

Important Notice for Idaho Electric Customers (August 2018)

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 \$2.5 million or 1.0 percent effective Oct. 1, 2018. These annual filings have no impact on the Company's earnings and are not related to the proposed acquisition of Avista by Hydro One.

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 \$9.8 million effective Oct. 1, 2018. The rebate is primarily associated with power supply costs that were lower than those included in retail rates, due to lower wholesale electric and natural gas prices. As a result of Avista's PCA filing last year, the Commission approved a rebate of approximately \$7.2 million. That rebate will end Sept. 30, 2018. The net effect of the expiring rebate, and the proposed rebate, is an overall decrease in revenue of approximately 1.0 percent, or \$2.6 million.

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. Due to fluctuations in usage, Avista rebated to customers a level of benefits that was slightly higher than the level of benefit received from BPA. As a result, through this filing Avista is seeking to slightly reduce the level of benefits provided to qualifying customers in order to recover the over-rebated balance. The proposed revenue increase for residential and small farm customers is approximately \$0.1 million, or an overall increase of approximately 0.04 percent.

Customer Bills Resulting from the Filings - If both of the filings are approved, residential electric customers in Idaho using an average of 910 kilowatt hours per month would see their monthly bills decrease from \$88.49 to

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Customer Bills Resulting from the Filings - If both of the filings are approved, residential electric customers in Idaho using an average of 910 kilowatt hours per month would see their monthly bills decrease from \$88.49 to

\$87.79, a decrease of \$0.70 per month, or approximately 0.8 percent. The proposed electric rate changes would be effective Oct. 1, 2018. The requested electric rate changes by rate schedule are:

Residential Service - Schedule 1	0.8%
General Service - Schedules 11 & 12	-0.8%
Large General Service - Schedules 21 & 22	-1.0%
Extra Large General Service - Schedule 25	-1.6%
Extra Large General Service - Schedule 25P	-1.6%
Pumping Service - Schedules 31 & 32	-0.9%
Street & Area Lights - Schedules 41-49	-0.3%
Overall	-1.0%

Customer Bills Resulting from all Annual Electric Adjustments

- In addition to the filings discussed above, the Company previously made its annual Fixed Cost Adjustment (FCA) filing on July 2, 2018 with the same proposed effective date of Oct. 1, 2018. If the FCA, PCA and BPA filings are approved, residential electric customers in Idaho using an average of 910 kilowatt hours per month would see their monthly bills decrease from \$88.49 to \$83.64, a decrease of \$4.85 per month, or approximately 5.5 percent.

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 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

To assist customers in managing their energy use and energy bills, Avista offers services such as energy efficiency programs and rebates, comfort level billing, payment arrangements and Customer Assistance Referral and Evaluation Services (CARES). To learn more, visit www.myavista.com.

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