



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

07/27/18

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

SPOKANE, Wash., July 27, 2018 (GLOBE NEWSWIRE) -- Avista's (**NYSE: AVA**) customers in Oregon would see a decrease in their natural gas rates effective Nov. 1, 2018 if the Public Utility Commission of Oregon (OPUC or Commission) approves the company's annual rate adjustment filings. These filings 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 natural gas commodity costs as well as the costs associated with transporting natural gas on interstate pipelines to Avista's local distribution system. If approved, Avista's request is designed to decrease natural gas revenues by \$3.0 million or 3.2 percent.

This is the second reduction in natural gas commodity costs this year, with the first reduction approved in late January 2018. Since that filing, natural gas commodity costs have continued to remain low due to high production levels of natural gas and an abundance of natural gas in storage.

About 30 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 70 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 decrease natural gas revenues by \$5.1 million or 5.4 percent. This rate adjustment is driven primarily by a higher level of customer usage in 2017 than the level of usage included in the development of customer rates.

### **Additional Filings**

Three additional filings that were made relate to the amortization of prior demand side management programs, recovering costs associated with residential bank fees, and intervenor funding. If approved, the net impact of these three filings is a reduction of approximately \$54,000 or 0.06 percent.

### **Customer Bills**

If the five requests are approved, Avista residential customers using an average of 47 therms per month could expect their bill to decrease by \$4.73, or 8.6 percent, for a revised monthly bill of \$50.16 beginning Nov. 1, 2018. Overall, Avista's natural gas revenues would decrease by \$8.1 million or 8.6 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 385,000 customers and natural gas to 350,000 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, 2017 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.

SOURCE: Avista Corporation

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