

How Can You Participate in the Rate Case Process?

The commission will conduct public hearings and take comments from the public at the following:

Public hearing dates & locations

September 15, 2015

6:00 - 7:30 p.m.

Spokane Council Chambers
808 W. Spokane Falls Blvd.

Spokane, WA

Paid parking nearby (i.e., parking meters, parking lots, parking garage)

September 16, 2015

12:00 - 1:30 p.m.

Spokane Valley Council Chambers
11707 E. Sprague Ave.

Spokane, WA

Free Parking

The commission is committed to providing reasonable accommodations to participants with disabilities. If you need reasonable accommodations, please contact the commission at human_resources@utc.wa.gov or (360) 664-1132.

For more information, go to www.utc.wa.gov.

If you write, please include your name and mailing address, the name of the company (Avista), and the Dockets UE-150204/UG-150205. If you are unable to attend, you may still contact the commission with questions or to share your comments several ways.

By email at: comments@utc.wa.gov

By phone at: (888) 333-WUTC (9882)

Write to: Washington Utilities and
Transportation Commission
P.O. Box 47250
Olympia, WA, 98504-7250

Commission online comment form:

www.utc.wa.gov/consumers/ (Click on "Submit a Comment" link at the top of the web page)

Commission Investigation

The commission is conducting an investigation and will hold hearings to examine the requested increase(s). The commission has the authority to set final rates that may be different from the requested increase(s) based on the results of the investigation. The commission can take up to 11 months to review the filing and should issue its ruling on or before Jan. 11, 2016.

For more information about the proposed rate increase, conservation tips and energy efficiency programs, energy assistance programs and bill payment plans, visit us at www.avistautilities.com or contact us at (800) 227-9187.

The public is represented by the Public Counsel Unit of the Washington State Attorney General's Office. You can contact them via the web at www.atg.wa.gov/utilities.aspx, or by email at utility@atg.wa.gov.

Bill Assistance and Payment Options

Avista has a variety of tools available to help customers who may need them, such as:

- Energy assistance programs and grants
- Energy saving tools and advice
- Payment options
- Rebates
- Online Energy Advisor

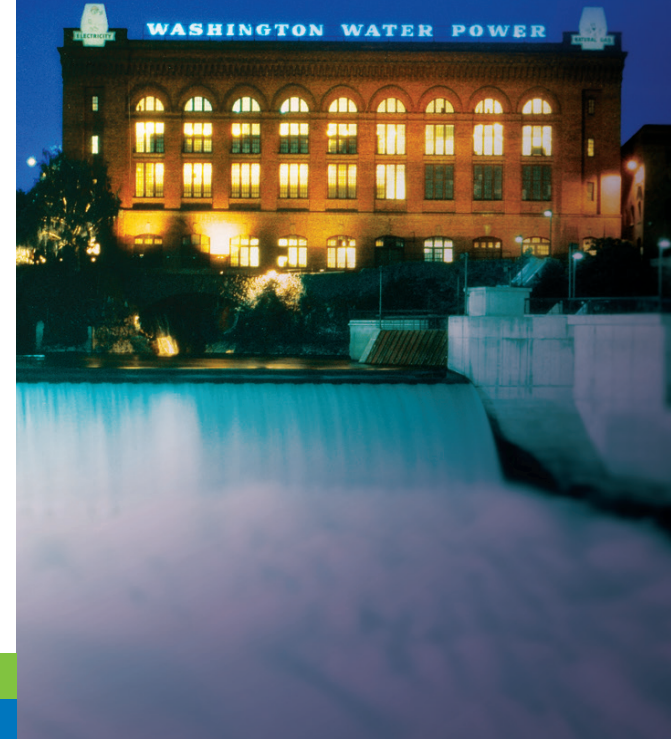
Customers may qualify for payment arrangements and bill or energy assistance programs on an individual basis. If you find that you need a helping hand, please contact us.

To learn more about these and other options, go to www.avistautilities.com/assistance or call (800) 227-9187.



AVISTA

Avista requests electric and natural gas rate increase in Washington



Company seeks recovery of costs related to capital investments in infrastructure, technology, and system modernization.



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On Feb. 9, 2015, Avista filed a general rate request with the Washington Utilities and Transportation Commission to increase electric and natural gas base rates. If approved, the filed request would increase annual electric base revenues by \$33.2 million (6.7 percent) and annual natural gas base revenues by \$12.0 million (6.9 percent). This request includes a proposal for a 9.9 percent return on equity (shareholder investment). The commission has up to 11 months to review the filing.

On May 4, 2015, Avista and multiple parties to the company's general rate case reached agreement on certain issues, including the proposed rate of return on rate base, net power supply costs, and the spread of the final revenue requirement. If approved by the commission, the return on equity would be set at 9.5 percent and the overall rate of return would be 7.29 percent. The agreement on the elements in the partial settlement results in a reduction in the company's revenue increase requests as filed on Feb. 9, 2015. Avista's original electric revenue increase request is reduced from \$33.2 million to \$17.0 million, and its original natural gas revenue increase request is reduced from \$12.0 million to \$11.3 million.

Increased capital investment – the continuing need to expand and replace the facilities and equipment used every day to serve customers – is the major driver in the request. Avista prepared electric and natural gas attrition studies, which Avista believes demonstrates that the growth in capital investment and expenses are growing at a faster pace than revenues. Current capital investments include upgrades and maintenance of generation facilities, transmission and distribution equipment, natural gas pipe, and information technology upgrades.

Among the major capital investments in the filing are:

- The ongoing multi-year redevelopment of the 105-year-old Little Falls Powerhouse on the Spokane River to increase generation reliability, and the rehabilitation of the 107-year-old Nine Mile Powerhouse which will increase the generation of clean, renewable power.
- Information technology upgrades that include the replacement of Avista's 20-year-old legacy customer information system which supports traditional utility business functions, such as meter reading, customer billing, payment processing, credit, customer service orders and material management.
- The ongoing project to systematically replace portions of natural gas distribution pipe, including hundreds of miles of natural gas distribution lines in Avista's service area that were installed prior to 1987.
- Technology investments for deploying Advanced Metering Infrastructure (AMI) in Washington, including installation of advanced meters, beginning in 2016. These meters will allow for two-way communication between Avista and customers' meters.

Electric Bill Impact

The proposed monthly increase for a residential customer using an average of 966 kilowatt hours (kWhs) per month is \$2.81 a month. The current bill for customers using an average of 966 kWhs per month is \$81.22 and the bills with the proposed increase would be \$84.03. The current and proposed rates for residential service are as follows:

Proposed Schedule 1 Residential Rates

Electric Service	Current Bill Rate	Proposed Increase	Proposed Net Billing Rates
Basic Charge	\$8.50	\$0.00	\$8.50
First 800 kWhs/month	\$0.07316	\$0.00284	\$0.07600
Next 700 kWhs/month	\$0.08546	\$0.00330	\$0.08876
Over 1,500 kWhs/month	\$0.10055	\$0.00387	\$0.10442

Proposed Electric Rate Increase by Schedule

Schedule No.	Rate Schedule	% Increase in Billed Revenue
1	Residential Schedule	3.5%
11/12	General Service Schedule	3.4%
21/22	Large General Service Schedule	3.4%
25	Ex. Lg. General Service Schedule	3.4%
31/32	Pumping Service Schedule	3.4%
41/48	Street and Area Lights Schedule	3.3%
Overall		3.4%

Natural Gas Bill Impact

The proposed monthly increase for a residential customer using an average of 68 therms per month is \$4.70 a month. The current bill for customers using an average of 68 therms per month is \$68.16 and the bills with the proposed increase would be \$72.86. The current and proposed rates for residential and small commercial customers are as follows:

Proposed Schedule 101 Rates

Natural Gas	Current Bill Rate	Proposed Increase	Proposed Net Billing Rates
Basic Charge	\$9.00	\$0.00	\$9.00
First 70 therms/month	\$0.86998	\$0.06914	\$0.93912
Over 70 therms/month	\$0.97611	\$0.07779	\$1.05390

Proposed Natural Gas Rate Increase by Schedule

Schedule No.	Rate Schedule	% Increase Billed Revenue
101	General Service Schedule	6.9%
111/112	Large General Service Schedule	4.9%
121/122	Ex. Lg. General Service Schedule	4.1%
131/132	Interruptible Sales Service Schedule	3.9%
146	* Transportation Service Schedule	14.8%
Overall		6.5%

* Increase does not include wholesale natural gas costs which are procured directly by transportation customers.