



OPUC Approves All-Party Settlement on Avista's General Rate Case

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This Is Avista's First General Rate Increase Since Acquiring the Oregon Gas Properties in 1991

SPOKANE, Wash., Sep 26, 2003 /PRNewswire-FirstCall via COMTEX/ -- The Oregon Public Utility Commission (OPUC) has approved an all-party settlement agreement that provides early resolution to Avista Utilities' (NYSE: AVA) natural gas general rate case, which the company filed in April.

(Photo: <http://www.newscom.com/cgi-bin/prnh/19990629/AVALOGO>)

Avista filed the price increase request to address the increased costs of operating the company's natural gas distribution system. This marks Avista's first general (non-gas-cost related) rate increase since the company acquired the Oregon unit in 1991. During that time, the company implemented general rate decreases in 1991, 1995 and 1997.

The settlement agreement resolves all remaining issues in the case and results in an overall rate increase of just under 10 percent, or an annual revenue increase of \$6.3 million. The parties had previously reached a stipulation agreement on cost of capital issues. The agreements provide an overall rate of return of 8.88 percent and a return on equity of 10.25 percent.

The OPUC had earlier approved a 12.25 percent price increase -- known as a purchased gas cost adjustment -- to cover the higher cost of natural gas purchased by Avista to serve its customers. Purchased gas cost adjustments (PGAs) are filed annually by Avista to reflect changes in wholesale gas costs. Avista reduced its rates in Oregon by 23 percent through purchased gas cost adjustments in 2002.

Price increases will vary for each class of customer. With the general price increase and the purchased gas cost adjustment, the average residential customer using 55 therms of natural gas per month would see a monthly bill increase of \$10.75 for a total bill of \$53.08. Commercial rates would increase by 21.94 percent and large commercial and industrial rates would increase by 19.21 percent. The new rates will go into effect on October 1.

Avista's continued commitment to customers includes support of Project Share, an energy assistance program; CARES, a program assisting those who face challenges paying their bills; Comfort Level Billing, a levelized payment plan; and energy conservation and efficiency programs. Avista customers are encouraged to visit the company's website at www.avistautilities.com for energy saving tips and a full listing of energy efficiency programs. Customers may also call Avista Utilities at 800-227-9187. Approximately 9 percent of the company's annual business revenues are derived from Oregon where the company serves approximately 82,000 natural gas customers.

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 a company operating division that provides electric and natural gas service to customers in four western states. Avista's non-regulated subsidiaries include Avista Advantage and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA" and its Internet address is 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, 2002, and the Quarterly Report on Form 10-Q for the quarters ended March 31 and June 30, 2003.

SOURCE Avista Corp.

media, Catherine Markson, +1-509-495-2916, or catherine.markson@avistacorp.com, or investors, Angela Teed, +1-509-495-2930, or angela.teed@avistacorp.com, both of Avista Corp.

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PRN Photo Desk, 1-888-776-6555 or +1-212-782-2840

<http://www.avistacorp.com>