have no impact on the company's earnings, and are not related to the proposed acquisition of Avista by Hydro One.

#### Purchased Gas Cost Adjustment (PGA)

The first rate adjustment is Avista's Purchased Gas Cost Adjustment (PGA). PGAs are filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system. If approved, Avista's request is designed to decrease natural gas revenues by \$1.5 million or 1.6 percent.

The primary drivers for the requested rate reduction include continued low natural gas commodity costs due to the continued high production levels of natural gas and a reduction in the cost to transport natural gas to Avista's distribution system.

About 40 percent of an Avista natural gas customer's bill in Oregon is the combined cost of purchasing natural gas on the wholesale market and transporting it to Avista's system. These costs fluctuate up and down based on market prices, and are not marked up by Avista. The remaining 60 percent covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

#### Natural Gas Decoupling

The second rate adjustment is related to Avista's natural gas decoupling mechanism. Decoupling is a mechanism designed to break the link between a utility's revenues and customers' energy usage. Avista's actual revenue, based on therm sales, will vary, up or down, from the level included in a general rate case and approved by the Commission. This could be caused by changes in weather, energy conservation or the economy. Generally, under decoupling natural gas revenues are adjusted each month 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 is surcharged or rebated to customers beginning in the following year.

If approved, Avista's request is designed to increase natural gas revenues by \$2.1 million or 2.3 percent. This rate adjustment is driven primarily by a lower level of customer usage in 2016, due in part to warmer than normal weather in 2016.

#### Energy Efficiency

The third rate adjustment is related primarily to the funding of Avista's natural gas energy efficiency programs. Traditionally, Avista would defer the costs of providing energy efficiency programs, and would later surcharge customers to recover those costs. Beginning in May 2016, the Commission approved a change to the way Avista funds its energy efficiency programs, switching from the deferral and surcharge approach, to a more real-time collection of funds necessary to administer energy efficiency programs through current rates. In November 2016, the Commission approved rates designed to recover the final deferred energy efficiency costs. Those costs are projected to be recovered by Nov. 1, 2017. Also included in this filing are smaller rate adjustments related to prior deferred rate adjustments. If approved, Avista's request is designed to decrease natural gas revenues by approximately \$1.7 million or 1.7 percent.

#### Customer Bills

If the three requests are approved, along with another smaller rate adjustment associated with intervenor funding, Avista residential customers using an average of 47 therms per month could expect their bill to decrease by \$0.73, or 1.3 percent, for a revised monthly bill of \$55.37 beginning Nov. 1, 2017. Overall, Avista's natural gas revenues would decrease by \$1.1 million or 1.1 percent.

The percentage change for natural gas customers varies by rate schedule and depends on how much energy a customer uses.

Avista serves approximately 99,000 natural gas 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 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](#). 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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