



Avista Utilities Requests Natural Gas Price Adjustment in Oregon

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New Rates Reflect the Higher Cost of Wholesale Natural Gas and Would Become Effective Oct. 1

SPOKANE, Wash., Aug 13, 2004 /PRNewswire-FirstCall via COMTEX/ -- Avista Corp. (NYSE: AVA) filed a request today with Oregon regulators to increase natural gas rates to reflect higher current and projected wholesale natural gas prices.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20040128/SFW031LOGO>)

This request is a Purchased Gas Cost Adjustment (PGA) that is filed annually to reflect changes in the cost of gas purchased by Avista to serve customers. Any increases or decreases related to these PGA filings directly result from the cost of gas purchased in the marketplace. Avista Utilities makes no additional profits from these rate changes.

This proposed increase reflects higher wholesale natural gas prices during 2004, as compared to 2003. These higher prices are expected to continue at or near current levels through the coming winter. The market price for natural gas can fluctuate based on supply and demand, similar to the prices for commodities such as wheat or crude oil. The increase in the wholesale cost of gas during 2004 is due to factors that affect short-term supply and demand, as well as the overall increase seen in other energy prices.

Avista is requesting an overall revenue increase of 15.1 percent, or about \$13.7 million. A residential or small business customer using an average of 55 therms per month can expect to see an average increase of \$8.52 per month, or about 14.8 percent. Commercial and industrial customers can expect to see an average increase between 17.2 and 18.5 percent, and large interruptible customers will see an increase of 24.4 percent. The higher increase percentages for commercial and industrial customers are due to lower base rates.

"We understand the impact that increased prices have on our customers, especially on those who have the most difficulty paying their energy bill," said Scott Morris, president of Avista Utilities. "We have a number of programs to assist our customers in managing their energy bills, including Project Share, an emergency energy assistance program. This program provides emergency heat assistance and is supported by donations from customers and Avista employees and shareholders."

Other customer programs offered by Avista include energy conservation and efficiency programs; Comfort Level Billing, a plan that averages annual energy bills into equal monthly payments; and CARES, a program for customers facing financial hardships that provides assistance with payment arrangements and referrals to community resources. Avista also offers energy conservation education, including workshops or seminars, energy use guides and home visits by company personnel to help customers reduce energy costs on a long-term basis.

For more information on conservation tips, energy assistance programs, and bill payment plans, customers may visit www.avistautilities.com or call Avista at 800-227-9187.

Avista serves approximately 86,000 natural gas customers in Oregon.

This request to increase natural gas rates is subject to public review and a decision by the Oregon Public Utility Commission (OPUC). Customers may contact the commission for additional information about these filings. The OPUC is accepting public comment on these filings by mail at 550 Capitol Street NE, Suite 215, Salem, Oregon 97310-2148 or by phone at 800-522-2404. Copies of the proposed tariff changes are available in the company's offices and the offices of the state utility commission.

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 service to 325,000 electric and 300,000 natural gas 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." 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, 2003, and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

SOURCE Avista Corp.

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