

AVISTA UTILITIES

2019 Washington Residential Exchange Filing

Media Notice

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Avista Makes Annual Price Adjustment Requests in Washington

New rates would take effect Nov. 1, 2019

SPOKANE, Wash. Aug. 22, 2019, 1:05 p.m. PST: Avista (NYSE: AVA) has made several annual rate adjustment filings with the Washington Utilities and Transportation Commission (UTC or Commission) that would, if approved, result in an increase in natural gas rates and electric rates, effective Nov. 1, 2019.

These annual filings have no impact on the company's earnings, and are not related to the general rate case filed in April 2019.

Purchased Gas Cost Adjustment (PGA)

The first rate adjustment is Avista's Purchased Gas Cost Adjustment (PGA). 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. This rate adjustment is driven primarily by higher wholesale natural gas prices in the 2018-2019 winter season, which were caused, in part, by a Canadian pipeline disruption that restricted natural gas flows into the Pacific Northwest. If approved, Avista's request is designed to increase natural gas revenues by \$14.0 million or 10.4 percent.

About 40 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 60 percent covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

Residential Exchange Program

The second 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 2019 will result in a higher level of benefits than is currently being passed through to qualifying customers. As a result of the higher level of benefits, the proposed rate decrease for residential and small farm customers is designed to decrease revenues by approximately \$8.3 million, or an overall decrease of approximately 1.6 percent.

Electric and Natural Gas Decoupling

The third rate adjustment, which affects both electric and natural gas service, is related to Avista's decoupling mechanisms. Decoupling is a mechanism designed to break the link between a utility's revenues and customers' energy usage. Avista's actual revenue, based on kilowatt hour and therm sales will vary, up or down, from the level included in a general rate case and approved by the Commission. This could be caused by changes in weather, energy conservation or the economy. Generally, Avista's electric and natural gas revenues recorded each month are adjusted to be based on the number of customers, rather than 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.

For electric operations, the rate adjustment is designed to increase revenues by \$16.1 million, or 3.1 percent. For natural gas operations, the rate adjustment is designed to increase revenues by \$4.8 million, or 3.6 percent. These rate adjustments are driven primarily by a lower level of customer usage in 2018 due in part to a warmer than normal winter.

Customer Bills

If approved by the Commission, residential electric customers in Washington using an average of 918 kilowatt hours per month would see their monthly bills change from \$81.59 to \$82.16, an increase of \$0.57 per month, or approximately 0.7 percent. Residential natural gas customers using an average of 66 therms per month would see their monthly bills change from \$47.79 to \$54.85, an increase of \$7.06 per month, or approximately 14.8 percent.

The percentage change for electric and natural gas customers varies by rate schedule and is dependent upon how much energy customers on the respective rate schedules use.

If approved, customers would see the following rate adjustments:

Electric

Residential Service - Schedule 1 & 2	0.7%
General Service - Schedules 11 & 12	2.2%
Large General Service - Schedules 21 & 22	3.2%
Extra Large General Service - Schedule 25	0.0%
Pumping Service - Schedules 31 & 32	3.3%
Street & Area Lights - Schedules 41-48	-0.1%
Overall	1.5%

Natural Gas

General Service - Schedule 101 & 102	14.4%
Large General Service - Schedule 111 & 112	15.3%
Ex. Large General Service - Schedule 121 & 122	13.4%
Interruptible Sales Service - Schedule 131 & 132	4.1%
Transportation Service - Schedule 146	0.0%
Overall	14.0%

Avista serves more than 246,000 electric and 156,000 natural gas 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 bill payment assistance programs and payment options for qualifying customers. Information about these customer programs and options is available at www.myavista.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 the operating division that provides electric service to 389,000 customers and natural gas to 357,000 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 1.7 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, 2018 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.

SOURCE: Avista Corporation

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