

AVISTA UTILITIES

2015 Washington PGA Filing

EXHIBIT “B”

Notice of Public Applicant’s Proposed Tariffs

August 27, 2015



**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
Gas Customers
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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.

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