

**Important Notice for Idaho Electric and Natural Gas Customers
(August 2021)**

DRAFT

Avista has made annual rate adjustment filings with the Idaho Public Utilities Commission (IPUC or Commission) that if approved, are designed to increase overall electric revenues by approximately \$1.0 million or 0.4% effective Oct. 1, 2021 and increase overall natural gas revenue by approximately \$0.3 million or 0.4% effective Nov. 1, 2021. These annual filings have no impact on Avista's earnings.

Electric Adjustment Filings

Four annual electric adjustments were filed, that if approved, are designed to change overall electric revenues effective Oct. 1, 2021 as follows:

1. Power Cost Adjustment (PCA): an increase of approximately \$7.2 million or 2.8%
2. Fixed Cost Adjustment (FCA): a decrease of approximately \$0.7 million or 0.3%
3. Electric Energy Efficiency: a decrease of approximately \$5.6 million or 2.2%
4. Bonneville Power Administration (BPA) Residential Exchange Program: an increase of approximately \$0.1 million or 0.1%

When combined, the four requests are designed to increase overall electric revenue by approximately \$1.0 million or 0.4% effective Oct. 1, 2021.

Natural Gas Adjustment Filing

The natural gas adjustment request is the annual natural gas FCA. If approved, Avista's request is designed to increase overall natural gas revenues by approximately \$0.3 million or 0.4% effective Nov. 1, 2021.

Customer Bills Resulting from these Filings

If the electric PCA, FCA, energy efficiency and BPA filings are approved, residential electric customers in Idaho using an average of 892 kilowatt hours per month would see their monthly bills decrease from \$85.63 to \$84.09, a decrease of \$1.54 per month, or approximately 1.8%. The proposed electric rate change would be effective Oct. 1, 2021.

The requested electric rate change by rate schedule are as follows:

Residential Service - Schedule 1	-1.8%
General Service - Schedules 11 & 12	1.8%
Large General Service - Schedules 21 & 22	3.0%
Extra Large General Service - Schedule 25	2.3%
Extra Large General Service - Schedule 25P	2.5%
Pumping Service - Schedules 31 & 32	2.2%
Street & Area Lights - Schedules 41-49	<u>-1.0%</u>
Overall	0.4%

If the natural gas FCA filing is approved, residential natural gas customers in Idaho using an average of 63 therms per month would see their monthly bills increase from \$49.49 to \$49.67, an increase of \$0.18 per month, or approximately 0.4%. The proposed natural gas rate change would be effective Nov. 1, 2021.

The net effect, on a revenue basis, for the requested natural gas rate change by rate schedule are:

General Service - Schedule 101	0.4%
Large General Service - Schedules 111 & 112	0.4%
Interruptible Service - Schedules 131 & 132	0.0%
Transportation Service - Schedule 146	<u>0.0%</u>
Overall	0.4%

Power Cost Adjustment (PCA)

The PCA is an annual rate adjustment made to reflect the difference between the actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. Over the last year, power supply costs have been primarily higher than those included in retail rates due to higher wholesale electric and natural gas prices.

Fixed Cost Adjustment (FCA)

The electric and natural gas FCA 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 or 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 other factors. Generally, under the FCA, Avista's revenues are adjusted each month based on the number of customers. The annual difference between revenues based on sales and the number of customers is surcharged or rebated to customers beginning in the following year.

The proposed FCA rate adjustments in 2021 are primarily driven by variations in 2020 customer usage related to weather and the COVID-19 pandemic where a higher level of residential customer usage was partially offset by a lower level of non-residential customers usage. The FCA mechanisms do not apply to Avista's Electric Extra Large General and Street Lighting Service Schedules, nor to its Natural Gas Interruptible and Transportation Service Schedules.

Energy Efficiency Adjustment

The energy efficiency adjustment is related to the funding of Avista's electric energy efficiency programs. This annual adjustment aligns the amount that is collected in customer rates with the actual costs to run and deliver the programs. Avista's programs are based on providing a financial incentive or rebate for cost-effective energy efficiency measures. Over the last year, the amount collected in customer rates exceeded the actual costs to run and deliver the programs.

Residential Exchange Adjustment

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 slightly lower level of benefits than is currently being passed through to qualifying customers.

Rate Application Procedure

The Company's applications are proposals, subject to public review and a Commission decision. Copies of the applications are available for public review at the offices of both the Commission and Avista, and on the Commission's website (www.puc.idaho.gov). Customers may file with the Commission written comments related to the Company's filings. Customers may also subscribe to the Commission's RSS feed (<http://www.puc.idaho.gov/rssfeeds/rss.htm>) to receive periodic updates via e-mail about the case. Copies of rate filings are also available on our website, www.myavista.com/rates.

If you would like to submit comments on the proposed rate change, you can do so by going to the Commission website or mailing comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit www.myavista.com for information on these programs which include Comfort Level Billing, bill payment options, automated payment service, assistance programs, conservation tips, and energy efficiency rebates.

**Contact:****DRAFT**

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Avista 24/7 Media Access (509) 495-4174

Avista Makes Annual Price Adjustment Filings in Idaho

Requests would result in change in electric prices effective Oct. 1, 2021 and natural gas prices Nov. 1, 2021.

SPOKANE, Wash. – July 30, 2021, 1:05 p.m. PDT: Avista (**NYSE: AVA**) has made annual rate adjustment filings with the Idaho Public Utilities Commission (IPUC or Commission) that if approved, are designed to increase overall electric revenues by approximately \$1.0 million or 0.4% effective Oct. 1, 2021 and increase overall natural gas revenue by approximately \$0.3 million or 0.4% effective Nov. 1, 2021. These annual filings have no impact on Avista's earnings.

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Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

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 March 31, 2021.

SOURCE: Avista Corporation

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