Avista files multi-year rate plan in Washington

January 18, 2024

Company's filing seeks to recover infrastructure investments and expenses necessary to serve customers

SPOKANE, Wash., Jan. 18, 2024 (GLOBE NEWSWIRE) -- Today Avista **(NYSE: AVA)** filed a multi-year rate plan with the Washington Utilities and Transportation Commission (WUTC or Commission) that, if approved, would allow the Company to recover increased operating and maintenance costs and ongoing investments to infrastructure, technology and more. If approved, new rates would be effective in Dec. 2024 and Dec. 2025.

"The effects of inflation impacted the entire country, and the cost of doing business has gone up for all companies and all industries. Utilities across the nation work to replace infrastructure and meet increasing compliance obligations while the costs of operating and maintaining our systems have steadily increased. Avista is not unique in this regard, and our costs to deliver energy continues to outpace our revenue. 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," Avista CEO Dennis Vermillion said.

"Our customers remain our primary focus as we make decisions about how and where to invest across the company. We've continued to make important and necessary investments in our infrastructure. This includes upgrading substations and generation facilities, investments in customer-facing technology, replacement of deteriorating natural gas pipe, investments to increase wildfire resiliency, replacement of other aging infrastructure, and steps to meet our clean electricity goals."

"We take our responsibility to provide our customers with energy at an affordable price very seriously. The fact that our region is fortunate enough to benefit from hydrogeneration means that the total average monthly cost of Avista's residential electric service is almost 40% lower than the national average for investor-owned utilities," Vermillion said.

Two-Year Rate Plan

If approved, the electric general rate request is designed to increase annual revenue by $77.1 million (or 12.6% on a billed basis) effective in December 2024, and $53.7 million (or 7.8% on billed revenue basis) effective in December 2025.

If approved, the natural gas general rate request is designed to increase annual base revenue by $17.3 million (or 6.3% on a billed basis) effective in December 2024, and $4.6 million (or 1.6% on a billed basis) effective in December 2025.

The electric and natural gas requests are based on a proposed rate of return of 7.61%, with a common equity ratio of 48.5%, and a 10.4% return on equity.

Infrastructure Investments

Avista must 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:

- Investments in our clean energy hydroelectric projects, such as Nine Mile, Cabinet Gorge, Post Falls, and Noxon Rapids, as well as installation of new substations to meet customer capacity requirements.
- 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.
- Ongoing systematic replacement of portions of natural gas distribution pipe in Avista's service area 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.

Beyond infrastructure investment, another important driver of the Company's electric requests over this multi-year rate plan reflects the impact of updated power supply costs.

Colstrip

In year two of the proposed multi-year rate plan, the Company, in compliance with Washington's Clean Energy Transformation Act (or CETA), has removed from customer rates the costs associated with generation from the Colstrip Generating Plant. Avista is a 15 percent owner of Units 3 and 4 at the plant. As a part of CETA, by the end of 2025 all electric utilities must eliminate coal-fired generation from serving Washington customers.

WA Residential Customer Bills

Electric

Effective Dec. 2024: Residential electric customers in Washington using an average of 945 kWhs per month could expect to see a total billed increase

of 13.3%, or $12.94 for a revised monthly bill of $110.20. The monthly increase includes a proposed $6.00 per month increase in the basic charge to a level of $15.00 per month.

Effective Dec. 2025: Residential electric customers in Washington using an average of 945 kWhs per month could expect to see a total billed increase of 6.2%, or $6.87 for a revised monthly bill of $117.07 from $110.20. The monthly increase includes a proposed $5.00 per month increase in the basic charge to a level of $20.00 per month.

Natural Gas

Effective Dec. 2024: Residential natural gas customers in Washington using an average of 66 therms per month could expect to see a total billed increase of 6.7%, or $6.36 for a revised monthly bill of $101.22. The monthly increase includes a proposed $5.50 per month increase in the basic charge to a level of $15.00 per month.

Effective Dec. 2025: Residential natural gas customers using an average of 66 therms per month could expect to see a total billed increase of 2.0%, or $2.04 for a revised monthly bill of $103.26 from $101.22. The proposed monthly increase includes a proposed $5.00 per month increase in the basic charge to a level of $20.00 a month, offset by a decrease in the volumetric, per-therm rate resulting in the $2.04 monthly increase.

Proposed Changes by Service Schedule

The requested electric increase by service schedule is as follows:

Rate Schedule	**Dec. 2024 Billing Increase**	**Dec. 2025 Billing Increase**
Residential Service - Schedule 1	13.8%	6.7%
General Service - Schedules 11/12	11.8%	8.8%
General Service Schedule – Transportation 13	11.8%	8.7%
Large General Service - Schedules 21/22	11.7%	8.7%
Large General Service Schedule – Transportation 23	12.1%	9.4%
Extra Large General Service - Schedule 25	11.7%	9.6%
Extra Large Special Contract	11.4%	9.4%
Pumping Service - Schedules 31/32	11.8%	5.9%
Street & Area Lights - Schedules 42 – 48	11.9%	6.2%
Total	**12.6%**	**7.8%**

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

Rate Schedule	**Dec. 2024 Billing Increase**	**Dec. 2025 Billing Increase**
General Service Schedule 101	6.9%	1.7%
Large General Service Schedules 111/112/116	4.5%	1.1%
Interrupt. Sales Service Schedules 131/132	5.2%	1.3%
Transportation Service Schedule 146	14.3%	3.3%
Total	**6.3%**	**1.6%**

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

When customers need help with their energy use and billing, Avista has ways to assist. In Washington, Avista recently launched My Energy Discount, a personalized monthly bill discount program to help eligible customers lower their energy bills. The program offers more inclusive eligibility guidelines, quick and easy enrollment, and a two-year discount term. In addition, billing options, such as Comfort Level Billing, preferred due date, and payment arrangements, give customers more control over how their energy costs are spread out.

For help with managing energy usage, Avista's Energy Manager and home energy audit tools, as well as energy-saving tips, videos and money-saving rebates for energy-efficient upgrades, are available. In addition, Avista provides local community action agencies with funding for eligible customers who need emergency grants, home weatherization and heating system improvements. Customers with special health or financial circumstances can also work directly with our Customer Assistance Referral and Evaluation Services (CARES) team to be connected with resources for help with housing, other utilities, medical assistance, and more. For more information on assistance options, customers can visit www.myavista.com/assistance.

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 411,000 customers and natural gas to 377,000 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 1.7 million. AERC is an Avista subsidiary that, through its subsidiary AEL&P, provides retail electric service to 17,000 customers in the city and borough of Juneau, Alaska. 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 and the Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2023, and its Annual Report on Form 10-K for the year ended Dec. 31, 2022.

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