



Avista Receives Approval in Idaho Electric and Natural Gas General Rate Requests

03/27/13

Idaho Customers Provided More Rates Certainty Over the Next Two Years

SPOKANE, WA -- (MARKETWIRE) -- 03/27/13 -- Avista (NYSE: AVA) received approval today from the Idaho Public Utilities Commission (IPUC) on the multi-party settlement agreement, concluding the company's electric and natural gas rate requests. New rates will be effective in two phases: April 1, 2013, and Oct. 1, 2013. Avista made the requests to the IPUC on [Oct. 11, 2012](#), followed by a multi-party settlement agreement on [Feb. 6, 2013](#).

On April 1, 2013, natural gas base rates will increase by 4.9 percent or \$3.1 million. A residential natural gas customer in Idaho using an average 60 therms per month will see a \$2.82 per month increase for a revised monthly bill of \$55.37. There will be no change in base rates for electric customers; however, the settlement provides for recovery of the costs of the Palouse Wind Project through the Power Cost Adjustment mechanism.

Beginning Oct. 1, 2013, residential natural gas customers will see an additional increase of \$0.31 per month for a revised monthly bill of \$55.68. Offsetting the 2.0 percent, or \$1.3 million, Oct. 1 increase is a \$1.6 million credit to customers. This credit will be returned to natural gas customers from Oct. 1, 2013 through Dec. 31, 2014, making the net annual average natural gas rate increase effective Oct. 1, 2013, 0.3 percent.

Residential electric customers using an average 930 kilowatt hours per month will see an increase of \$2.04 beginning Oct. 1, 2013, for a revised monthly bill of \$80.73. The approved overall 3.1 percent, or \$7.8 million in increased annual revenues, is being offset by a \$3.9 million credit resulting from a payment made to Avista by the Bonneville Power Administration relating to its prior use of Avista's transmission system. This credit is being returned to Idaho electric customers from Oct. 1, 2013, through Dec. 31, 2014, so the net annual average electric rate increase to customers effective Oct. 1, 2013, will be 1.9 percent.

The \$1.6 million credit to natural gas customers resulting from deferred natural gas costs and the \$3.9 million credit to electric customers from Bonneville Power Administration relating to the prior use of Avista's transmission system will not impact company earnings.

As a result of the approval by the IPUC, Avista may file a general rate case in Idaho in 2014. However, any increase in base retail rates would not take effect prior to Jan. 1, 2015. This does not preclude the company from filing other rate adjustments such as the Power Cost Adjustment (PCA) and Purchased Gas Adjustment (PGA).

The settlement agreement reflects a 50% equity layer and a 9.8% return on equity (ROE).

The settlement also includes an after-the-fact earnings test for 2013 and 2014, such that if Avista, on a consolidated basis for electric and natural gas operations in Idaho, earns more than 9.8% ROE, Avista would refund to customers 50% of any earnings above the 9.8%.

"The outcome of this rate request gives our Idaho customers more certainty in their energy rates for the next two years while providing a framework for positive outcomes for our shareholders," said Dennis Vermillion, Avista Corp. senior vice president and president of Avista Utilities. "Customers continue to have their energy prices at some of the lowest energy prices in the Northwest and the nation."

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 362,000 customers and natural gas to 323,000 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, 2012.

Contact:

Media:

Debbie Simock

(509) 495-8031

debbie.simock@avistacorp.com

Investors:

Jason Lang

(509) 495-2930

jason.lang@avistacorp.com

Avista 24/7 Media Access

(509) 495-4174