



Avista Reaches Settlement in Oregon Natural Gas Rate Request

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Lower wholesale natural gas prices are expected to result in an overall rate decrease for customers this heating season

SPOKANE, Wash., Sept. 30 /PRNewswire-FirstCall/ -- Avista (NYSE: AVA) and all other parties involved in the company's natural gas general rate filing have reached a settlement agreement that, if approved by the Public Utility Commission of Oregon, would result in an overall general rate increase of 7.1 percent. The new rates would take effect Nov. 1, 2009.

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

"We believe the terms of the settlement agreement are fair and are in the best interest of our customers and shareholders," said Dennis Vermillion, president of Avista Utilities. "We are pleased that the parties were able to reach a joint recommendation to the commission that resolves all the issues in this case."

The settlement agreement sets Avista's rate of return on rate base at 8.19 percent, with a common equity ratio of 50 percent and a 10.10 percent return on equity. Revenues are expected to increase by an overall \$8.75 million to recover expenses and capital investments made by Avista to its system to ensure the safe, reliable delivery of natural gas to over 94,000 Oregon customers.

As part of the settlement agreement, customers would also see a refund totaling \$2.4 million on their November and December bills that would largely offset the general rate increase for those two months. This refund, a result of revised 2007 tax calculations based on Oregon's Senate Bill 408, is approximately equal to the new revenue from the general rate increase for this period.

Also, customers will see a natural gas rate decrease of around 20 percent beginning Nov. 1, if Avista's annual Purchase Gas Cost Adjustment (PGA) is approved by the commission. Avista made the request in a separate filing on Aug. 31.

If the settlement agreement and the PGA are both approved, a residential customer using an average of 52 therms per month could expect to see a 13 percent overall rate decrease, or about \$10 per month, for a revised monthly bill of approximately \$67.00, effective Nov. 1. Customer prices will be at the lowest level since 2004. Overall rate decreases for commercial and industrial customers are expected to be 15 percent or more.

Currently about 75 percent of an Avista customer's monthly bill is the actual cost of natural gas which Avista does not mark up. This portion of a customer's bill is typically adjusted annually - up or down - in PGA filings.

The remaining 25 percent covers the cost of delivering natural gas - the equipment and people needed to provide safe and reliable delivery of service. The settlement agreement covers this portion of a customer's monthly bill.

Avista offers a number of energy efficiency rebates and incentives for residential, commercial and industrial customers to help them proactively manage their natural gas usage. Information is available at www.everylittlebit.com, along with other energy-saving information.

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 electric service to 353,000 homes and businesses and natural gas to 313,000 homes and businesses in three Western states, serving more than 492,000 customers. Avista's primary, non-regulated subsidiary is Advantage IQ. Avista 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 regarding the company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2008, and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.

SOURCE Avista Corp.

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