



## Avista Makes Price Reduction Requests in Oregon

08/29/12

Aug 29, 2012 (Marketwire via COMTEX) --Avista's (NYSE: AVA) 96,000 customers in Oregon could see an overall decrease of 10.7 percent in their natural gas rates by Jan. 1, 2013, if the Public Utility Commission of Oregon (PUC or Commission) approves the company's annual Purchased Gas Cost Adjustment (PGA) and related filings made today.

PGAs are filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. Abundant supplies of natural gas and continued soft demand for the commodity have continued to keep wholesale natural gas prices at lower levels over the past year. The company does not mark up the cost of natural gas purchased to meet customer needs, so there is no impact on company earnings.

"Each year, we propose to adjust the rates our customers pay so that customers' bills better reflect our actual costs of purchasing natural gas," said Dennis Vermillion, president of Avista Utilities. "Today's requested rate reductions are largely due to lower natural gas prices, which is good news for our customers."

"Our customers in Oregon have been seeing the benefits of increased natural gas supply and lower prices for some time. If this request is approved, including other rate adjustments proposed by Avista and approved by the Commission, our customers will have seen their rates decrease to near 2004 levels," Vermillion said.

Included in the filing are the costs and savings related to Avista's purchase of the Klamath Falls Lateral, a 15-mile, 6-inch transmission pipeline, currently owned and operated by Northwest Pipeline. The Klamath Falls Lateral interconnects with Gas Transmission Northwest to transport natural gas to serve Avista's customers in Klamath Falls, Ore. The purchase of the lateral is expected to save customers approximately \$1 million annually beginning in January 2013.

Avista also made two administrative filings today with the OPUC related to demand side management and intervener funding.

If all requests including the PGA are approved, rate adjustments would take place in two phases, with the first adjustment becoming effective Nov. 1, 2012, and the second adjustment taking effect Jan. 1, 2013.

An Avista residential customer using an average 47 therms a month could expect their bill to decrease by \$5.78, or 9.3%, for a revised monthly bill of \$56.22 beginning November 1, 2012. A residential customer using an average 47 therms a month would see an additional decrease of \$0.50, beginning Jan. 1, 2013, for a total decrease of \$6.28, or an overall decrease of 10.1%, for a revised monthly bill of \$55.72. Other customer groups could also expect decreases in a similar range.

If all of the requests are approved, Avista's natural gas revenues would decrease by \$10.0 million, or 9.9% effective November 1, 2012, with an additional annual revenue decrease of \$0.8 million, or 0.8% effective January 1, 2013. When combined together, effective January 1, 2013, Oregon annual revenues would decrease by \$10.8 million or 10.7%.

The combined costs of purchasing natural gas on the wholesale market and transporting it to Avista's system makes up about 55 percent of an Avista natural gas customer's bill, and these costs fluctuate up and down based on market prices. These costs are passed through to customers through Avista's PGA filings, and Avista does not mark these costs up. The remaining 45 percent covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, including rebates and incentives. Visit [www.everylittlebit.com](http://www.everylittlebit.com) for information on the programs that helped Avista's Oregon customers save enough energy in the past two years to serve almost 1,100 homes with natural gas.

Information on energy assistance programs and payment options offered by Avista to help qualifying customers is available at [www.avistautilities.com](http://www.avistautilities.com).

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 320,000 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 Ecova, an energy and sustainability management company with more than 500 multi-site commercial and utility customers, representing more than 450,000 sites. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit [www.avistacorp.com](http://www.avistacorp.com).

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, 2011 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

To unsubscribe from Avista's news release distribution, send a reply message to [Shirley.wolf@avistacorp.com](mailto:Shirley.wolf@avistacorp.com).

Contact:

Media:

Debbie Simock  
(509) 495-8031  
[debbie.simock@avistacorp.com](mailto:debbie.simock@avistacorp.com)

Investors:

Jason Lang  
(509) 495-2930  
[jason.lang@avistacorp.com](mailto:jason.lang@avistacorp.com)  
Avista 24/7 Media Access (509) 495-4174