Avista requests modest electric base rate change in Idaho

June 10, 2019

Company seeks recovery of costs for investments in infrastructure

SPOKANE, Wash., June 10, 2019 (GLOBE NEWSWIRE) -- Avista**(NYSE: AVA)** has filed an electric rate request with the Idaho Public Utilities Commission (IPUC or Commission) to recover costs related to investments in infrastructure, system maintenance, and technology. If approved, the electric general rate request is designed to increase annual billed revenues by $5.3 million or 2.1 percent effective Jan. 1, 2020. The request is based on a proposed rate of return (ROR) on rate base of 7.55 percent with a common equity ratio of 50 percent and a 9.9 percent return on equity (ROE).

“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, upgrading transmission lines, enhancing cybersecurity and upgrading hydroelectric turbines and generators. 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 system safe.

“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.

Infrastructure Investments
Avista’s infrastructure investment plans address the need to replace infrastructure that has reached the end of its useful life, to connect new customers to our system, 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 clean, reliable energy.
- Our distribution grid modernization program that continuously rebuilds and upgrades every electric distribution 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 across the system 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 rebuilding of substations that have reached the end of their useful life or have reached full capacity.
- 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 electric customer’s bill today is 0.4 percent lower, on average, than an equivalent bill in January of 2016. Overall, Avista customers’ changes in energy prices are less than the rate of inflation during this time period, according to the Consumer Price Index.

If approved, residential electric customers in Idaho using an average of 898 kilowatt hours per month could expect to see a bill increase of $2.89 per month, or 3.5 percent, for a monthly bill change from $82.57 to $85.46, effective Jan. 1, 2020. Avista is not proposing to increase the residential basic monthly charge, currently set at $6.00 per month.

Changes by Service Schedule
The requested electric increase by service schedule is as follows:

Rate Schedule	Proposed 2020 Billing Increase
Residential Schedule 1	3.5 percent
General Service - Schedules 11/12	0.0 percent
Large General Service - Schedules 21/22	1.5 percent
Extra Large General Service - Schedule 25	1.6 percent
Extra Large General Service - Schedule 25P	1.6 percent
Pumping Service - Schedules 31/32	1.5 percent

Street & Area Lights - Schedules 41 – 49	0.0 percent
Total	2.1 percent

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

Avista serves more than 133,000 electric customers in Idaho. The last general rate case filed by Avista in Idaho was on June 9, 2017. The Commission has up to nine months to review Avista's requests.

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

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 and Project Share, 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.

Rate Application Procedure and Additional Information
Avista'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). 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.

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 is the operating division that provides electric service to 395,000 customers and natural gas to 362,000 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 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.

Contact:
Media: Casey Fielder (509) 495-4916, casey.fielder@avistacorp.com
Investors: John Wilcox (509) 495-4171, john.wilcox@avistacorp.com
Avista 24/7 Media Access (509) 495-4174

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