



Avista Receives Approval in Washington Electric and Natural Gas Rate Requests

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Washington Utilities and Transportation Commission Approves Multi-Party Settlement Agreement, Including Increase in Energy Assistance Funding for Customers

Dec 27, 2012 (Marketwire via COMTEX) --Avista (NYSE: AVA) received approval today from the Washington Utilities and Transportation Commission (UTC) on the multi-party settlement agreement that was filed with the UTC on October 19, 2012, concluding the company's electric and natural gas rate request filed on [April 2, 2012](#). New rates will take effect on Jan. 1, 2013 and Jan. 1, 2014. The approved rates provide for an authorized return on equity of 9.8% and an equity ratio of 47%.

The approved rates are designed so that, effective Jan. 1, 2013, Avista will increase base rates for electric customers by an overall 3.0 percent to provide an additional \$13.65 million in annual revenue. Base rates for natural gas customers will increase by an overall 3.6 percent to provide an additional \$5.3 million in annual revenue. A one-year credit of \$4.4 million will be returned to electric customers from the existing Energy Recovery Mechanism (ERM) deferral balance so that the net average electric rate increase to customers in 2013 would be 2.0 percent. The credit to customers from the ERM balance will not impact company earnings.

Effective Jan. 1, 2014, Avista will increase base rates for electric customers by an overall 3.0 percent to provide an additional \$14 million in annual revenue. Base rates for natural gas customers will increase by an overall 0.9 percent to provide an additional \$1.4 million in annual revenue. A one-year credit of \$9.0 million will be returned to electric customers from the then-existing ERM deferral balance, if such funds are available, so that the net average electric rate increase to customers effective Jan. 1, 2014 would be 2.0 percent.

As a result of the approval by the UTC, Avista has agreed to not file a general rate case in Washington that would cause an increase in base retail rates before Jan. 1, 2015.

"The decision is positive for both our customers and our shareholders, providing for cost recovery over the next two years from investments made to update our energy delivery systems," said Dennis Vermillion, Avista Corp. senior vice president and president of Avista Utilities. "It gives our customers more certainty in their energy rates and keeps their energy prices at some of the lowest levels in the Northwest and the nation. The revenue increases reflected in the approved rates, together with our continued management of the growth in utility costs, provides the opportunity to reduce regulatory lag in Washington in 2013 and 2014."

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 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.

As a result of the UTC approval, funding available for Avista's Low Income Rate Assistance Program (LIRAP) will increase by \$176,000 in 2013 and \$131,000 in 2014. In total, 2013 funding available for the LIRAP program will 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 will 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.

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 Sept. 30, 2012.

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