



Avista Makes Annual Price Adjustment Requests in Washington

09/16/13

Requests Reflect Changes in Customer Bill Credit and Wholesale Natural Gas Prices

SPOKANE, WA -- (Marketwired) -- 09/16/13 -- Avista (NYSE: AVA) filed its annual Residential Exchange Credit and Purchase Gas Cost Adjustment requests that would result in a 0.9 percent increase for electric customers and a 9.2 percent increase for natural gas customers in Washington if the requests are approved by the Washington Utilities and Transportation Commission (UTC). A Nov. 1 effective date was requested for the two adjustments which have no impact on company earnings.

Electric Adjustment

The BPA Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the residential and small farm customers of investor-owned utilities in the Pacific Northwest. Avista applies all of the benefits it receives through the program, which usually fluctuate annually, as a credit on the monthly bill of its approximately 213,000 residential and small-farm electric customers in Washington.

The benefit that Avista will be receiving from BPA starting in October 2013 will be lower than the level of benefits currently being passed through to residential and small-farm customers. As a result of the reduced level of benefits from BPA, residential and small-farm customers using an average of 989 kilowatt-hours per month could see their monthly bill increase from \$79.68 to \$81.35, an increase of \$1.67 per month or 2.1 percent, effective Nov. 1, if the UTC approves Avista's request. The proposed revenue increase that would result from the company's request is approximately \$4.2 million, or an overall increase of approximately 0.9 percent.

Natural Gas Adjustments

The annual Purchased Gas Cost Adjustment (PGA) is a true-up that balances the cost of wholesale natural gas purchased by Avista to serve customers with the amount currently included in customer rates.

If the request is approved by the UTC, an Avista residential customer using an average 68 therms a month could expect their bill to increase by \$5.44, or 9.4 percent, for a revised monthly bill of \$63.07 beginning Nov. 1, 2013. The proposed revenue increase that would result from the company's proposal is approximately \$13.7 million or an overall 9.2 percent increase. Avista serves approximately 150,000 natural gas customers in Washington.

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 in Avista's annual PGA filings without mark up. Because the amount customers pay for natural gas is the same amount Avista paid to purchase the natural gas, there is no impact on company earnings with PGA adjustments. The remaining 45 percent of a customer's natural gas bill covers the cost of delivering the natural gas -- the equipment and people needed to provide safe and reliable service.

In 2012, the natural gas market, driven by lower demand, higher production rates and record high storage levels, drove prices to lows not seen in the last decade. However, for most of 2013, prices have moved on an upward trend from these lows. The late, colder than normal winter increased national demand, absorbing excess supply and drawing storage balances down below their five-year average. This return to a more balanced market added to the uplift on wholesale natural gas prices in 2013.

Energy Efficiency and Energy Assistance Programs

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.

About Avista

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 323,000 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](http://www.ecova.com), 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 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.

Contact:

Avista 24/7 Media Access
(509) 495-4174

Media:

Debbie Simock
(509) 495-8031
debbie.simock@avistacorp.com

Investors:

Jason Lang
(509) 495-2930
jason.lang@avistacorp.com

Source: Avista