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IDAHO PUBLIC UTILITIES COMMISSION

Avista Makes Annual Price Adjustment Filings in Idaho

Requests would result in modest changes in electric prices effective Oct. 1, 2016

SPOKANE, Wash. – Aug. 1, 2016, 1:05 p.m. PDT: Avista (NYSE: AVA) has made two annual rate adjustment filings with the Idaho Public Utilities Commission (IPUC or Commission) that would, if approved, result in modest electric rate changes effective Oct. 1, 2016.

These annual filings are separate from the general rate case request filed in May 2016 regarding base retail rates in Idaho and have no impact on the company's earnings.

Power Cost Adjustment (PCA)

The first adjustment is Avista's annual Power Cost Adjustment (PCA). The PCA is an annual rate adjustment made to reflect certain differences between Avista's actual cost of generating and purchasing electric power to serve customers and the cost currently included in customer rates. It is a true-up to reflect the actual cost of power to serve customers.

The proposed PCA rate adjustment would rebate to customers approximately \$0.5 million effective Oct. 1, 2016. The rebate is primarily associated with power supply costs that were lower than those included in base retail rates, primarily due to lower wholesale natural gas prices. As a result of Avista's PCA filing last year, the Commission approved a rebate of approximately \$1.0 million. That rebate will end Sept. 30, 2016. The net effect of the expiring rebate, and the proposed rebate, is an overall increase in rates of approximately 0.2 percent, or \$0.5 million. For residential electric customers, the overall increase is approximately 0.2 percent.

Residential Exchange Program

The second 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 2016 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 decrease for residential and small farm customers is approximately \$0.5 million, or an overall decrease of approximately 0.5 percent.

Change in Rates

If approved by the IPUC, the two proposed electric rate changes would be effective Oct. 1, 2016. Residential electric customers in Idaho using an average of 918 kilowatt hours per month would see their monthly bills decrease from \$84.72 to \$84.42, a decrease of \$0.30 per month, or approximately 0.3 percent.

The PCA-related increase applies to all customer rate schedules. PCA rate adjustments are applied based on a uniform cents per kilowatt-hour change for all rate schedules. Because there are differences in the basic charges, demand charges, and energy charges between the various rate schedules, the PCA percentage increases for each customer rate schedule are different. The decrease related to the BPA Residential Exchange filing, however, only affects residential and small farm customers.

The requested electric rate changes by rate schedule are:

Residential Service - Schedule 1	-0.3%
General Service - Schedules 11 & 12	0.1%
Large General Service - Schedules 21 & 22	0.2%
Extra Large General Service - Schedule 25	0.3%
Extra Large General Service - Schedule 25P	0.3%
Pumping Service - Schedules 31 & 32	0.1%
Street & Area Lights - Schedules 41-48	0.0%

Rate Application Procedure

Avista'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 Avista'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 Avista's website at www.avistautilities.com/rates.

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 375,000 customers and natural gas to 335,000 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, 2015 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

SOURCE: Avista Corporation

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