

Avista Corp.

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Spokane, Washington 99220-3727
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September 12, 2014

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, 2014:

Thirteenth Revision Sheet 59 Canceling Twelfth Revision Sheet 59

The proposed tariff sheet reflects a rate adjustment to pass through higher Residential Exchange Program benefits than are reflected in the current rate credit 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 \$4.9 million annually is being passed through to applicable customers through a uniform 0.195¢ per kilowatt-hour rate credit. This rate was approved by the Washington Utilities and Transportation Commission effective November 1, 2013.

The proposed rate credit of 0.305¢ per kilowatt-hour is designed to pass through approximately \$7.6 million in annual benefits which represents the Washington portion of the benefits Avista has and will receive from BPA. Included in the proposed revenue reduction are benefits Avista received as a result of the Interim Agreement True-up Payment Amounts under the 2008 Residential Exchange Interim Relief and Standstill Agreements. The amounts received reflect the fact that BPA did not pay Avista the full amount of residential and farm benefits for fiscal year 2008 that have become due under the 2012 REP Settlement Agreement. Under these two agreements BPA paid Avista the benefits plus interest for a total amount of approximately \$2.6 million (system benefit) in February 2014.

The proposed rate credit would result in a decrease to Washington electric revenue of approximately \$2.7 million, since a larger 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 0.305¢ per kilowatt-hour rate credit proposed to be effective November 1, 2014. The average residential customer using 965 kWhs per month will see a decrease of \$1.06 per month, or approximately 1.3%. The present bill for 965 kWhs is \$80.09 while the proposed bill is \$79.03. The actual decrease 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 'D. Meyer', with a horizontal line extending to the right.

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

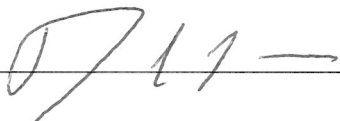
Enclosures

VERIFICATION

STATE OF WASHINGTON)
 :SS
County of Spokane)

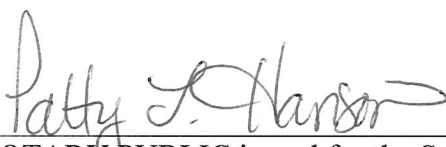
I, David J. Meyer, being first duly sworn on oath, deposes and says: That he is the Vice President and Chief Counsel of Regulatory and Governmental Affairs of Avista Corporation and makes this verification for and on behalf of said corporation, being thereto duly authorized;

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 12th day of September 2014, by David J. Meyer.





NOTARY PUBLIC in and for the State of
Washington, residing at Spokane.
Commission Expires: 11/23/2017

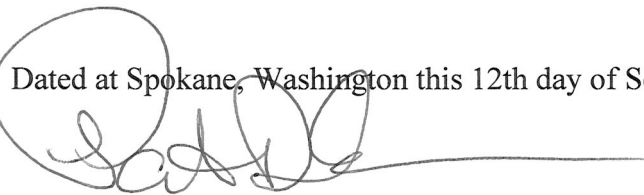
CERTIFICATE OF SERVICE

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

Dated at Spokane, Washington this 12th day of September 2014.



Patrick Ehrbar
Manager, Rates & Tariffs



Contact:

DRAFT

Media: Casey Fielder (509) 495-4916, casey.fielder@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 a slight decrease in electric rates, and a slight increase in natural gas rates

SPOKANE, Wash. Sept. 12, 2014, 1:05 p.m. PST: Avista (**NYSE: AVA**) filed its annual Residential Exchange Program and Purchased Gas Cost Adjustment (PGA) requests that would result in a 0.6 percent decrease in electric revenue, and increase natural gas revenue by 1.2 percent in Washington, if the requests are approved by the Washington Utilities and Transportation Commission (UTC). A Nov. 1, 2014 effective date was requested for the two adjustments, which have no impact on company earnings.

Electric Adjustment

The electric adjustment is related to the Bonneville Power Administration (BPA) Residential Exchange Program. 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 investor-owned utilities in the Pacific Northwest, including Avista. Avista applies the benefits it receives, which typically fluctuate from year to year, to customers as a credit on their monthly electric bill.

In 2014, Avista received a higher level of benefits than it had projected in last year's rate adjustment. As a result of the increased level of benefits, residential and small farm customers using an average of 965 kilowatt hours per month could see their monthly bill decrease from \$80.09 to \$79.03, a decrease of \$1.06 per month or 1.3 percent, effective Nov. 1, 2014, if the UTC approves Avista's request.

Natural Gas Adjustment

The annual Purchased Gas Cost Adjustment (PGA) is filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. This includes the natural gas commodity cost as well as the cost to transport natural gas on interstate pipelines to Avista's local distribution system.

If the request is approved by the UTC, an Avista residential customer using an average 65 therms per month could expect his or her bill to increase by \$0.77, or 1.3 percent, for a revised monthly bill of \$61.96 beginning Nov. 1, 2014. The filing would result in an overall increase of 1.2 percent or \$1.9 million. Avista serves approximately 150,000 natural gas customers in Washington.

The primary driver for the company's requested increase is related to increased wholesale natural gas prices which were caused, in part, by a colder than normal winter throughout the

United States this past heating season. The colder than normal winter led to an increase in overall natural gas demand and a heavy reliance on natural gas storage reserves. The cold weather and increased demand put upward pressure on natural gas prices during the winter and this trend continued as natural gas companies have been replenishing their natural gas storage facilities.

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, energy-saving information, rebates and incentives. Avista also provides energy assistance programs and payment options for qualifying customers. Information about these customer programs and options is available at 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 is our operating division that provides electric service to 365,000 customers and natural gas to 325,000 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 1.5 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, 2013 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

SOURCE: Avista Corporation

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To unsubscribe from Avista's news release distribution, send a reply message to shirley.wolf@avistacorp.com





**Important Notice for Washington Electric Residential and Small Farm Customers
September - October 2014**

On September 12, 2014, Avista filed a request with the Washington Utilities and Transportation Commission (Commission) to lower electric rates to qualifying residential and small farm customers to be effective November 1, 2014. The decrease 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 0.305¢ per kilowatt-hour is more than the existing credit of 0.195¢ per kilowatt-hour, which the new rate credit will replace. The proposed credit of 0.305¢ is designed to pass through a higher level of benefits received from BPA. The proposed rate credit would result in a decrease to Washington electric revenue of approximately \$2.7 million. This request will have no effect on Avista's earnings.

The proposed rate credit of 0.305¢ 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 965 kilowatt-hours per month, the new credit would result in an decrease of \$1.06 per month, or about 1.3%. The bill for 965 kWhs would decrease from a present amount of \$80.09 to \$79.03.

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.

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit us at avistautilities.com for more information.



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