



Avista Scales Back Original Rate Request in Response to Lower Natural Gas Prices

10/06/06

SPOKANE, Wash., Oct. 6 /PRNewswire-FirstCall/ -- Avista (NYSE: AVA) today filed a revised purchased gas cost adjustment (PGA) with the Oregon Public Utility Commission (OPUC) that could result in an average natural gas price increase of 6.9 percent or \$8.7 million, which is almost 2 percentage points lower than the company's original filing of 8.8 percent one month ago.

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

Wholesale natural gas prices have fallen since Avista's original filing allowing the company to reduce its estimated gas costs for this coming winter. 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 customers.

If approved by the OPUC, a residential customer using an average of 52 therms of natural gas per month can expect to see a \$5.31 increase per month for a total monthly bill of \$75.06. Avista's filing proposes an effective date of Nov. 1, 2006.

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 Advantage IQ 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.

SOURCE Avista Corporation 10/06/2006

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