



Avista Makes Annual Price Adjustment Filings in Idaho

08/01/17

Requests would result in change in electric prices effective Oct. 1, 2017

SPOKANE, Wash., Aug. 01, 2017 (GLOBE NEWSWIRE) -- Avista (NYSE:AVA) has made annual rate adjustment filings with the Idaho Public Utilities Commission (IPUC or Commission) that if approved, are designed to increase overall electric revenues by \$2.8 million or 1.1 percent effective Oct. 1, 2017.

These annual filings are separate from the general rate case request filed in June 2017 regarding base retail rates in Idaho, have no impact on the company's earnings, and are not related to the proposed acquisition of Avista by Hydro One.

Customer Bills

If approved, residential electric customers in Idaho using an average of 910 kilowatt hours per month would see their monthly bills increase from \$86.39 to \$88.12, an increase of \$1.73 per month, or approximately 2.0 percent. The proposed electric rate changes would be effective Oct. 1, 2017.

The requested electric rate changes by rate schedule are:

| | |
|--|-------------|
| Residential Service - Schedule 1 | 2.0% |
| General Service - Schedules 11 & 12 | 1.7% |
| Large General Service - Schedules 21 & 22 | 1.8% |
| Extra Large General Service - Schedule 25 | -2.8% |
| Extra Large General Service - Schedule 25P | -3.1% |
| Pumping Service - Schedules 31 & 32 | 1.8% |
| Street & Area Lights - Schedules 41-49 | <u>0.9%</u> |
| Overall | 1.1% |

Power Cost Adjustment (PCA)

The first adjustment is Avista's annual Power Cost Adjustment (PCA). The PCA is an annual rate adjustment made to reflect certain differences between Avista's actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. It is a true-up to reflect the actual cost of power to serve customers.

The proposed PCA rate adjustment would rebate to customers approximately \$7.3 million effective Oct. 1, 2017. The rebate is primarily associated with power supply costs that were lower than those included in base retail rates, due to lower wholesale electric and natural gas prices. As a result of Avista's PCA filing last year, the Commission approved a rebate of approximately \$0.5 million. That rebate will end Sept. 30, 2017. The net effect of the expiring rebate, and the proposed rebate, is an overall decrease in revenue of approximately 2.7 percent, or \$6.8 million.

Residential Exchange Program

The second adjustment is related to the Bonneville Power Administration (BPA) Residential Exchange Program. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit in their monthly electric rates. The benefit Avista will receive from BPA starting in October 2017 will result in a slightly higher level of benefits than is currently being passed through to qualifying customers. As a result of the higher level of benefits, the proposed revenue decrease for residential and small farm customers is approximately \$0.2 million, or an overall decrease of approximately 0.1 percent.

Energy Efficiency

The third rate adjustment is related to the funding of Avista's electric energy efficiency programs. This filing is a true-up, adjusting the amount of funding that is collected in customer rates needed to run the programs, including the rebates and incentives paid to customers, so that it aligns with the actual costs to deliver the programs. Avista's programs are based on providing a financial incentive, or "rebate," for cost-effective energy efficiency measures with a simple payback less than 15 years. This includes approximately 300 measures that are packaged into about 30 programs, providing choices for our customers. If approved, the proposed change associated with this filing is designed to increase revenue by approximately \$3.9 million, or an overall increase of approximately 1.6 percent.

Electric Fixed Cost Adjustment

The fourth rate adjustment is related to Avista's electric fixed cost adjustment mechanism (FCA). The FCA mechanism is designed to break the link between a utility's revenues and customers' energy usage. Avista's actual revenue, based on kilowatt hour 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 the FCA Avista's electric revenues are adjusted each month based on the number of customers, rather than kilowatt hour 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. For electric operations, the rate adjustment is designed to increase revenues by approximately \$5.9 million, or 2.3 percent. This rate adjustment is driven primarily by a lower level of customer usage in 2016 due in part to a warmer than normal winter, and does not apply to Avista's Extra Large General Service Schedules.

Rate Application Procedure

Avista's applications are proposals, subject to public review and a Commission decision. Copies of the applications are available for public review at the offices of both the Commission and Avista, and on the Commission's website (www.puc.idaho.gov). Customers may file with the Commission written comments related to Avista's filings. 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 rate filings are also available on Avista's website at www.myavista.com/rates.

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.

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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