

Avista Corp.

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Toll Free 800-727-9170



August 27, 2015

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, 2015:

Fourteenth Revision Sheet 59 Canceling Thirteenth Revision Sheet 59

The proposed tariff sheet reflects a rate adjustment to decrease the level of Residential Exchange Program benefits the Company has received 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 \$7.6 million annually is being passed through to applicable customers through a uniform 0.305¢ per kilowatt-hour rate credit. This rate was approved by the Washington Utilities and Transportation Commission effective November 1, 2014.

The proposed rate credit of 0.027¢ per kilowatt-hour is designed to pass through approximately \$700,000 in annual benefits which represents the Washington portion of the benefits Avista has and will receive from BPA. It also includes the over-refunded balance related to the existing rate credit.

The net effect of the new and expiring credit is a decrease in the revenue credit to customers of approximately \$6.9 million, or 1.4%. The change in rate credit has no effect on Avista's net income.

Enclosed is a set of workpapers that shows the derivation of the proposed 0.027¢ per kilowatt-hour rate credit proposed to be effective November 1, 2015. The average residential customer using 966 kWhs per month will see an increase of \$2.69 per month, or approximately 3.3%. The present bill for 966 kWhs is \$80.70 while the proposed bill is \$83.39. 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 "DJ Meyer", with a horizontal line extending to the right.

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

Enclosures

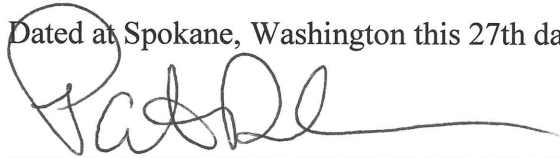
CERTIFICATE OF SERVICE

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 27th day of August 2015.



Patrick Ehrbar
Manager, Rates & Tariffs



Contact:

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 lower natural gas costs and reduced benefit from BPA program

SPOKANE, Wash. Aug. 27, 2015, 1:05 p.m. PST: Avista (**NYSE: AVA**) filed its annual Purchased Gas Cost Adjustment (PGA) and Residential Exchange Program requests that would result in an overall 15.0 percent decrease in natural gas rates and a 1.4 percent increase in electric rates in Washington, if approved by the Washington Utilities and Transportation Commission (UTC). A Nov. 1, 2015 effective date was requested for the two adjustments, which have no impact on company earnings.

Natural Gas Adjustment

If the request is approved, Avista residential customers using an average 68 therms per month could expect their bill to decrease by \$10.17, or 14.9 percent, for a revised monthly bill of \$57.99 beginning Nov. 1, 2015.

The filing would result in an overall decrease of 15.0 percent or \$26.1 million. Avista serves approximately 150,000 natural gas customers in Washington.

PGAs are 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. The primary drivers for the company's requested decrease include a reduction in natural gas commodity costs due to a warmer than normal winter, an abundance of natural gas held in storage, and continued high production levels of natural gas.

About 50 percent of an Avista natural gas customer's bill is the combined cost of purchasing natural gas on the wholesale market and transporting it to Avista's system. These costs fluctuate up and down based on market prices. The costs are not marked up by Avista. The remaining 50 percent covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

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 in their monthly electric rates.

The benefit Avista will receive from BPA starting in October 2015 will be \$6.9 million lower than the current level of benefits currently being passed through to qualifying customers. If approved, residential and small farm customers using an average of 966 kilowatt hours per month could see their monthly bill increase from \$80.70 to \$83.39, an increase of \$2.69 per month or 3.3 percent, effective Nov. 1, 2015.

Avista serves approximately 241,000 electric customers in Washington.

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 369,000 customers and natural gas to 329,000 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 1.6 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, 2014 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.

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 2015**

On August 27, 2015, 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, 2015. 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 in their monthly electric rates. The benefit Avista will receive from BPA starting in October 2015 will be lower than the current level of benefits currently being passed through to qualifying customers. As a result of the lower level of benefits, the proposed overall rate increase to customers is approximately \$6.9 million.

The proposed rate credit of 0.027¢ 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 966 kilowatt-hours per month, the new credit would result in an increase of \$2.69 per month, or about 3.3%.

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 avistautilities.com/warates.



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**Important Notice for Washington Natural
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On August 27, 2015, Avista filed a Purchased Gas Cost Adjustment (PGA) with the Washington Utilities and Transportation Commission (UTC) to be effective Nov. 1, 2015. The request is for an overall decrease of \$26.1 million or 15.0%. The annual 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.

The primary driver for the company's requested decrease is a reduction in natural gas commodity costs due to a warmer than normal winter, an abundance of natural gas held in storage, and continued high production levels of natural gas.

About 50 percent of an Avista natural gas customer's bill is the combined cost of purchasing natural gas on the wholesale market and transporting it to Avista's system. These costs fluctuate up and down based on market prices. The costs are not marked up by Avista. The remaining 50 percent covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

If the proposed changes are approved by the UTC, a residential or small commercial customer using an average of 68 therms per month can expect to see a decrease of \$10.17 per month, or about 14.9 percent. The bill for 68 therms would decrease from a present amount of \$68.16 to \$57.99.

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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