



Avista Files for Electric and Natural Gas Rate Adjustments in Washington

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SPOKANE, Wash., April 26 /PRNewswire-FirstCall/ -- Avista (NYSE: AVA) today filed a request with the Washington Utilities and Transportation Commission (WUTC) to increase rates by an average 15.85 percent for electric customers and 2.27 percent for natural gas customers in Washington. The requested rate changes are driven primarily by increased costs associated with investment in facilities needed to improve reliability, as well as by increased fuel and purchased power costs to meet growing customer demand.

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

Avista's current rates were made effective in January 2006. Since then, the company has invested \$20 million in upgrades to its Cabinet Gorge and Noxon Rapids hydroelectric projects and to its Colstrip thermal projects to increase efficiency and generating output. Avista has also invested \$67 million in upgrades to its transmission system to increase reliability and capacity to serve growing customer demand. The five-year plan to upgrade and reinforce the company's electric transmission grid in eastern Washington and northern Idaho, which will be completed in 2007, is estimated to exceed \$130 million and will add over 100 circuit miles of 230 kV transmission line to the system.

In addition to plant investments, the proposed electric rate change reflects increased power supply costs to serve electric retail loads that are approximately 10 percent higher than the loads used to set current rates. The increase in administrative and general expenses and distribution operation and maintenance costs reflects a change in these costs since Avista's last rate change was filed in 2005.

The requested increases are designed to produce \$51.1 million in new revenue for electric and \$4.5 million in revenue for natural gas service. This request is based on a proposed rate of return on rate base of 9.39 percent, with a common equity ratio of 47.78 percent and an 11.3 percent return on equity. The WUTC generally has up to 11 months to review the general rate case filing. Avista anticipates that new rates will become effective on or before April 1, 2008.

"We continue to make significant investments in our generation, transmission and distribution infrastructure to provide for long-term, efficient and reliable energy supplies and high quality service for our customers," said Scott Morris, Avista Corp. president and chief operating officer and president of Avista Utilities. "We have been quite purposeful in pursuing our objective of acquiring resources that will allow us to serve our customers under a range of operating conditions, which reduces our reliance on volatile energy markets."

If the proposed electric rate adjustment is approved by the WUTC, a residential customer in Washington using an average of 1,000 kilowatt-hours per month could expect to see an increase of \$10.07 per month for a total bill of \$69.21. Included in the increase is a \$0.50 adjustment to the basic monthly charge for electric service from \$5.50 to \$6.00.

Natural gas base rates would increase by \$1.93 per month for residential customers using an average of 70 therms per month for a total monthly bill of \$90.74. Included in the increase is a \$0.50 adjustment to the basic monthly charge for natural gas service from \$5.50 to \$6.00.

Avista has recently implemented new programs to enhance customer service, increase productivity and reduce costs. For example, the company's new Outage Management System substantially reduced the time necessary to restore service to customers during the December 2006 wind storm. And Avista's Mobile Dispatch system uses wireless communications between the home office and laptop computers in field service trucks to improve service and reduce operating costs.

In addition to working diligently to control the cost of providing energy service, Avista continues to provide a number of energy assistance programs to aid customers who are least able to pay their energy bills. These include:

- Project Share which is a voluntary program allowing customers to donate funds that are distributed through community action agencies to customers in need. In addition to customer and employee contributions of \$209,414 in Washington, Avista shareholders also contributed \$150,000 to the program in 2006.
- The Low Income Rate Assistance Program (LIRAP) which provides approximately \$3 million per year for energy assistance for qualified Avista customers in Washington. The program is funded by electric and natural gas tariff surcharges. Avista, with the assistance of community action agencies, directs these funds to customers most impacted by increasing energy costs.
- The CARES program, in which specially trained Avista customer service representatives provide referrals to area agencies and churches for

help with housing, utilities, medical assistance, etc.
-- Senior Energy Outreach, which assists seniors on fixed incomes living within 175 percent of the federal poverty level.

Avista also offers a number of energy efficiency rebates and incentive programs to help customers manage their energy bill by using energy wisely. These programs are an integral part of the company's efforts to provide customers with least-cost energy resources. As a result, Avista customers saved more than 46 million kilowatt hours of electricity and over 1 million therms of natural gas in 2006.

For additional information on energy efficiency rebates and incentives, energy assistance programs and the Washington general rate case, visit www.avistautilities.com.

Approximately 70 percent of the company's annual retail electric and natural gas revenues are derived from Washington where the company serves 228,000 electric customers and 141,000 natural gas customers.

This news release contains forward-looking statements, including statements regarding expected rates, costs and demand for electricity and 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, 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.

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 346,000 electric and 306,000 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. Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation.

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