



Avista proposes two-year rate plan in Idaho that provides tax benefits to customers Company's filing seeks to recover costs with no initial impact to customer bills

01/29/21

SPOKANE, Wash. Jan. 29, 2021, 1:05 p.m. PST: Capital investments in infrastructure, system maintenance, wildfire resiliency measures, and increased power supply costs are the main drivers in Avista's (NYSE: AVA) request filed today with the Idaho Public Utilities Commission (IPUC or Commission). If the Company's two-year rate plan is approved, a Tax Customer Credit would allow the Company to recover capital costs with little to no impact to customer bills.

"While we and all of our communities have responded to the situation created by the COVID-19 crisis, Avista has maintained focus on our essential service and providing our customers with safe, reliable and affordable energy," Avista President and CEO Dennis Vermillion said. "This means that we've continued to make important and necessary investments in our infrastructure, including replacement of wooden distribution poles, enhancements in electric grid resiliency, investment in customer facing technology and much more."

The ongoing effort to align the rates customers pay with Avista's costs to serve is one of the main reasons the Company files general rate requests. Avista understands that rate cases can be challenging. Through the use of a Tax Customer Credit, this rate proposal would help to mitigate the Company's rate request, resulting in little to no initial change in customers' bills.

Two-Year Rate Plan

The proposal is a two-year rate plan, with new rates taking effect Sept. 1, 2021 and Sept. 1, 2022. This plan would create a stay-out period where Avista would not file a new general rate case for new rates to be effective prior to Sept. 1, 2023. This would provide customers with a level of predictability in their expected future energy prices.

Avista's Requests

Avista's request, if approved, is designed to increase annual electric base revenues by \$24.8 million or 10.1% effective Sept. 1, 2021 and \$8.7 million or 3.2% effective Sept. 1, 2022. The Company, however, is proposing to apply a Tax Customer Credit that would fully offset the increase for Sep 1, 2021, resulting in no initial bill change for customers.

For natural gas, the rate request is designed to increase annual base revenues by \$0.1 million or 0.1% effective Sept. 1, 2021 and \$1.0 million, or 2.2% effective Sept. 1, 2022. The Tax Customer Credit for natural gas would more than fully offset the Sept. 1, 2021 increase, resulting in an initial rate reduction for all customers, and as discussed below, would continue for a ten-year period, benefitting customers. The Company is proposing to offset the majority of the increase for the Sept. 1, 2022 rate change with other deferred customer credits.

The combined effect of the proposed rate plan and the offsetting customer credits is an increase to electric revenues of \$8.7 million, or 3.5%, and a decrease to natural gas revenues of \$1.1 million, or 1.7%.

The electric and natural gas requests are based on a proposed rate of return (ROR) on rate base of 7.30% with a common equity ratio of 50% and a 9.9% return on equity (ROE).

Avista serves more than 138,000 electric and 89,000 natural gas customers in Idaho. The last electric general rate case filed by Avista in Idaho was on June 7, 2019, and for natural gas was June 8, 2017. The Commission has up to nine months to review Avista's requests.

Tax Customer Credit

To mitigate the proposed base rate increase on customers, Avista is proposing a Tax Customer Credit. During 2020, Avista identified that there was opportunity to change the current methodology related to the treatment of certain tax items, whereby certain tax benefits could be passed along to customers over a shorter timeframe than over the life of those long-lived assets, as is the current practice. For Idaho, the total is \$31.3 million (electric) and \$12.1 million (natural gas). The proposed amortization of the electric tax benefits would offset the Company's base electric rate relief requested in its entirety for Rate Year 1 (Sept. 1, 2021) until approximately Nov. 30, 2022. For natural gas customers, the Company proposes to begin amortizing the natural gas tax benefits beginning Sept. 1, 2021 over a 10-year period.

Residential Customer Bills

Electric

Effective Sept. 1, 2021: Residential customers using an average of 892 kilowatt hours per month would see their monthly bills remain unchanged at \$85.63.

Effective Sept. 1, 2022: Residential customers using an average of 892 kilowatt hours per month would see their monthly bills increase from \$85.63 to \$89.01, an increase of \$3.38 or 3.9% per month. Included in that bill change is a proposed increase in the basic monthly charge of \$2.00, to a level of \$8.00 per month.

Natural Gas

Effective Sept. 1, 2021: Residential customers using an average of 63 therms per month would see their monthly bills decrease by \$0.95, from \$49.49 to \$48.54.

Effective Sept. 1, 2022: Residential customers using an average of 63 therms per month would see their monthly bills increase from \$48.54 to \$48.59, an increase of \$0.05 or 0.1% per month. Included in that bill change is a proposed increase in the basic monthly charge of \$2.00, to a level of \$8.00 per month, offset by a decrease in the volumetric, per-therm rate.

Changes by Service Schedule

The requested electric change by service schedule is as follows:

Rate Schedule	Proposed Sept. 1, 2021 Billing Change	Proposed Sept. 1, 2022 Billing Change
Residential Service - Schedule 1	0.0 %	3.9 %
General Service - Schedules 11 & 12	0.0 %	3.4 %
Large General Service - Schedules 21 & 22	0.0 %	3.4 %
Extra Large General Service - Schedule 25	0.0 %	3.4 %
Extra Large General Service 25P - Schedule 25P	0.0 %	1.3 %
Pumping Service - Schedules 31 & 32	0.0 %	3.4 %
Street & Area Lights - Schedules 41 – 49	0.0 %	3.4 %

The requested natural gas change by service schedule is as follows:

Rate Schedule	Proposed Sept. 1, 2021 Billing Change	Proposed Sept. 1, 2022 Billing Change
General Service - Schedule 101	-1.9 %	0.1 %
Large General Service - Schedules 111 & 112	-1.5 %	0.1 %
Transportation Service - Schedule 146 <i>(excludes commodity and interstate pipeline transportation costs)</i>	-2.7 %	0.2 %
Total	-1.8 %	0.1 %

Additional information about Avista's rate request and energy prices is available at www.myavista.com/rates.

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 aid special-needs customers through referrals to area agencies and churches for help with housing, utilities, medical assistance and other needs. Avista also provides funding for energy assistance programs and Project Share, which are administered through community action agencies.

Avista provides energy efficiency and outreach programs that include rebates and incentives as well as tips and resources to help customers manage their energy use and energy bills. Customers can learn more at www.myavista.com.

Rate Application Procedure and Additional Information

Avista's application is a proposal, subject to public review and a Commission decision. Due to the COVID-19 pandemic, we are unable to provide copies at our office locations as we usually do. However, a copy of the application is available for public review on the Commission's website (www.puc.idaho.gov). Customers may file with the Commission written comments related to the Company's filing. Customers may also subscribe to the Commission's RSS feed (<https://puc.idaho.gov/RssPage>) to receive periodic updates via e-mail about the case. Copies of the rate filing is also available on our website, www.myavista.com/rates.

The Commission will begin a comprehensive review of Avista's application and will seek public input. If you would like to submit comments on the proposed increase, you can do so by going to the Commission website or mailing comments to:

Idaho Public Utilities Commission
P. O. Box 83720
Boise, ID 83720-0074

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.avistacorp.com) is the operating division that provides electric service to 400,000 customers and natural gas to 367,000 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.alaskalightandpower.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, 2019 and the Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2020.

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