



## Avista Reaches Settlement in Oregon Natural Gas Rate Request

01/21/15

### If Approved, Rate Adjustments Would Be Effective March 1

SPOKANE, WA -- (Marketwired) -- 01/21/15 -- Avista (NYSE: AVA) and all other parties involved in the company's natural gas general rate filing have reached a settlement agreement that, if approved by the Public Utility Commission of Oregon (PUC), would conclude the proceedings for the general rate request filed on Sept. 2, 2014. If the settlement agreement is approved, new rates would take effect on March 1, 2015.

"We are pleased that all parties were able to reach a joint recommendation to the commission that is fair and reasonable. The outcome is a settlement that, if approved by the commission, represents positive outcomes for our customers, the company and our shareholders," said Dennis Vermillion, Avista Corp. senior vice president and president of Avista Utilities.

The settlement proposes that, effective March 1, 2015, Avista would receive an increase in rates designed to increase its annual billed revenues by 4.9 percent or \$5.0 million. The \$5.0 million billed revenue increase is composed of a base rate increase of \$6.112 million, offset by \$0.262 million that the company is already receiving from customers through a separate rate adjustment, and a \$0.85 million credit to customers related to having an early implementation date for the revenue increase.

The settlement also includes a new tracking mechanism that will be in place until new rates become effective with our next general rate case. The mechanism will track customer growth, starting March 1, 2015, and if it is higher than the forecast of customer growth Avista used in its original rate request filing, the margin associated with the higher customer growth above the forecasted level will be deferred and returned to customers.

The proposed settlement agreement reflects a 9.5 percent return on equity (ROE), and a 51 percent equity layer. The rate of return is 7.52 percent.

If the general rate request is approved by the PUC, a residential customer using an average of 47 therms per month would see a \$3.23 per month increase, or 5.3 percent, for a revised monthly bill from \$60.50 to \$63.73, effective March 1, 2015. This bill impact reflects no increase in the monthly basic charge. The actual percentage increase will vary by customer class and will depend on how much energy a customer uses.

#### **Avista's Original Request**

Avista's original request filed with the PUC in September 2014 included an increase in natural gas base rates for customers of 9.3 percent or \$9.14 million and was based on a proposed rate of return of 7.77 percent with a common equity ratio of 51 percent and a 9.9 percent return on equity.

The majority of Avista's general rate request filing was related to the need to expand and replace the facilities used to serve customers. This included, among other things, increased investment to replace certain natural gas service pipe and updated technology that is the backbone of the company's customer information system.

Avista serves approximately 96,000 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 365,000 customers and natural gas to 325,000 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 1.5 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](#). Avista stock is traded under the ticker symbol "AVA." For more information about Avista, please visit [www.avistacorp.com](http://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 Sept. 30, 2014.

Contact:

Media:

Casey Fielder  
(509) 495-4916

[casey.fielder@avistacorp.com](mailto:casey.fielder@avistacorp.com)

Investors:  
Jason Lang  
(509) 495-2930  
[jason.lang@avistacorp.com](mailto:jason.lang@avistacorp.com)

Avista 24/7 Media Access  
(509) 495-4174

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