



Avista Requests Increase in Electric and Natural Gas Prices in Washington

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Increases support capital investments in aging infrastructure for system reliability, relicensing of Spokane River hydropower projects and expanding natural gas storage facility

SPOKANE, Wash., March 4, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Avista (NYSE: AVA) has filed a request with the Washington Utilities and Transportation Commission (WUTC) that, if approved, would increase electric revenues by 9.2 percent and natural gas revenues by 3.3 percent.

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The proposed revenue increases are driven primarily by capital investments in upgrading aging infrastructure to increase capacity and reliability, relicensing costs for Avista's Spokane River hydropower projects, and expanding the natural gas storage and delivery capacity at its Jackson Prairie Storage Facility.

The requested increases are designed to produce \$36.6 million in additional revenue for electric service and \$6.6 million in revenue for natural gas service. This request is based on a proposed rate of return on rate base of 8.43 percent, with a common equity ratio of 46.3 percent and a 10.8 percent return on equity. The WUTC generally has up to 11 months to review a general rate case filing.

If the request is approved, a customer using an average 1,000 kilowatt hours of electricity per month would see a \$6.53 per month increase, or 9.2 percent, for a revised monthly bill of \$77.29. A natural gas customer using an average of 70 therms per month would see a \$2.84 increase, or 3.3 percent, for a revised monthly bill of \$87.99.

Scott Morris, Avista's chairman of the board, president and chief executive officer, said the capital projects are part of the company's multi-year plan to increase the efficiency, reliability and capacity of its aging infrastructure, to meet growing customer demand with responsible energy resources, and to meet new environmental standards.

"The cost to keep pace with growing customer demand and maintaining our aging infrastructure is becoming increasingly expensive as the price of concrete, steel and other essential materials have increased exponentially in recent years. That's one reason Avista is focusing on gaining more energy from our current assets and on providing our customers with even more energy efficiency tools to manage their energy use," Morris said.

Among the capital investments included in the filing are upgrades to the company's Noxon Rapids hydroelectric project to gain additional renewable generation capacity, as well as upgrades to many of Avista's 157 transmission and distribution substations and over 14,000 miles of power lines and related equipment.

Also included in the filing are costs incurred in the seven-year public process to relicense five of Avista's six hydroelectric projects on the Spokane River. The projects annually generate a combined 105 average megawatts of renewable energy. Avista generates about 57 percent of its electricity with renewable resources, including hydropower. To date, Avista has invested \$21 million in the Spokane River relicensing process.

Driving the natural gas rate request is Avista's investment in the expansion of storage and delivery capacity of its Jackson Prairie Natural Gas Storage Facility. The ability to deliver more lower-priced natural gas lessens the need to purchase higher priced spot gas in winter to meet customer demand, an important component in managing customer costs.

In addition to working diligently to gain efficiencies and control the cost of providing energy service, Avista continues to provide a number of energy assistance programs to aid customers who are most affected by rising energy costs. These include Project Share, Low Income Rate Assistance Program (LIRAP), CARES, Senior Energy Outreach and energy efficiency workshops.

Avista also offers 34 residential, commercial and industrial energy efficiency programs that deliver more than 300 efficiency measures. In 2007, Avista provided \$9.4 million in incentives to customers making energy efficiency improvement to their home or business in an effort to reduce energy usage. Program information is available at <http://www.everylittlebit.com>.

Approximately 70 percent of the company's annual retail electric and natural gas revenues are derived from Washington where the company serves 231,000 electric and 144,000 natural gas customers.

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 our operating division that provides service to 352,000 electric and 311,000 natural gas customers in three Western states. Avista's primary, non-regulated subsidiary is Advantage IQ. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit <http://www.avistacorp.com>.

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