



Avista Files Request to Eliminate Energy Cost Surcharge; Approval Will Reduce Electricity Prices for Washington Customers by 7 Percent

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SPOKANE, Wash., Jan 11, 2010 /PRNewswire via COMTEX/ -- Electricity prices for Avista's (NYSE: AVA)232,000Washington customers will decrease by an overall 7 percent beginning Feb. 12, 2010, if the Washington Utility and Transportation Commission (WUTC) approves Avista's request to eliminate an existing energy cost surcharge.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20091223/AVISTALOGO>)

The Energy Recovery Mechanism (ERM) surcharge is designed to recover, or rebate to customers, extraordinary changes in certain power supply costs that are above or below the amount included in base customer rates. The elimination of the ERM surcharge has no impact on company earnings.

If approved, a residential customer using an average of 1,000 kilowatt-hours per month will see a \$5.35 decrease in their monthly bill, from \$77.14 to \$71.79, which is about a 7 percent reduction. Commercial customers will also see an average 7 percent decrease.

"We are pleased to be able to eliminate the ERM surcharge and reduce rates for our customers during this heating season," said Kelly Norwood, vice president of state and federal regulation for Avista. "The surcharge was mainly caused by below-normal hydroelectric conditions and higher natural gas prices for thermal generation in previous years. The combination of a decline in natural gas prices, near-normal hydroelectric conditions in the past year, and the collection of prior-period costs now allows us to eliminate the surcharge."

The major portion of an Avista customer's month bill, about 60 percent, is the cost of generating or purchasing electricity to meet customer needs. These costs fluctuate up or down depending on market conditions, and the ERM is associated with the variability in these costs. The remaining 40 percent covers the cost of delivering the electricity - the equipment and people needed to provide safe, reliable service.

Avista continues to offer residential, commercial and industrial customers a number of rebate and incentive programs to manage their costs through reduced energy use. Some measures may also qualify for Federal energy tax credits. Information on Avista's energy efficiency programs and low- and no-cost energy saving ideas is available at www.everylittlebit.com.

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 Sept. 30, 2009.

SOURCE Avista Corp.