

**Important Notice for Washington Electric and Natural Gas Customers
August-September 2022**

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On May 27, 2022, Avista filed with the Washington Utilities and Transportation Commission (UTC or Commission) its annual electric and natural gas decoupling rate adjustment as well as proposed changes to Avista's natural gas energy efficiency tariff. In addition, on July 29, 2022, Avista filed its annual Low Income Rate Assistance Program rate adjustment filings. All three rate adjustments are proposed to be effective October 1, 2022. These Commission-required annual filings have no impact on the Company's earnings.

The first rate adjustment is related to Avista's electric and natural gas decoupling mechanisms. Decoupling is designed to break the link between utility revenues and customer energy usage. Generally, Avista's electric and natural gas revenues are adjusted each month based on the number of customers instead of kilowatt hour and therm sales. The difference between revenues based on sales and revenues based on the number of customers is surcharged or rebated to customers beginning in the following year. The rate adjustments are designed to decrease revenues by \$16.1 million or 2.9% for electric operations and increase revenues by \$5.3 million or 2.9% for natural gas operations. These rate adjustments are partly driven by fluctuations in the level of electric (cooling) and natural gas (heating) usage during warmer-than-usual seasons. These filings do not otherwise address any changes in customer usage that has occurred in 2022; those changes will be addressed in filings next year.

The second filing adjusts the level of funding for Avista's natural gas energy efficiency customer programs so that the level of customer funding aligns with the costs to deliver the program. Each year, customers achieve significant energy savings and receive rebates and incentives through Avista's energy efficiency programs. The Commission approves the amount of funding for these important programs through a portion of energy rates. The natural gas rate adjustment is designed to increase the amount collected from customers by \$3.6 million, or 2.0%. The Company has not proposed to change the present level of electric funding.

The third filing is related to Avista's Low Income Rate Assistance Program (LIRAP) which provides bill assistance and/or rate discounts to income eligible customers with a household income less than or equal to 200% of the Federal Poverty Level and funds various pilot programs such as conservation education and temporary hardships. As a part of the Commission's orders in Avista's 2015, 2019 and 2020 general rate cases, Avista is required to file revisions to increase LIRAP funding by 7% for the program year beginning October 1, 2016 and annual funding increases through Avista's next general rate case, by August 15th each year. The overall rate increase to electric customers is approximately \$0.2 million, or an overall increase of approximately 0.04%. The overall rate increase to natural gas customers is approximately \$0.4 million, or an overall increase of approximately 0.2%.

All three rate adjustments are proposed to be effective October 1, 2022.

Change in Rates - If these filings are approved by the Commission, residential electric customers in Washington using an average of 932 kilowatt hours/month would see their monthly bills change from \$85.07 to \$83.36, a decrease of \$1.71/month, or approximately 2.0% on October 1. Residential natural gas customers using an average of 67 therms/month would see their monthly bills change from \$72.66 to \$76.17, an increase of \$3.51/month, or approximately 4.8% on October 1. The percentage change for electric and natural gas customers varies by rate schedule and depends on how much energy a customer uses. If approved, customers would see the following rate adjustments:

Electric Rate Change

Proposed Schedule 1 Residential Rates (effective Oct. 1, 2022)

Electric Service	Current Billing Rate	Proposed Change	Proposed Billing Rates
Basic Charge	\$9.00	\$0.00	\$9.00
First 800 kWh/month	\$0.07975/kWh	(\$0.00184)/kWh	\$0.07791/kWh
Next 700 kWh/month	\$0.09299/kWh	(\$0.00184)/kWh	\$0.09115/kWh
Over 1,500 kWh/month	\$0.10925/kWh	(\$0.00184)/kWh	\$0.10741/kWh

Proposed Electric Rate Change by Schedule (effective Oct. 1, 2022)

Schedule No.	Rate Schedule	% Change in Billed Revenue
1/2	Residential	-1.9%
11/12/13	General Service	-4.0%
21/22/23	Large General Service	-4.9%
25	Ex. Lg. General Service	0.0%
31/32	Pumping Service	-5.0%
41-48	Street and Area Lights	0.0%
Overall		-2.8%

Natural Gas Rate Change

Proposed Schedule 101 Rates (effective Oct. 1, 2022)

Natural Gas Service	Current Billing Rate	Proposed Change	Proposed Billing Rates
Basic Charge	\$9.50	\$0.00	\$9.50
First 70 therms/month	\$0.94265/therm	\$0.05237/therm	\$0.99502/therm
Over 70 therms/month	\$1.06563/therm	\$0.05237/therm	\$1.11800/therm

Proposed Natural Gas Rate Change by Schedule (effective Oct. 1, 2022)

Schedule No.	Rate Schedule	% Change in Billed Revenue
101/102	General Service	4.7%
111/112	Large General Service	4.3%
131/132	Interruptible Sales Service	1.5%
146	Transportation Service	0.0%
Overall		4.5%

The Company's requests are proposals, subject to public review and a Commission decision. The Commission has the authority to set final rates that may vary from the utility's request, which may be either higher or lower depending on the results of the investigation. You may contact the UTC to inquire about the Commission process, or to be notified about the scheduled open meetings at which the proposal will be considered. You can contact the Commission to comment on Avista's rate proposals via email

at comments@utc.wa.gov, by telephone at 1-888-333-WUTC (9882), via letter at: UTC, P.O. Box 47250, Olympia, WA 98504-7250, or online at: www.utc.wa.gov. Copies of the applications are available for public review on the Commission website.

Copies of our filings are available for public review at www.myavista.com/rates or on the Commission website at www.utc.wa.gov. You can also submit written questions directly to the Company via mail at: 1411 E Mission Ave, C/O Regulatory Affairs, Spokane, WA 99202.

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