



Avista Receives Approval to Adjust Natural Gas Rates in Oregon

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The Public Utility Commission of Oregon approves all-party settlement agreement

SPOKANE, Wash., March 14, 2011 /PRNewswire via COMTEX/ --

Avista (NYSE: AVA) received approval from the Public Utility Commission of Oregon (PUC) on the all-party settlement, concluding the company's natural gas rate case in Oregon. New customer rates will be implemented in two phases: effective March 15, 2011, and June 1, 2011. Avista made the request to the PUC on Sept. 30, 2010, followed by an all-party settlement agreement on Jan. 31, 2011. The order will result in an overall increase in billed rates of 3.1 percent.

A residential customer using an average of 46 therms per month can expect to see an increase of about \$1.31 per month, or 2.3 percent, for a revised monthly bill of approximately \$59.45, effective March 15. Included in the rate change is an increase in the monthly basic charge from \$6.50 to \$7.00. On June 1, an increase of about \$0.63 per month, or 1.1 percent, will become effective for a revised monthly bill of about \$60.08. Overall rate increases for commercial and industrial customers vary between 0.6 percent and 3.3 percent, depending on the rate schedule.

The order sets Avista's rate of return on rate base at 8.0 percent, with a common equity ratio of 50 percent and a 10.10 percent return on equity. Revenues are expected to increase by approximately \$2.0 million effective March 15 and by approximately \$1.0 million effective June 1 for an overall \$2.975 million to recover expenses and capital investments made by Avista to its distribution system to ensure the safe, reliable delivery of natural gas to over 95,000 Oregon customers.

"Avista is committed to providing our customers with the safe, reliable energy they need at a fair price," said Dennis Vermillion, president of Avista Utilities. "We are pleased the Commission recognized the need for our retail rates to reflect the increased costs necessary to operate and maintain our natural gas delivery system."

The order also provides for deferred accounting treatment for two capital additions - the second phase of the Roseburg Reinforcement Project and the Medford Integrity Management Pipe Replacement Project - to be completed by Nov. 1, 2011, and the opportunity for a subsequent rate adjustment of approximately \$0.6 million on June 1, 2012, to recover the prudently incurred costs for the two projects.

Customer Assistance

To help customers manage their energy use and costs, Avista offers a number of energy efficiency programs for residential, commercial and industrial customers. In 2010, over \$950,000 in energy efficiency incentives and rebates were returned to Oregon customers.

In addition to support for energy assistance programs like Project Share, Avista also offers services for customers such as comfort level billing, payment arrangements and Customer Assistance Referral and Evaluation Services (CARES), which provide assistance to special-needs customers through referrals to area agencies and churches for help.

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 359,000 customers and natural gas to 319,000 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-utility 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, 2010.

SOURCE Avista Corp.