



Avista requests recovery of costs for providing service in Oregon

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Continuing capital investments in infrastructure drive rate request

SPOKANE, WA -- (Marketwired) -- 12/01/16 -- Continuing capital investments in natural gas infrastructure led Avista (NYSE: AVA) to file a request today with the Public Utility Commission of Oregon (PUC) to increase natural gas customer rates.

The proposal is designed to increase natural gas billed revenue by \$8.5 million or 9.0 percent and is based on a proposed rate of return of 7.83 percent with a common equity ratio of 50 percent and a 9.9 percent return on equity.

"Our general rate requests continue to be driven by the ongoing need to invest in our infrastructure and expand and replace the facilities and equipment we use every day to serve our customers. This includes increased investment to replace certain natural gas service pipe and other parts of our infrastructure," said Dennis Vermillion, president of Avista Utilities. "We understand that rate increases can be challenging for our customers. We continue to maximize efficiencies throughout the company while maintaining the safe and reliable delivery of natural gas to our customers."

Capital Investments

The majority of the current capital investments include upgrades and maintenance of natural gas pipe and distribution equipment as well as other information technology upgrades. Among the major capital investments included in today's filing are:

- The continuation of a major project to systematically replace portions of natural gas distribution pipe. The project is replacing hundreds of miles of natural gas pipeline that was installed prior to 1987.
- Completion of a pipeline reinforcement project in La Grande to meet current and future natural gas delivery needs.
- Rerouting of a high pressure pipeline in Klamath Falls that crosses a fault line near a school.

Residential Customer Bill

If the general rate request is approved by the PUC, a residential customer using an average of 46 therms per month would see a \$5.19 per month increase, or 9.3 percent, for a revised monthly bill of \$61.24. The revised monthly bill includes a proposed increase in the monthly basic charge from \$9.00 to \$10.00.

This request is separate from the Purchased Gas Cost Adjustment (PGA) that took effect on Nov. 1, 2016, lowering an average customer bill by 5.7 percent or \$3.36 per month.

On average, about 40 percent of an Avista bill for Oregon customers is the combined costs of purchasing natural gas on the wholesale market and transporting it to our system for delivery to customers. The remaining 60 percent is related to the ownership and operating costs of Avista's delivery system to provide safe, reliable service to all customers, while meeting mandatory state and federal requirements.

Avista serves approximately 99,000 customers in Oregon. The PUC has up to 10 months to review Avista's request.

Customer Resources

To assist customers in managing their energy bills, Avista offers services for customers such as comfort level billing, payment arrangements, and Customer Assistance Referral and Evaluation Services (CARES), which provide assistance to customers through referrals to area organizations for help with housing, utilities, medical assistance and other needs. Avista also provides support to customer assistance funds such as Project Share. In addition, Avista provides energy efficiency and outreach programs, including rebates and incentives, which help customers manage their energy use. Beginning in 2017 we will partner with the Energy Trust of Oregon for these programs. To learn more, visit www.avistautilities.com.

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](http://www.avistautilities.com) is our operating division that provides electric service to 375,000 customers and natural gas to 335,000 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 1.6 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](http://www.alaskapower.com). Avista 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, 2015 and the Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2016.

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