



Avista Utilities Requests Natural Gas Price Adjustment in Washington and Idaho

September 12, 2005

New rates reflect the higher cost of wholesale natural gas and would become effective Nov. 1

SPOKANE, Wash., Sept. 12 /PRNewswire-FirstCall/ -- In response to dramatic increases in wholesale natural gas costs, Avista Corp. (NYSE: AVA) filed requests today with state utility commissions in Washington and Idaho to pass through those increased costs to its customers. 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 has requested an overall increase in gas revenues of approximately \$15.7 million in Idaho, or 23.8 percent, and \$38.6 million in Washington, or 23.5 percent to offset the higher cost of purchasing natural gas to serve its customers. Avista has asked that the filings become effective in both states on Nov. 1, 2005.

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

In Washington, a residential customer using an average of 70 therms per month would see an average increase of \$16.39 per month, or about 23.5 percent. The total bill for 70 therms including the increase would be \$86.04. In Idaho, a residential or small business customer using an average of 70 therms per month would see an average increase of \$16.36 per month, or about 23.4 percent. The total bill including the increase would be \$86.36.

Natural gas prices have risen dramatically in the last five years. As oil prices have reached new highs, average U.S. wholesale natural gas prices tripled between December 2000 and the end of 2004. The proposed rates in today's filings reflect wholesale natural gas prices 40 percent higher than prices of just a year ago.

Nationally, wholesale prices for this coming winter have risen substantially due in part to the impact of Hurricane Katrina on the energy production in the Gulf of Mexico. However, today's filings do not include any of the price impact from Hurricane Katrina. Any lasting effects of Hurricane Katrina on natural gas prices would be reflected in future Avista PGA filings. The Department of Energy's Energy Information Administration projects a national average increase of 52 percent for natural gas customers this winter.

Avista employs a number of strategies to minimize the impact of higher gas prices, notably through 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 2001, the WUTC approved Avista's Low Income Rate Assistance Program (LIRAP). This program includes a tariff rider charge for electricity and natural gas that provides approximately \$3 million per year for energy assistance for qualified Avista customers in Washington state. Nearly \$9 million in energy assistance has been distributed to Avista's Washington customers since LIRAP began.

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 135,000 natural gas customers in Washington, and 66,000 in Idaho.

Utility Commission Review

These requests to increase natural gas rates are subject to public review and a decision by the Washington Utilities and Transportation Commission and the Idaho Public Utilities Commission. Customers may contact the commissions for additional information about these filings.

The WUTC is accepting public comment on these filings by mail at 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250 or by phone at (800) 562-6150. The IPUC is accepting public comment by mail at 472 W. Washington, P.O. Box 83720, Boise, ID 83720-0074 or by phone at (208) 334-0300. Copies of the proposed tariff changes are available in the company's offices and the offices of the state utility commissions.

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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(AVA)

CO: Avista Corporation; Avista Utilities

ST: Washington, Idaho

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