



Avista Utilities Requests Changes in Natural Gas Prices in Oregon

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This Rate Change Represents Costs Postponed from Last Fall's
General Rate Case

SPOKANE, Wash., Feb. 27 /PRNewswire-FirstCall/ -- Avista Corp. (NYSE: AVA) operating division Avista Utilities today filed a request with the Oregon Public Utility Commission (OPUC) to increase natural gas prices. Last fall, natural gas rates in Oregon were increased to reflect the higher cost of natural gas and increased cost of delivering gas to customers. At that time, Avista and the OPUC agreed that a portion of the increase associated with the higher cost of gas should be postponed until the spring of 2004 in order to lessen the effect of higher rates to customers during the 2003/2004 winter heating season. This proposed increase represents the amount of the increase that was postponed at that time.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20040128/SFW031LOGO>)

This request is called a purchased gas cost adjustment (PGA) and is filed periodically by Avista to reflect changes in the cost of gas purchased by Avista to serve customers. As a natural gas distribution company, Avista is passing through the costs of acquiring gas for its customers through the PGAs. The utility does not mark up the cost of gas purchased for its customers.

Avista is requesting an overall price increase of 7.3 percent, or \$5.8 million, to be effective April 1, 2004. If the proposed increase is approved by the OPUC, a residential customer using an average of 55 therms per month can expect to see an average increase of \$3.84 per month, or about 7.1 percent. Commercial and industrial customers can expect to see an average increase of 8.4 percent and 9.1 percent, respectively. Large interruptible service customers will see an increase of 12.2 percent, with the higher increase percentage due to lower base rates.

"We recognize the impact of price increases on our customers, especially on those who have the most difficulty paying their energy bill," said Avista's Oregon Operations Director Deborah Martin. "We have an ongoing commitment to our customers, which includes support of Project Share, an energy assistance program. Other customer programs include CARES, a program assisting those who face challenges paying their bills; Comfort Level Billing, a plan that averages annual energy bills into equal monthly payments; and ongoing energy conservation and efficiency programs."

Avista also offers rebates for residential weatherization (wall, floor, ceiling, ducts) and high efficiency water heaters and furnaces. Avista customers are encouraged to visit the company's website at www.avistautilities.com for a free home energy audit, energy saving tips and a full listing of energy efficiency programs.

Avista's PGA filing is subject to review and a decision by the OPUC. Copies of the filing are available in Avista's offices and the office of the OPUC.

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 a company operating division that provides electric and natural gas service to customers in four western states. Avista's non-regulated subsidiaries include Avista Advantage and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA" and its Internet address is www.avistacorp.com.

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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, 2002, and the Quarterly Report on Form 10-Q for the quarter ended Sept 30, 2003.

SOURCE Avista Corp.

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