



Avista Reaches Multi-Party Settlement in Washington Electric and Natural Gas Rate Requests

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Oct 22, 2012 (Marketwire via COMTEX) --Avista (NYSE: AVA) and certain other parties in the company's electric and natural gas rate case filings have reached a settlement agreement that, if approved by the Washington Utilities and Transportation Commission (WUTC), would conclude the general rate requests filed on [April 2, 2012](#). New rates would take effect on Jan. 1, 2013 and Jan. 1, 2014.

In addition to Avista, the parties to the proposed settlement are the Staff of the WUTC, Northwest Industrial Gas Users, Industrial Customers of Northwest Utilities and The Energy Project, a low-income customer advocacy group. The parties' request to approve the settlement is not binding on the Commission. The Public Counsel Section of the Washington Office of the Attorney General and the Northwest Energy Coalition did not join in the Settlement Agreement.

On Oct. 18, 2012 the WUTC approved a settlement procedural schedule for hearings that provides the Commission with the opportunity to address the settlement prior to its proposed implementation date of Jan. 1, 2013.

The settlement proposes that, effective Jan. 1, 2013, Avista would increase base rates to increase its annual revenues from Washington electric customers by an overall 3.0 percent or \$13.65 million, and from Washington natural gas customers by an overall 3.6 percent or \$5.3 million. The settling parties agree that a one-year credit of \$4.4 million would be returned to electric customers from the existing Energy Recovery Mechanism (ERM) deferral balance so the net average electric rate increase impact to customers in 2013 would be 2.0 percent. The credit to customers from the ERM balance would not impact company earnings.

The settlement also proposes that, effective Jan. 1, 2014, Avista would increase base rates to increase its annual revenues from Washington electric customers by an overall 3.0 percent or \$14.0 million, and from Washington natural gas customers by an overall 0.9 percent or \$1.4 million. The settling parties agree that a one-year credit of \$9.0 million would be returned to electric customers from the then-existing ERM deferral balance, if such funds are available, so the net average electric rate increase impact to customers effective Jan. 1, 2014 would be 2.0 percent.

The settlement agreement also states that Avista would not file a general rate case in Washington that would cause an increase in base retail rates before Jan. 1, 2015. Avista could, however, make a filing prior to January 2015, but new rates resulting from the filing would not take effect prior to Jan. 1, 2015.

"The settlement, if approved by the commission, provides a framework for positive outcomes from our Washington operations for both our customers and our shareholders for the next two years," said Dennis Vermillion, Avista Corp. senior vice president and president of Avista Utilities. "It gives our customers more certainty in their energy rates for the next two years and keeps their energy prices at some of the lowest prices in the Northwest and the nation. The revenue increases reflected in the settlement agreement, together with our continued management of the growth in utility costs, provides the opportunity to reduce regulatory lag in Washington in 2013 and 2014."

If the settlement is approved by the WUTC, beginning Jan. 1, 2013, an electric residential customer in Washington using an average of 989 kilowatt hours per month would see an increase of 1.5 percent or \$1.20 per month, inclusive of the proposed ERM rebate, for a revised bill of \$78.69. As a result of proposed changes in rate design, natural gas customers in Washington using an average of 68 therms per month would actually see a decrease of 0.6 percent or \$0.38 per month, for a revised monthly bill of \$60.37.

Beginning Jan. 1, 2014, an electric residential customer in Washington using an average of 989 kilowatt hours per month would see an additional increase of 2.0 percent or \$1.60 per month, inclusive of the proposed ERM rebate, for a revised bill of \$80.29. Natural gas customers in Washington using an average of 68 therms per month would see an increase of 0.9 percent or \$0.57, for a revised monthly bill of \$60.94.

Avista's original request filed with the WUTC in April 2012 included a base electric rate increase of 9.0 percent to produce \$41 million in additional electric revenue. The original filing also requested a \$10.1 million, or 7.0 percent, increase in natural gas revenues. The electric and natural gas filings reflected a proposed rate of return on rate base of 8.25 percent with a common equity ratio of 48.4 percent and a 10.9 percent return on equity. The settlement agreement provides for an authorized return on equity of 9.8% and an equity ratio of 47%.

Recognizing the impact of rising prices on customers, especially limited income and senior customers, funding available under this settlement agreement for Avista's Low Income Rate Assistance Program (LIRAP) would increase by \$176,000 in 2013 and \$131,000 in 2014. In total, 2013 funding available for the LIRAP program would be approximately \$3.8 million for electric customers and approximately \$1.8 million for natural gas customers. In 2014 the funding level for electric customers would be approximately \$3.9 million and for natural gas customers approximately \$1.9 million. The LIRAP program is funded through a separate tariff.

Avista offers a variety of [energy efficiency programs](#) for residential, limited income, commercial and industrial customers. In addition to helping customers manage their energy use, the programs also help reduce the need for more costly energy resources to meet future customer demand.

In addition to support for energy assistance programs, Avista also 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.

For more information about the rate process, visit www.avistautilities.com.

About Avista

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 361,000 customers and natural gas to 320,000 customers. Our service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.5 million. Avista's primary, non-utility subsidiary is [Ecova](#), an energy and sustainability management company with over 700 expense management customers, representing more than 600,000 sites. Our 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, 2011 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

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