

Avista Corp.
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September 13, 2013

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Tariff WN U-28, Electric Service
Residential and Small Farm Energy Rate Adjustment Credit

Dear Mr. King:

Attached for filing with the Commission is one copy of the following tariff sheet proposed to be effective November 1, 2013:

Twelfth Revision Sheet 59 Canceling Substitute Eleventh Revision Sheet 59

The proposed tariff sheet reflects a rate adjustment to reduce the level of Residential Exchange Program benefits the Company will receive from the Bonneville Power Administration. The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small-farm customers of the six investor utilities of the Pacific Northwest including Avista.

Under current Residential Exchange rates, approximately \$9.1 million annually is being passed through to applicable customers through a uniform 0.364¢ per kilowatt-hour rate credit. This rate was approved by the Washington Utilities and Transportation Commission effective November 1, 2011.

The proposed rate credit of 0.195¢ per kilowatt-hour is designed to pass through approximately \$4.9 million in annual benefits which represents the Washington portion of the annual level of benefits Avista will receive starting in October 2013. It also includes the over-refunded balance related to the existing rate credit. The proposed rate credit would result in an increase to Washington electric revenue of approximately \$4.2 million, since a smaller amount of benefits will be passed through to customers. The proposed rate credit will have no effect on Avista's net income.

Enclosed is a set of workpapers that shows the derivation of the proposed 0.195¢ per kilowatt-hour rate credit proposed to be effective November 1, 2013. The average residential customer

using 989 kWhs per month will see an increase of \$1.67 per month, or approximately 2.1%. The present bill for 989 kWhs is \$79.68 while the proposed bill is \$81.35. The actual increase will vary based on customer usage.

In addition to the proposed tariff and workpapers, also enclosed are the following items: 1) an affidavit, 2) a certificate of service, 3) a copy of the customer notice, and 4) a press release. Please direct any questions regarding this filing to Ryan Finesilver at (509) 495-4873.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Meyer". The signature is stylized with a large, sweeping initial "D" and a horizontal line extending to the right.

David J. Meyer
Vice President and Chief Counsel for
Regulatory and Governmental Affairs

Enclosures

VERIFICATION

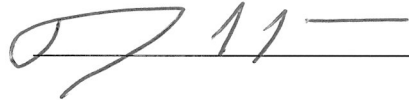
STATE OF WASHINGTON)

:SS

County of Spokane)

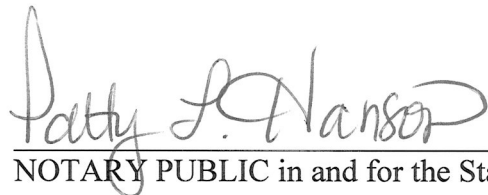
I, David J. Meyer, being first duly sworn on oath, deposes and says: That he is the Vice President and Chief Counsel of Regulatory and Governmental Affairs of Avista Corporation and makes this verification for and on behalf of said corporation, being thereto duly authorized;

That he has read the foregoing filing, knows the contents thereof, and believes the same to be true.



SIGNED AND SWORN to before me this 13th day of September 2013, by David J. Meyer.





NOTARY PUBLIC in and for the State of

Washington, residing at Spokane.

Commission Expires: 11/23/2013

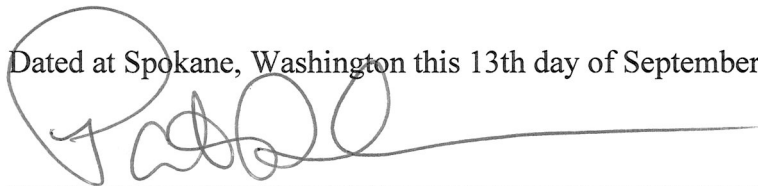
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's residential and small farm energy rate adjustment tariff filing, via UTC web portal or overnight mail, to the following:

Mr. Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Simon fitch
Office of the Attorney General
Public Counsel Section
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188

Dated at Spokane, Washington this 13th day of September 2013.

A handwritten signature in black ink, appearing to read 'Patrick Ehrbar', is written over a horizontal line. The signature is stylized and includes a large circular flourish at the beginning.

Patrick Ehrbar
Manager, Rates & Tariffs



Contact:

Media: Debbie Simock (509) 495-8031, debbie.simock@avistacorp.com
Investors: Jason Lang (509) 495-2930, jason.lang@avistacorp.com
Avista 24/7 Media Access (509) 495-4174

Avista Makes Annual Price Adjustment Requests in Washington

Requests reflect changes in customer bill credit and wholesale natural gas prices

SPOKANE, Wash. – Sept. 16, 2013, 4:30 a.m. PDT: Avista (**NYSE: AVA**) filed its annual Residential Exchange Credit and Purchase Gas Cost Adjustment requests that would result in a 0.9 percent increase for electric customers and a 9.2 percent increase for natural gas customers in Washington if the requests are approved by the Washington Utilities and Transportation Commission (UTC). A Nov. 1 effective date was requested for the two adjustments which have no impact on company earnings.

Electric Adjustment

The BPA Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm customers of investor-owned utilities in the Pacific Northwest. Avista applies all of the benefits it receives through the program, which usually fluctuate annually, as a credit on the monthly bill of its approximately 213,000 residential and small-farm electric customers in Washington.

The benefit that Avista will be receiving from BPA starting in October 2013 will be lower than the level of benefits currently being passed through to residential and small-farm customers. As a result of the reduced level of benefits from BPA, residential and small-farm customers using an average of 989 kilowatt-hours per month could see their monthly bill increase from \$79.68 to \$81.35, an increase of \$1.67 per month or 2.1 percent, effective Nov. 1, if the UTC approves Avista's request. The proposed revenue increase that would result from the company's request is approximately \$4.2 million, or an overall increase of approximately 0.9 percent.

Natural Gas Adjustments

The annual Purchased Gas Cost Adjustment (PGA) is a true-up that balances the cost of wholesale natural gas purchased by Avista to serve customers with the amount currently included in customer rates.

If the request is approved by the UTC, an Avista residential customer using an average 68 therms a month could expect their bill to increase by \$5.44, or 9.4 percent, for a revised monthly bill of \$63.07 beginning Nov. 1, 2013. The proposed revenue increase that would result from the company's proposal is approximately \$13.7 million or an overall 9.2 percent increase. Avista serves approximately 150,000 natural gas customers in Washington.

The combined costs of purchasing natural gas on the wholesale market and transporting it to Avista's system makes up about 55 percent of an Avista natural gas customer's bill, and these costs fluctuate up and down based on market prices. These costs are passed through to

customers in Avista's annual PGA filings without mark up. Because the amount customers pay for natural gas is the same amount Avista paid to purchase the natural gas, there is no impact on company earnings with PGA adjustments. The remaining 45 percent of a customer's natural gas bill covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

In 2012, the natural gas market, driven by lower demand, higher production rates and record high storage levels, drove prices to lows not seen in the last decade. However, for most of 2013, prices have moved on an upward trend from these lows. The late, colder than normal winter increased national demand, absorbing excess supply and drawing storage balances down below their five-year average. This return to a more balanced market added to the uplift on wholesale natural gas prices in 2013.

Energy Efficiency and Energy Assistance Programs

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs. Information on available energy efficiency rebates and incentives from Avista for residential, commercial and low-income customers is available at www.avistautilities.com, along with other energy-saving information.

Information on energy assistance programs and payment options offered by Avista to help qualifying customers is available at www.avistautilities.com.

About Avista

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 362,000 customers and natural gas to 323,000 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 1.5 million. Avista's primary, non-utility subsidiary is [Ecova](http://www.ecova.com), an energy and sustainability management company with over 700 expense management customers, representing more than 600,000 sites. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit 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, 2012 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.

SOURCE: Avista Corporation

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Important Notice for Washington Electric Residential and Small Farm Customers

September – October 2013

On September 13, 2013, Avista filed a request with the Washington Utilities and Transportation Commission (Commission) to increase electric rates to qualifying residential and small farm customers to be effective November 1, 2013. The increase results from a residential exchange program rate credit aimed at giving electric customers a share of benefits from federal hydroelectric projects located in the Northwest supplied by the Bonneville Power Administration (BPA).

The proposed rate credit of 0.195¢ per kilowatt-hour is less than the existing credit of 0.364¢ per kilowatt-hour, which the new rate credit will replace. The proposed credit of 0.195¢ is designed to pass through a lower level of benefits to be received from BPA. The proposed rate credit would result in an increase to Washington electric revenue of approximately \$4.2 million, or 0.9 percent, since a smaller amount of benefits will be passed through to customers. This request will have no effect on Avista's earnings.

The proposed rate credit of 0.195¢ per kilowatt-hour would apply to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. For a residential customer using 989 kilowatt-hours per month, the new credit would result in an increase of \$1.67 per month, or about 2.1%.

The Company's request is a proposal, subject to public review and a Commission decision. You may contact the UTC at the following address: UTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; or by e-mail at: comments@utc.wa.gov. A copy of the application is available for public review at the offices of the Commission and the Company, as well as on our website at www.avistautilities.com under "Energy Prices," "Rates and Tariffs."

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(see over)