

Important Notice for Idaho Customers (July 2020)

Avista has filed two annual rate adjustment requests with the Idaho Public Utilities Commission (Commission), that if approved, are designed to decrease overall electric revenues by approximately \$3.0 million or 1.2% effective Oct. 1, 2020 and decrease overall natural gas revenue by approximately \$700 thousand or 1.1% effective Nov. 1, 2020. These annual filings have no impact on Avista's earnings.

The **first** adjustment is Avista's annual 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 revenues based on the number of customers is surcharged or rebated to customers beginning in the following year. If approved, Avista's request is designed to decrease overall electric revenues by approximately \$3.0 million or 1.2% effective Oct. 1, 2020 and decrease overall natural gas revenue by approximately \$1.2 million or 1.8% effective Nov. 1, 2020.

The proposed FCA rate adjustments are driven primarily by a higher level of customer usage in 2019 due in part to a colder than normal winter. 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.

The **second** adjustment is related to the annual Purchased Gas Cost Adjustment (PGA) filing. 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. The modest increase is primarily due to wholesale natural gas costs that are slightly higher than the level presently included in rates. If approved, Avista's request is designed to increase natural gas revenues by \$400 thousand or 0.7%.

Customer Bills

Electric

If the electric FCA filing is approved, residential electric customers in Idaho using an average of 898 kilowatt hours per month would see their monthly bills decrease from \$85.30 to \$84.13, a decrease of \$1.17 per month, or approximately 1.4%. The proposed electric rate change would be effective Oct. 1, 2020.

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

Schedule No.	Rate Schedule	Proposed 2020 Billing Changes
1	Residential	-1.4%
11/12	General Service Schedule	-1.4%
21/22	Large General Service Schedule	-1.7%
25	Ext. Lg. General Service Schedule	0.0%
25P	Ext. Lg. General Service Schedule	0.0%
31/32	Pumping Service Schedule	-1.5%
41-49	Street and Area Lights Schedule	0.0%
	Total	-1.2%

Natural Gas

If the natural gas FCA and PGA filings are approved, residential natural gas customers in Idaho using an average of 64 therms per month would see their monthly bills decrease from \$50.98 to \$50.18, a decrease of \$0.80 per month, or approximately 1.6%. The proposed natural gas rate changes would be effective Nov. 1, 2020.

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

Schedule No.	Rate Schedule	Proposed 2020 Billing Changes
101	General Service	-1.6%
111/112	Large General Service	0.7%
131/132	Interruptible Service	0.0%
146	Transportation Service	0.0%
	Total	-1.1%

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 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.