



Avista files multiyear rate plan in Washington

January 21, 2022

Company seeks recovery of costs for infrastructure investments while also providing tax benefits to customers

SPOKANE, Wash., Jan. 21, 2022 (GLOBE NEWSWIRE) -- Today Avista (**NYSE: AVA**) has filed a multiyear rate plan with the Washington Utilities and Transportation Commission (WUTC or Commission) that would allow the Company to recover costs for fixed expenses and ongoing investments to infrastructure, technology and more. If approved, new rates would be effective in Dec. 2022 and Dec. 2023.

"We take our responsibility to provide you with energy at an affordable price very seriously," Avista President and CEO Dennis Vermillion said. "In fact, the total average monthly cost of Avista's residential electric service is almost 40% lower than the national average for investor-owned utilities. Our customers remain our primary focus as we make decisions about how and where to invest across the company."

"Part of the responsibility of providing an essential service is to make sure customers have energy when they need it. This means that we must continue to make important and necessary investments to the infrastructure that serves our customers such as replacing wood distribution poles and natural gas pipelines, taking steps to meet our clean electricity requirements and goals, making our system more resilient to the threat of wildfires, and upgrading customer-facing technology and substations, and much more. We've made these investments on behalf of our customers because it's the right thing to do.

"As we see the effects of inflation impact the entire country, the cost of doing business is going up for all companies and industries. Utilities across the nation work to replace infrastructure and meet increasing compliance obligations while the fixed costs of operating and maintaining our systems are increasing, too. Avista is not unique in this regard, and our costs to deliver energy continues to outpace our revenue.

"Despite the rising costs, we are always looking for ways to keep rates affordable. The Residual Tax Customer Credit would offer a total of \$38 million in estimated benefits to be incrementally returned to electric and natural gas customers over two years, from Dec. 2022 – Dec. 2024, to partially offset the first year of the proposed increase.

The ongoing effort to align the rates customers pay with Avista's costs to serve is one of the main reasons we file general rate requests. It's important for the health of the company and an essential part of providing safe and reliable energy," Vermillion said.

Two-Year Rate Plan

The proposal is a two-year rate plan, with new rates taking effect in Dec. 2022 and Dec. 2023. 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 Dec. 2024. This would provide customers with some predictability in their expected future energy prices.

Avista's Requests

General Rate Case

If approved, the electric general rate request is designed to increase annual base revenues by \$52.9 million (or 7.4% on a billed basis) effective in Dec. 2022, and \$17.1 million (or 3.0% on a billed basis) effective in Dec. 2023.

If approved, the natural gas general rate request is designed to increase annual revenues by \$10.9 million (or 2.5% on a billed basis) effective in Dec. 2022, and \$2.2 million (or 1.1% on a billed basis) effective in Dec. 2023.

The electric and natural gas requests are based on a proposed rate of return (ROR) of 7.31%, with a common equity ratio (CER) of 48.5%, and a 10.25% return on equity (ROE).

Residual Tax Customer Credit

Concurrent with the effective date of this rate case, the Company proposes to offset part of the 2022 base rate request with a Residual Tax Customer Credit. The estimated benefits of \$25.5 million for electric customers and \$12.5 million for natural gas customers will be incrementally returned over a two-year period from Dec. 2022 – Dec. 2024.

LIRAP Modification

Since 2001, Avista's Low-Income Rate Assistance Program (LIRAP) has collected funds through certain electric and natural gas tariffs and distributes them through Community Action Agencies. LIRAP helps customers who may be struggling to keep their energy services on, pay for ongoing energy costs, or reestablish service. Avista is focused on further reducing the energy burden for customers. To meet this objective, we are requesting that the Commission approve substantial program and funding modifications for LIRAP. The general rate case proposes to replace the existing grant-based LIRAP components with an income-based bill discount model for all eligible low-income customers which would drive more benefits to those who are least able to afford utility service.

Infrastructure Investments

Avista needs to continue to replace infrastructure that has reached the end of its useful life, as well as respond to the need for reliability and technology investments required to build the integrated energy services grid that will take us into the future. Among the projects included in today's filing are:

- Ongoing management, inspection and replacement of 240,000 electric distribution wood poles through Avista's wood pole management program to ensure poles and the equipment on them support the company's ability to provide customers with safe and reliable power.

- Continued investment in Avista's Wildfire Resiliency Plan, which outlines substantial steps that Avista has taken to guard against the growing threat of wildfires including grid hardening, enhanced vegetation management, and other industry-leading best practice measures.
- The ongoing project to systematically replace portions of natural gas distribution pipe in Avista's service area that were installed prior to 1987, as well as replacement of other natural gas service equipment to strengthen the integrity, safety, and reliability of the system.
- Technology upgrades that support necessary business processes and operational efficiencies that allow Avista to effectively manage the utility and serve customers.

Washington Residential Customer Bills

Since Jan. 2016, overall average electricity prices have increased only 0.5% per year and natural gas prices have increased less than 1% per year (including the effects of the recent rise in wholesale natural gas prices). This is lower than the rate of inflation during this time, when compared to the Consumer Price Index.

Electric

Effective Dec. 2022: Residential electric customers in Washington using an average of 932 kilowatt hours per month could expect to see a total billed increase of 7.9% or \$6.52 for a revised monthly bill of \$89.08 from \$82.56.

Effective Dec. 2023: Residential electric customers in Washington using an average of 932 kilowatt hours per month could expect to see a total billed increase of 3.1% or \$2.80 for a revised monthly bill of \$91.88 from \$89.08.

Natural gas

Effective Dec. 2022: Residential natural gas customers in Washington using an average of 67 therms per month could expect to see a total billed increase of 2.4% or \$1.54 for a revised monthly bill of \$66.40 from \$64.86.

Effective Dec. 2023: Residential natural gas customers in Washington using an average of 67 therms per month could expect to see a total billed increase of 1.1% or \$0.75 for a revised monthly bill of \$67.15 from \$66.40.

Proposed Changes by Service Schedule

The requested electric increase by service schedule is as follows:

Rate Schedule	2022 Billing Increase	2023 Billing Increase
Residential Service - Schedules 1/2	7.9%	3.1%
General Service - Schedules 11/12	7.0%	2.8%
Large General Service - Schedules 21/22	6.9%	2.8%
Extra Large General Service - Schedule 25	7.6%	3.0%
Extra Large Special Contract	7.6%	3.0%
Pumping Service - Schedules 31/32	7.0%	2.8%
Street & Area Lights - Schedules 41 – 48	7.1%	2.8%
Total	7.4%	3.0%

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

Rate Schedule	2022 Billing Increase	2023 Billing Increase
General Service Schedules 102/103	2.7%	1.2%
Large General Service Schedules 111/112/116	1.9%	0.9%
Interrupt. Sales Service Schedules 131/132	1.7%	0.8%
Transportation Service Schedule 146	4.4%	1.9%
Total	2.5%	1.1%

The actual percentage increase for electric and natural gas customers will vary by customer class and depend on how much energy a customer uses.

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 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 Project Share and the company's LIRAP, 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.

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 403,000 customers and natural gas to 369,000 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](#). 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, 2020 and the Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2021.

SOURCE: Avista Corporation

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