



Avista requests electric and natural gas rate changes in Washington

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Company seeks recovery of costs for investments in infrastructure since last general rate case filed in 2017

SPOKANE, Wash., April 30, 2019 (GLOBE NEWSWIRE) -- Avista(NYSE: AVA) has filed electric and natural gas rate requests with the Washington Utilities and Transportation Commission (UTC or Commission) to recover costs related to investments in infrastructure, system maintenance, and technology.

"We're making significant investments in our infrastructure and systems every year to maintain, upgrade and ensure the safety, reliability and resiliency of the equipment and facilities that serve our customers every day," Avista President Dennis Vermillion said. "This includes efforts like inspecting and replacing thousands of power poles each year, replacement of natural gas pipe, upgrading transmission lines, enhancing cybersecurity and upgrading hydroelectric turbines and generators in our century-old Little Falls dam. We're also investing in digital tools and technology options that make it easier for our customers to interact and do business with us. All of these investments allow us to meet our customers' energy needs, maintain the reliable and efficient service they expect and keep the electric and natural gas systems safe.

"There are dozens of investments and projects that have been completed since the last rate case that are already serving customers but that are not included in the rates paid by customers. Additionally, Avista's rates are cost-based, where the costs related to wood pole replacements, generator upgrades and other equipment that is included in customer rates reflects the cost of the equipment when it was installed, decades ago. The costs for this equipment are many times more expensive today, and this is a driver of our rate requests. These requests not only help to more closely align customer rates with Avista's costs of providing service, they also support the opportunity to earn a fair return for our shareholders.

"While we make these investments for the benefit of our customers, we recognize that rate increases can be a hardship. As we make decisions about how and where to invest across the company, our customers are our primary focus. We take our responsibility to provide safe, reliable energy at an affordable price very seriously, and we work hard to manage our costs and identify ways to best serve our customers that contribute to keeping energy prices low," Vermillion said.

Two-Year Rate Plan

The proposal is a two-year rate plan, with new rates taking effect April 1, 2020 and April 1, 2021. This plan would create a stay out period where Avista would not file a new general rate case for new rates to be effective prior to April 1, 2022. This would provide customers with some predictability in their expected future energy prices and would continue to change the cycle of base rate adjustments from winter to spring, at the end of the winter heating season. With this, customers would not experience a base rate increase in the middle of winter, as they might have in years past.

Avista's Requests

General rate case

If approved, the electric general rate request is designed to increase annual billed revenues by \$45.8 million or 8.8 percent effective April 1, 2020 and \$18.9 million or 3.3 percent effective April 1, 2021.

For natural gas, if approved, the general rate request is designed to increase annual billed revenues by \$12.9 million or 10.1 percent effective April 1, 2020 and \$6.5 million or 4.6 percent effective April 1, 2021.

The electric and natural gas requests are based on a proposed rate of return (ROR) on rate base of 7.52 percent with a common equity ratio of 50 percent and a 9.9 percent return on equity (ROE).

Energy Recovery Mechanism Rebate

The general rate request is separate from the Energy Recovery Mechanism adjustment the company filed with the Commission on March 29, 2019 that, if approved, would pass back or rebate to customers \$34.4 million over a three year period.

Infrastructure Investments

Avista's infrastructure 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 that will take us into the future.

Among the projects in today's filing are:

- The upgrade of generating units and other equipment that is over a century old at Avista's Little Falls Dam, which will provide more generating capacity to serve customers with reliable energy.
- Our distribution grid modernization program that continuously rebuilds and upgrades every electric feeder in the system,

replacing old equipment like poles, conductor, and transformers to improve service reliability, capture energy efficiency savings and improve operational ability.

- Ongoing management, inspection and replacement of 240,000 electric distribution wood poles through Avista's wood pole management program, ensuring distribution wood poles and the equipment on them support the company's ability to provide customers with safe and reliable power.
- 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 to strengthen the integrity, safety and reliability of the system.
- The rebuild of a high voltage transmission line that had been serving customers for more than 100 years, including the installation of steel poles and crossarms.
- Technology upgrades that support necessary business processes and operational efficiencies that allow Avista to effectively manage the utility and serve customers.

Residential Customer Bills

A residential customer's bill today is only 2.3 percent higher, on average, than an equivalent bill in January of 2016. For natural gas, a residential customer's bill is actually 24.4 percent lower over that same time period, on average. Overall, Avista customers' changes in energy prices are less than the rate of inflation during this time period, according to the Consumer Price Index.

Electric

Effective April 1, 2020: Residential electric customers in Washington using an average of 918 kilowatt hours per month could expect to see a bill increase of \$7.93 per month, or 9.8 percent, for a monthly bill change from \$81.21 to \$89.14.

Effective April 1, 2021: Residential electric customers in Washington using an average of 918 kilowatt hours per month could expect to see a bill increase of \$3.46 per month, or 3.9 percent, for a monthly bill change from \$89.14 to \$92.60.

Natural Gas

Effective April 1, 2020: Residential natural gas customers in Washington using an average of 66 therms per month could expect to see a bill increase of \$4.60 per month, or 9.9 percent, for a monthly bill change from \$46.40 to \$51.00.

Effective April 1, 2021: Residential natural gas customers in Washington using an average of 66 therms per month could expect to see a bill increase of \$2.55 per month, or 5.0 percent, for a monthly bill change from \$51.00 to \$53.55.

Changes by Service Schedule

The requested electric increase by service schedule is as follows:

Rate Schedule	Proposed 2020 Billing Increase	Proposed 2021 Billing Increase
Residential Service - Schedules 1/2	9.8 percent	3.7 percent
General Service - Schedules 11/12	7.0 percent	2.7 percent
Large General Service - Schedules 21/22	8.7 percent	3.3 percent
Extra Large General Service - Schedule 25	8.8 percent	3.3 percent
Pumping Service - Schedules 31/32	8.7 percent	3.3 percent
Street & Area Lights - Schedules 41 – 48	0.0 percent	0.0 percent
Total	8.8 percent	3.3 percent

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

Rate Schedule	Proposed 2020 Billing Increase	Proposed 2021 Billing Increase
General Service - Schedules 101/102	10.4 percent	4.7 percent
Large General Service - Schedules 111/112/116	9.2 percent	4.2 percent
Interruptible Service – Schedules 131/132	6.2 percent	2.9 percent
Transportation Service - Schedule 146	14.4 percent	6.3 percent
Total	10.1 percent	4.6 percent

The actual percentage increase for individual electric and natural gas customers would depend on how much energy a customer uses.

As a part of this general rate case, Avista is also seeking to extend its Electric and Natural Gas Decoupling Mechanisms for a further five year timeframe (through March 31, 2025). Decoupling is a mechanism that separates the link between the amount of revenue a utility collects and the amount of customer use. The primary purposes of revenue decoupling is to reduce a utility's disincentive to promote energy conservation by helping to ensure the utility recovers its fixed costs of providing safe and reliable service.

Avista serves more than 254,000 electric and 197,000 natural gas customers in Washington. The Commission has up to 11 months to review Avista's requests.

Additional information about Avista's rate request and energy prices is available at www.myavista.com/waraterequests.

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 provides funding for energy assistance programs Project Share and the company's Low Income Rate Assistance Program, which are administered through community action agencies.

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.

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 the operating division that provides electric service to 388,000 customers and natural gas to 355,000 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, 2018.

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