



Avista Makes Annual Price Adjustment Filings in Idaho

07/30/14

Changes Would Increase Electric Prices Effective Oct. 1, 2014

SPOKANE, WA -- (Marketwired) -- 07/30/14 -- Avista (NYSE: AVA) customers would see an increase in their electric rates on Oct. 1, 2014, if the Idaho Public Utilities Commission (IPUC or Commission) approves two rate adjustment requests filed today by the company.

These filings are separate from a general rate request and the settlement agreement reached in July 2014 regarding base retail rates in Idaho.

Power Cost Adjustment (PCA)

The first adjustment is the company's annual Power Cost Adjustment (PCA). The PCA is an annual rate adjustment made to reflect the differences between Avista's actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. It is a true-up to reflect the actual cost of power to serve customers.

Part of the proposed PCA rate adjustment is related to the expiration of a rebate to customers. Beginning in October 2013, Avista began passing through to customers a one-year rebate of approximately \$4.6 million related to last year's PCA. That rebate will end Sept. 30, 2014. In addition, power supply costs in the most recent 12 months were higher than those included in base retail rates, due primarily to increased fuel costs and power purchase expense, some of which was to replace the energy lost due to an outage at the Colstrip Generating Plant Unit #4. The proposed PCA surcharge would pass through to customers approximately \$7.8 million in increased power supply costs that occurred during the twelve-month period that ended June 30, 2014. As a result of the expiration of the rebate and the increased costs for the last 12 months, the proposed increase to rates is approximately 5.0 percent, or \$12.4 million.

Residential Exchange Program

The second electric rate adjustment is related to the Bonneville Power Administration (BPA) Residential Exchange Program. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm customers of the investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit on their monthly electric bill.

The benefit Avista will receive from BPA starting in October 2014 will be higher than the current level of benefits currently being passed through to these customers. As a result of the increased level of benefits, the proposed revenue decrease is approximately \$0.4 million, or an overall decrease of approximately 0.2 percent.

Impacts

If approved by the Commission, the two proposed electric rate changes would result in a revenue increase of approximately 4.8 percent or \$12.0 million, effective Oct. 1, 2014. Residential electric customers in Idaho using an average of 930 kilowatt hours per month would see their monthly bills increase from \$81.88 to \$85.33, an increase of \$3.45 per month, or 4.2 percent.

The electric increases by rate schedule are:

Residential Service - Schedule 1	4.1%
General Service - Schedules 11 & 12	3.9%
Large General Service - Schedules 21 & 22	5.0%
Extra Large General Service - Schedule 25	7.4%
Schedule 25P	8.0%
Pumping Service - Schedules 31 & 32	4.3%
Street & Area Lights - Schedules 41-48	1.7%

Rate Application Procedure

Avista's rate applications are proposals, subject to public review and a decision by the Commission. Copies of the applications are available for public review at the offices of both the IPUC and Avista, as well as on the IPUC's homepage at www.puc.idaho.gov. The IPUC will begin a review of Avista's applications and will seek public input on the company's request.

Energy Efficiency and Energy Assistance Programs

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs. Information on available energy efficiency rebates and incentives from Avista for residential, commercial and low-income customers is available at www.avistautilities.com, along with

other energy-saving information.

Information on energy assistance programs and payment options offered by Avista to help qualifying customers is available at 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](http://www.avistautilities.com) is our operating division that provides electric service to 367,000 customers and natural gas to 326,000 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. 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. 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, 2013 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

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