



Avista Utilities Requests Natural Gas Price Adjustment in Oregon

08/16/05

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

SPOKANE, Wash., Aug. 16 /PRNewswire-FirstCall/ -- Avista Corp. (NYSE: AVA) filed a request today with Oregon regulators to increase natural gas rates by an average of 18 percent to be effective Oct. 1, 2005. The proposed increase would generate an additional \$18.9 million in revenue to offset the higher cost of wholesale natural gas.

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

If the Oregon Public Utility Commission (OPUC) approves the proposed increase, a residential customer using an average of 53 therms per month can expect to see an average increase of \$11.24 per month, or about 18 percent. Commercial and industrial customers can expect to see an average increase of 20.6 percent and 22 percent respectively, and large interruptible customers will see an increase of 25.5 percent. The higher increase percentages for commercial and industrial customers are due to lower base rates.

Energy prices in the Pacific Northwest have risen dramatically in the last five years. As oil prices have reached new highs, average U.S. natural gas prices tripled between December 2000 and the end of 2004. And the price utilities pay for natural gas is running almost 33 percent higher than prices of just a year ago. Nationally, wholesale prices for this coming winter have been hovering around \$8 per 1,000 cubic feet compared to about \$6 a year ago.

Avista works hard to purchase the lowest cost natural gas supplies available and stabilize prices. However, price fluctuations have continued in the marketplace. To track the ups and downs in the cost of wholesale gas, Avista annually files purchased gas cost adjustments (PGAs). Avista does not profit from these higher gas commodity prices because they are passed through directly, without markup, to consumers.

Avista employs a number of strategies to minimize the impact of higher gas prices, notably through measured resource planning efforts and price hedging programs. Strategies include demand-side activities such as promoting energy efficiency, supply side actions such as contracting for additional pipeline capacity, and the development of new resources.

Customer Programs

Avista recognizes the impact of price increases on its customers, especially on those who have the most difficulty paying their energy bill. In addition to working to control the cost of providing service, Avista's ongoing commitment to customers also includes support of Project Share, an energy assistance program. In 2004, Avista customers contributed more than \$326,000 to Project Share, and Avista contributed an additional \$215,000. These contributions helped 3,454 households in the region with their energy bills.

In 2002, the OPUC approved Avista's Low Income Rate Assistance Program (LIRAP). This program includes a tariff rider charge for natural gas and has provided approximately \$660,000 for energy assistance for 1,800 qualified Avista customers in Oregon.

Some of the other customer programs offered by Avista include CARES, a program assisting those who face challenges paying their bills; Comfort Level Billing, a plan that averages annual energy bills into equal monthly payments; and ongoing energy conservation and efficiency programs available to residential, commercial and industrial customers.

Avista also offers rebates for residential weatherization (wall, floor, ceiling, ducts) and high efficiency water heaters and furnaces. The company offers energy conservation education and energy use guides to help customers reduce energy costs on a long-term basis and get the most value for their energy dollar.

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 90,000 natural gas customers in Oregon.

OPUC Review

This request to increase natural gas rates is subject to public review and a decision by the Oregon Public Utility Commission. 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 330,000 electric and 285,000 natural gas customers in three 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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CO: Avista Corp.; Oregon Public Utility Commission

ST: Washington, Oregon

IN: UTI OIL

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