

# **AVISTA UTILITIES**

2018 Washington PGA Filing

**ATTACHMENT “A”**

Media Notice

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## **Avista Makes Annual Price Adjustment Requests in Washington**

*New rates would take effect Nov. 1, 2018*

**SPOKANE, Wash. Aug. 17, 2018, 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 overall decrease in electric and natural gas rates, effective Nov. 1, 2018.

These annual filings have no impact on the company's earnings, and are not related to the proposed acquisition of Avista by Hydro One.

### **Customer Bills**

If approved by the Commission, residential electric customers in Washington using an average of 938 kilowatt hours per month would see their monthly bills change from \$87.33 to \$82.07, a decrease of \$5.26 per month, or approximately 6.0 percent. Residential natural gas customers using an average of 65 therms per month would see their monthly bills change from \$50.66 to \$45.29, a decrease of \$5.37 per month, or approximately 10.6 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	-5.8%
General Service - Schedules 11 & 12	0.1%
Large General Service - Schedules 21 & 22	0.2%
Extra Large General Service - Schedule 25	0.0%
Pumping Service - Schedules 31 & 32	0.2%
Street & Area Lights - Schedules 41-48	<u>0.0%</u>
Overall	-2.5%

#### **Natural Gas**

General Service - Schedule 101	-10.0%
Large General Service - Schedule 111	-6.4%
Ex. Large General Service - Schedule 121	-8.1%
Interruptible Sales Service - Schedule 131	-5.0%
Transportation Service - Schedule 146	<u>0.0%</u>
Overall	-8.9%

### **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. If approved, Avista's request is designed to decrease natural gas revenues by \$0.1 million or 0.1 percent.

While Avista typically files PGAs in August of each year, Avista filed an out-of-cycle PGA in December 2017 which reduced natural gas rates by 7.1 percent effective Jan. 26, 2018. The primary drivers for that rate reduction included continued low natural gas commodity costs due to the continued high production levels of natural gas, and a reduction in the cost to transport natural gas to Avista's distribution system. Those costs have remained the same since the prior rate reduction, which is why the proposed reduction in this PGA is relatively small.

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.

### **Electric and Natural Gas Decoupling**

The second 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 decrease revenues by \$13.1 million, or 2.5 percent. For natural gas operations, the rate adjustment is designed to decrease revenues by \$12.4 million, or 8.8 percent. These rate adjustments are driven primarily by a higher level of customer usage in 2017 due in part to a colder than normal winter.

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](http://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 our operating division that provides electric service to 378,000 customers and natural gas to 342,000 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](http://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, 2017 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.

SOURCE: Avista Corporation

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