



Avista Makes Annual Cost Adjustment Filings in Oregon

07/31/19

Rate increase request reflects change in the wholesale cost of natural gas included in customer rates.

SPOKANE, Wash., July 31, 2019 (GLOBE NEWSWIRE) -- Avista's (**NYSE: AVA**) customers in Oregon would see an increase in their natural gas rates effective Nov. 1, 2019 if the Public Utility Commission of Oregon (OPUC or Commission) approves the company's annual rate adjustment filings. Overall, these requests are designed to increase natural gas revenues by \$8.3 million or 9.8%. These filings have no impact on Avista's earnings, and are not related to Avista's pending general rate case filing in March 2019.

Purchased Gas Cost Adjustment (PGA)

The first rate adjustment is Avista's annual 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 increase natural gas revenues by \$3.8 million or 4.5%. This rate adjustment is driven primarily by higher wholesale natural gas prices in the 2018-2019 winter season, which were caused, in part, by a Canadian pipeline disruption that restricted natural gas flows into the Pacific Northwest, combined with colder weather later in the heating season.

About 30% 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% covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

Natural Gas Decoupling

The second annual 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 \$4.4 million or 5.2%. This rate adjustment is driven primarily by the expiration of a rebate customers are currently receiving from last year's decoupling rate adjustment, as well as a lower level of customer usage than the level of usage included in current customer rates.

Additional Filings

Three additional filings that were made relate to the amortization of prior demand side management programs, recovering costs associated with certain bank fees, and intervenor funding. If approved, the net impact of these three filings is an increase of approximately \$92,000 or 0.1%.

Customer Bills

If the five rate adjustment requests are approved, Avista residential customers using an average of 46 therms per month could expect their bill to increase by \$5.07, or 10.5%, for a revised monthly bill of \$53.18 beginning Nov. 1, 2019.

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

Avista serves approximately 104,000 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 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 1.7 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.

SOURCE: Avista Corporation

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