

Avista Corp.
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IDAHO PUBLIC
UTILITIES COMMISSION

September 15, 2017

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702

RE: Final Form of Press Release and Customer Notice in
Case Nos. AVU-E-17-01/AVU-G-17-01

Please find attached the final form of both the Press Release and Customer Notice in the Cases referenced above.

If you have any questions regarding this filing, please call Patrick Ehrbar at (509) 495-8620 or Jennifer Smith at (509) 495-2098.

Sincerely,

/S/ David Meyer

David J. Meyer
Vice President & Chief Counsel for
Regulatory and Governmental Affairs

Enclosures



Contact:

Media: Casey Fielder (509) 495-4916, casey.fielder@avistacorp.com
Investors: Jason Lang (509) 495-2930, jason.lang@avistacorp.com
Avista 24/7 Media Access (509) 495-4174

Avista requests electric and natural gas rate changes in Idaho

Company seeks recovery of costs for investments in infrastructure and technology

SPOKANE, Wash. June 9, 2017, 1:05 p.m. PST: Capital investments in infrastructure, system maintenance, and technology and increased power supply costs are the main drivers in Avista's (NYSE: AVA) request filed today with the Idaho Public Utilities Commission (IPUC or Commission).

"Our customers expect their energy to be there when they need it, and so do we. To meet these expectations, we're continually investing in our systems in an effort to maintain reliability and deliver value, at a reasonable cost for customers," Avista Chairman, President and Chief Executive Officer Scott L. Morris said.

These investments include the rehabilitation and maintenance of generating plants and distribution and transmission infrastructure that is necessary to serve customers. The work to upgrade and modernize this equipment will enable it to run efficiently and serve our communities for decades to come, said Morris. Avista's rates are cost-based, where the costs related to projects that are included in customer rates reflects the cost of the equipment when it was installed, decades ago. As the company replaces the turbines, generators, poles and other equipment, the costs are many times more expensive today. This is a primary reason for the request to increase rates, he added.

"We understand that increasing prices can be a challenge. This is a key consideration as we make decisions about how and where to invest," Morris said.

Two-Year Rate Plan

The proposal is a two-year rate plan for calendar years 2018 and 2019, with new rates taking effect Jan. 1, 2018 and Jan. 1, 2019. This plan would create a stay-out period where Avista would not file a new general rate case for a new rate plan to be effective prior to Jan. 1, 2020. This would provide customers with some predictability in their expected future energy prices.

Avista's Requests

Avista's request, if approved, is designed to increase annual electric billed revenues by \$18.6 million or 7.9 percent, effective Jan. 1, 2018 and \$9.9 million or 4.2 percent effective Jan. 1, 2019.

For natural gas, the rate request is designed to increase annual billed revenues by \$3.5 million or 5.7 percent, effective Jan. 1, 2018 and \$2.1 million or 3.3 percent effective Jan. 1, 2019.

The electric and natural gas requests for the January 2018-December 2019 rate periods are based on a proposed rate of return (ROR) on rate base of 7.81 percent with a common equity ratio of 50 percent and a 9.9 percent return on equity (ROE).

The company is not proposing to update base power supply costs for year two of the rate plan, but rather have any differences flow through the Power Cost Adjustment (PCA) mechanism.

Avista serves more than 128,200 electric customers in Idaho. The IPUC has up to nine months to review Avista's request.

Capital Investments

Avista's capital investment plans address the need to replace infrastructure that has reached the end of its useful life, as well as respond to the need for reliability and technology investments required to build the integrated energy services grid for today and into the future.

Among the capital investments in today's filing are:

- Generator rehabilitation at the Kettle Falls biomass plant that will ensure efficient generation and operations.
- The ongoing project to systematically replace portions of natural gas distribution pipe in Avista's service area that were installed prior to 1987 as well as replacement of other natural gas service equipment.
- Transmission and distribution system investment, such as wood pole replacements, feeder upgrades, and substation and transmission line rebuilds to maintain reliability for our customers.
- Technology upgrades that support necessary business processes and operational efficiencies that allow Avista to effectively manage the utility and serve customers.
- A refresh of the customer-facing website, providing relevant information, greater accessibility on mobile devices, easier navigation, and a streamlined payment experience.

New and Expiring Rebates

As a result of the 2015 general rate case, customers are currently receiving a rebate of approximately \$2.7 million for 2017 that expires on Dec. 31, 2017. In this filing, Avista has proposed to replace approximately one half of the current rebate in 2018 with \$1.5 million related to the 2015 earnings sharing. The net effect of the new and expiring rebate for 2018 is a billed increase of approximately \$1.2 million.

Residential Customer Bills

Electric

Effective Jan. 1, 2018: Residential customers using an average of 910 kilowatt hours per month would see their monthly bills increase from \$86.39 to \$93.42, an increase of \$7.03 or 8.1 percent per month. As a part of the request, Avista is proposing that the basic monthly charge for residential service currently set at \$5.75 per month increase to \$6.00 per month.

Effective Jan. 1, 2019: Residential customers using an average of 910 kilowatt hours per month would see their monthly bills increase from \$93.42 to \$97.44, an increase of \$4.02 or 4.3 percent per month.

Natural Gas

Effective Jan. 1, 2018: Residential customers using an average of 61 therms per month would see their monthly bills increase from \$51.10 to \$54.47, an increase of \$3.37 per month or 6.6 percent. As part of the request, Avista is proposing that the basic monthly charge for residential service currently set at \$5.25 increase to \$6.00 per month.

Effective Jan. 1, 2019: Residential customers using an average of 61 therms per month would see their monthly bills increase from \$54.47 to \$56.54, an increase of \$2.07 per month or 3.8 percent.

Changes by Service Schedule

The requested electric increase by service schedule is as follows:

Rate Schedule	Proposed 2018 Billing Increase	Proposed 2019 Billing Increase
Residential Service - Schedule 1	8.1 percent	4.3 percent
General Service - Schedules 11 & 12	7.5 percent	4.0 percent
Large General Service - Schedules 21 & 22	8.2 percent	4.4 percent
Extra Large General Service - Schedule 25	7.7 percent	4.3 percent
Extra Large General Service 25P - Schedule 25P	7.2 percent	4.1 percent
Pumping Service - Schedules 31 & 32	8.8 percent	4.6 percent
Street & Area Lights - Schedules 41 – 49	7.5 percent	3.8 percent
Total	7.9 percent	4.2 percent

The requested natural gas increase by service schedule is as follows:

Rate Schedule	Proposed 2018 Billing Increase	Proposed 2019 Billing Increase
General Service - Schedule 101	6.6 percent	3.8 percent
Large General Service - Schedules 111 & 112	2.2 percent	1.3 percent
Transportation Service - Schedule 146 <i>(excludes commodity and interstate pipeline transportation costs)</i>	9.2 percent	5.0 percent
Total	5.7 percent	3.3 percent



Additional information about Avista's rate request and energy prices is available at www.myavista.com/rates.

Customer Resources

To assist customers in managing their energy bills, Avista offers services for customers such as comfort level billing, payment arrangements and Customer Assistance Referral and Evaluation Services (CARES), which provide assistance to special-needs customers through referrals to area agencies and churches for help with housing, utilities, medical assistance and other needs. Avista also partners with community action agencies in administering the Project Share bill payment assistance program.

Avista provides energy efficiency and outreach programs that include rebates and incentives as well as tips and resources to help customers manage their energy use and energy bills. Customers can learn more at www.myavista.com.

Rate Application Procedure and Additional Information

The Company's application is a proposal, subject to public review and a Commission decision. A copy of the application is 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 filing. 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 the rate filing is also available on our website, www.myavista.com/rates.

The Commission will begin a comprehensive review of Avista's application and will seek public input. If you would like to submit comments on the proposed increase, you can do so by going to the Commission website or mailing comments to:

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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 379,000 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.

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, 2016 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

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To unsubscribe from Avista's news release distribution, send a reply message to lena.funston@avistacorp.com



Important Notice for Idaho Electric and Natural Gas Customers

On June 9, 2017, Avista filed an application with the Idaho Public Utilities Commission (Commission) to increase Idaho electric and natural gas rates. These requests are primarily driven by capital investments, operations and maintenance costs, and continuing emphasis on providing customers with safe and reliable electric and natural gas service.

The proposal is a two-year rate plan which would increase electric billed revenues by \$18.6 million or 7.9% effective Jan. 1, 2018, and by \$9.9 million or 4.2% effective Jan. 1, 2019. The request would increase natural gas billed revenues by \$3.5 million or 5.7% effective Jan. 1, 2018, and by \$2.1 million or 3.3% effective Jan. 1, 2019. More information on the requested price change is available at www.myavista.com/rates.

As a part of the application, Avista has proposed to use funds related to its 2015 electric earnings sharing to replace a portion of the approximately \$2.7 million rebate customers are receiving in 2017. If approved, that rebate would be in effect for 2018, and expire Jan. 1, 2019.

For 2018, the proposed bill increase for a residential customer using an average of 910 kWhs per month would see their monthly bills increase from \$86.39 to \$93.42, an increase of \$7.03 or 8.1% per month. As a part of the request, Avista is proposing that the basic monthly charge for residential service currently set at \$5.75 per month increase to \$6.00 per month. For 2019, the proposed bill increase for residential customers using an average of 910 kWhs per month would see their monthly bills increase from \$93.42 to \$97.44, an increase of \$4.02 or 4.3% per month.

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Electric

The proposed increase above current billing rates by service schedule is as follows:

Rate Schedule	Proposed 2018 Billing Increase	Proposed 2019 Billing Increase
Residential Service - Schedule 1	8.1 percent	4.3 percent
General Service - Schedules 11 & 12	7.5 percent	4.0 percent
Large General Service - Schedules 21 & 22	8.2 percent	4.4 percent
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General Service - Schedule 101	6.6 percent	3.8 percent
Large General Service - Schedules 111 & 112	2.2 percent	1.3 percent
Interruptible Service - Schedules 131 & 132	0.0 percent	0.0 percent
Transportation Service - Schedule 146 (excludes commodity and interstate pipeline transportation costs)	9.2 percent	5.0 percent
Total	5.7 percent	3.3 percent

For 2018, the proposed increase for residential customers using an average of 61 therms per month would see their monthly bills increase from \$51.10 to \$54.47, an increase of \$3.37 per month or 6.6%. As part of the request, Avista is proposing that the basic monthly charge for residential service currently set at \$5.25 increase to \$6.00 per month. For 2019, the proposed increase for residential customers using an average of 61 therms per month would see their monthly bills increase from \$54.47 to \$56.54, an increase of \$2.07 per month or 3.8%.

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The Commission has up to nine months to review the Company's rate increase requests. The Commission will begin a comprehensive review of Avista's application and will seek public input.

If you would like to submit comments on the proposed increase, 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.

AVA251i

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