



## **Avista Seeks Rate Reductions to Pass on Benefits From BPA Agreement**

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### **If Approved, Rates for Residential and Small Farm Customers Would Drop 2.5 Percent**

SPOKANE, Wash., Oct 1, 2004 /PRNewswire-FirstCall via COMTEX/ -- Avista Corp. (NYSE: AVA) today asked regulators in Washington and Idaho to modify rate credits that apply to its residential and small farm customers, lowering bills for some 288,000 customers.

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

The credits result from a residential exchange program aimed at giving electric customers a share of benefits from federal hydroelectric projects located in the Northwest supplied by the Bonneville Power Administration (BPA). Avista uses the rate credits to pass on to its qualifying electric customers the residential exchange benefits it receives from BPA.

For a Washington residential customer using 1,000 kilowatt-hours per month the new credit would be \$4.21 per month or \$1.44 more than the existing credit of \$2.77 per month. In Idaho, the new credit would be \$4.12 per month or \$1.60 more than the existing credit of \$2.52.

With the new higher credits in place, residential customers' bills will be about 2.5 percent lower than they were before the increase in the rate credits. The actual reduction will vary based on customer usage. Avista's request to modify the rate credits is a proposal subject to public review and a decision by each respective utility commission.

The proposed credits are designed to pass through the projected balance of accumulated benefits at Oct. 31, 2004, as well as the expected level of benefits to be received from BPA during the period November 1, 2004 through Oct. 31, 2005. The proposed rate credits are a uniform cents per kilowatt-hour decrease and would apply to residential and small farm customers. The proposed increase in the rate credits would result in an annual overall reduction in electric revenue of approximately \$5.1 million. The increase in the rate credits will have no effect on Avista's net income.

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 service to 325,000 electric and 300,000 natural gas 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." For more information about Avista, please visit [www.avistacorp.com](http://www.avistacorp.com).

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media: Catherine Markson, +1-509-495-2916, or  
[catherine.markson@avistacorp.com](mailto:catherine.markson@avistacorp.com), or investors: Jason Lang, +1-509-495-2930,  
or [jason.lang@avistacorp.com](mailto:jason.lang@avistacorp.com), both of Avista Corp.  
/Photo: NewsCom: <http://www.newscom.com/cgi-bin/prnh/20040128/SFW031LOGO>  
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PRN Photo Desk, [photodesk@prnewswire.com](mailto:photodesk@prnewswire.com)

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