



Avista Reduces Original Rate Requests in Response to Lower Natural Gas Prices

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Avista Proposes Increased Funding in Washington for Natural Gas Conservation

SPOKANE, Wash., Sept. 29 /PRNewswire-FirstCall/ -- Avista (NYSE: AVA) today filed revised purchased gas cost adjustments (PGAs) with the Idaho and Washington utility commissions that would result in an overall natural gas price decrease of 2 percent in Idaho, and a price increase of 2.5 percent in Washington. Avista's filings propose an effective date of Nov. 1, 2006, in both states.

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

Previously, Avista had requested to increase natural gas rates by 8.1 percent in Washington, and by 3.2 percent in Idaho. Since that time, natural gas prices have fallen substantially, and Avista has been able to purchase some of this lower-cost natural gas and reduce its original requests.

The price for natural gas is extremely volatile and fluctuates daily based on supply and demand. Because of this volatility, Avista purchases natural gas at fixed prices throughout the year for future delivery to serve customers' needs for the coming year. Avista had purchased over half of this estimated need prior to September; however, it was able to purchase additional natural gas during September at lower prices, resulting in these revised filings.

Avista is also requesting an increase to rates to fund natural gas conservation programs in Washington. This request represents about half of the proposed 2.5 percent increase and would generate an additional \$2.3 million per year to fund these programs. These programs, in place since 2001, provide for partial financial reimbursement to customers who install certain conservation measures and use less natural gas as a result. To date, these programs have saved 4.5 million annual therms of natural gas, that's enough natural gas to supply 5,300 homes for a year. A similar request to increase funding for natural gas conservation is pending in Idaho. Even with this pending increase, Idaho customers would still see a decrease of about 2 percent.

If approved by the respective utility commissions, an Idaho customer using an average of 70 therms per month can expect to see an average decrease of \$1.76 per month for a total monthly bill of \$84.60. A Washington customer using an average of 70 therms of natural gas per month can expect to see an average increase of \$2.16 per month for a total monthly bill of \$88.81.

These requests are subject to review by the respective state utility commissions. Copies of these requests are available for review in Avista's local offices and at the offices of the Washington Utilities and Transportation Commission and the Idaho Public Utilities Commission.

Avista encourages the wise and efficient use of energy. For information and tips on Avista's energy assistance programs, conservation tips and bill payment plans, visit www.AvistaUtilities.com , or call Avista at (800) 227-9187.

Avista 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 339,000 electric and 298,000 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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This news release contains forward-looking statements, including statements regarding expected rates, costs and demand for natural gas. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond the company's control, and many of which could have a significant impact on the company's operations, results of operations and financial condition, and could cause actual results to differ materially from those anticipated.

For a further discussion of these factors and other important factors, please refer to the company's Annual Report on Form 10-K for the year ended Dec. 31, 2005 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2006. The forward-looking statements contained in this news release speak only as of the date hereof. The company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the company's business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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