

AVISTA UTILITIES

2021 Washington PGA Filing

ATTACHMENT “A”

Media Notice

August 31, 2021



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Avista Makes Annual Price Adjustment Requests in Washington

New rates would take effect Nov. 1, 2021

SPOKANE, Wash. Aug. 31, 2021, 1:05 p.m. PST: Avista (**NYSE: AVA**) has made two 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 a decrease in electric rates, effective Nov. 1, 2021.

These annual filings have no impact on the company's earnings.

Residential Exchange Program

The first 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 2021 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 change for residential and small farm customers is designed to decrease revenues by approximately \$0.8 million, or 0.1%.

Purchased Gas Cost Adjustment (PGA)

The second adjustment is the annual Purchased Gas Cost Adjustment (PGA) filing. If approved, Avista's request is designed to increase annual natural gas revenues by approximately \$17.5 million or 10.6% effective Nov. 1, 2021.

The increase is primarily driven by wholesale natural gas costs that are higher than the level presently included in rates. Over the last decade, wholesale natural gas prices have remained very low, however, in recent months wholesale natural gas prices have risen substantially. The market factors attributing to the rise in prices is an overall increase in demand and lower supply. Today's wholesale gas prices are lower than they were even 20 years ago, even as costs fluctuate from year-to-year.

The 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. About 30% 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 and are not marked up by Avista.

The remaining 70% covers the cost of delivering the natural gas – the equipment and people needed to provide safe and reliable service.

Customer Bills

Overall, changes in electricity prices have been approximately 0.5% lower per year and natural gas prices 1.7% higher, on average, since January 2016. This is lower than the rate of inflation during this time period, when compared to the Consumer Price Index. On average, the total monthly cost of Avista's residential electric service is 35% lower than the national average, for investor-owned utilities.

Electric

If approved, residential electric customers in Washington using an average of 914 kilowatt hours per month would see their monthly bills change from \$81.22 to \$80.94, a decrease of \$0.28 per month, or approximately 0.3%.

If approved, residential electric customers would see the following rate adjustments:

Residential Service - Schedule 1 & 2	(0.3)%
General Service - Schedules 11 & 12	0.0%
Large General Service - Schedules 21 & 22	0.0%
Extra Large General Service - Schedule 25	0.0%
Pumping Service - Schedules 31 & 32	0.0%
Street & Area Lights - Schedules 41-48	<u>0.0%</u>
Overall	(0.1)%

Natural Gas

Residential natural gas customers using an average of 66 therms per month would see their monthly bills change from \$58.23 to \$64.04, an increase of \$5.81 per month, or approximately 10.0%.

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, natural gas customers would see the following rate adjustments:

General Service - Schedule 101 & 102	9.6%
Large General Service - Schedule 111 & 112	15.5%
Interruptible Sales Service - Schedule 131 & 132	11.8%
Transportation Service - Schedule 146	<u>0.0%</u>
Overall	10.6%

Avista serves more than 260,000 electric and 170,000 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 our operating division that



provides electric service to 395,000 customers and natural gas to 362,000 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, 2020 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.

SOURCE: Avista Corporation

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