



Avista Requests Recovery of Costs for Providing Natural Gas Service in Oregon

09/30/10

SPOKANE, Wash., Sept 30, 2010 /PRNewswire via COMTEX/ --

Increases in the cost of delivering natural gas service have led Avista (NYSE: AVA) to file a request today with the Public Utility Commission of Oregon (PUC) to increase natural gas rates for customers by an overall 5.6 percent. The PUC has up to 10 months to review Avista's request.

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The request is designed to produce \$5.45 million in additional natural gas revenue and is based on a proposed rate of return of 8.61 percent with a common equity ratio of 50.76 percent and a 10.9 percent return on equity.

If the request is approved by the PUC, a residential customer using an average of 46 therms a month would see a \$3.71 a month increase, or 6.2 percent, for a revised monthly bill of \$63.48.

To ensure that customers receive safe, reliable natural gas service, Avista continues to make investments in its natural gas delivery system. These investments include two significant capital projects - the second of a two-phase project to improve the capacity and reliability of the distribution system serving central and eastern Roseburg, as well as the replacement of six sections of distribution pipelines in the Medford area to ensure system integrity.

An additional component of the requested natural gas increase is Avista's investment in increased capacity at the Jackson Prairie Storage Facility located in Chehalis, Wash. The additional storage capacity will allow Avista to purchase generally lower-priced natural gas during the summer months to serve customers during winter months when natural gas prices are typically higher. It will also help Avista balance its overall system load and meet winter supply needs. These benefits will flow through to customers in the annual Purchased Gas Cost Adjustments (PGA).

"The current economic conditions are at the forefront of everyone's minds. That's why we continue our focus on maximizing efficiencies throughout the company and minimizing costs where possible," said Dennis Vermillion, president of Avista Utilities.

On average about 65 percent of an Avista bill for Oregon customers is the cost of natural gas used by the customer, with the remaining 35 percent being the company's costs for providing safe, reliable service to all customers, while meeting mandatory state and federal requirements. On Aug. 31, Avista filed its 2010 Purchased Gas Cost Adjustment which, if approved, would reduce a residential customer's bill by 2.1 percent, or \$1.25, per month for a customer using an average of 46 therms. The new rate would become effective Nov. 1.

To help customers most impacted by rising energy costs, Avista supports Project Share, an energy assistance program, as well as providing the Low Income Rate Assistance Program (LIRAP), which collects approximately \$215,000 annually through a natural gas tariff surcharge. The funds are distributed by community action agencies. Special-needs customers can also receive assistance through Avista's Customer Assistance Referral and Evaluation Services (CARES) program, which provides referrals to area agencies and churches for help with housing, utilities, medical assistance and other needs.

In addition to support for energy assistance programs, Avista also offers payment options such as preferred due dates, payment arrangements and comfort level billing. Participation in these programs depends upon account status and specific situations.

To help customers manage their energy use, Avista offers a number of energy efficiency programs which provide rebates and incentives to residential, commercial and limited-income customers for implementing qualifying energy efficiency measures in their home or business.

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 355,000 customers and natural gas to 315,000 customers. Our service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.5 million. Avista's primary, non-regulated subsidiary is Advantage IQ. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit 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,

2009, and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

SOURCE Avista Corp.