



Avista Requests Rate Reduction for Oregon Firm-Service Natural Gas Customers

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Decrease Reflects Change in Transportation Costs for Natural Gas Commodity

SPOKANE, WA -- (Marketwired) -- 08/29/13 -- Avista's (NYSE: AVA) approximately 96,000 customers in Oregon could see an overall decrease of 5.5 percent in their natural gas rates effective Nov. 1, 2013, if the Public Utility Commission of Oregon (PUC) approves the company's annual Purchased Gas Cost Adjustment (PGA) and related filings made today.

If the requests are approved, an Avista residential customer using an average 48 therms a month could expect their bill to decrease by \$3.27, or 5.6 percent, for a revised monthly bill of \$54.73 beginning Nov. 1, 2013. Avista's natural gas revenues would decrease by \$5.1 million, or 5.5 percent. The company does not mark up the cost of natural gas purchased to meet customer needs, so there is no impact on company earnings.

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. These costs not only include natural gas commodity costs but also the cost to transport natural gas on interstate pipelines to Avista's local distribution system. The primary driver for the company's requested decrease is a reduction in the interstate pipeline transportation costs, which more than offset the rising wholesale natural gas prices seen in 2013.

Approximately 36 Schedule 440, or interruptible, customers do not pay interstate transportation costs because their service can be interrupted when the transportation system is constrained. As a result, those customers will not receive the benefit of reduced transportation costs that residential and other firm-service commercial and industrial customers will receive if Avista's PGA filing is approved. Without the decrease in transportation costs to offset the increase in commodity costs, Schedule 440 customers would see an increase in their monthly bill.

In addition to the PGA request, Avista also made three related administrative filings today with the PUC related to demand side management, the Klamath Falls Lateral, and intervener funding.

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

Avista recently filed a [general rate request](#) to increase natural gas rates to recover investments made in the company's natural gas delivery system -- the 45 percent of a customer's bill. The PUC has up to 10 months to review the request.

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs. Information on available energy efficiency rebates and incentives from Avista for residential, commercial and low-income customers is available at www.avistautilities.com, along with other energy-saving information.

Information on energy assistance programs and payment options offered by Avista to help qualifying customers is available at 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 362,000 customers and natural gas to 322,000 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 [Ecova](#), an energy and sustainability management company with over 700 expense management customers, representing more than 600,000 sites. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit 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, 2012 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.

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