



## **Natural Gas Prices for Avista's Washington and Idaho Customers Could Increase with Annual Purchased Gas Cost Adjustment**

09/15/10

**Reduced benefits from BPA program causing electric increase of about \$2 a month for residential and small-farm customers in Washington and Idaho**

SPOKANE, Wash., Sept 15, 2010 /PRNewswire via COMTEX/ --

Natural gas prices for Avista's (NYSE: AVA) Washington and Idaho customers, which decreased by about 30 percent in 2009, could increase by an overall 4.6 percent in Washington and 4.3 percent in Idaho if the utility commissions in both states approve the company's annual Purchased Gas Cost Adjustment (PGA) tariffs that were filed today. PGAs are filed each year to true-up the cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates.

The requested increases are due to the reduction in the refund currently being provided to customers related to wholesale natural gas costs in Avista's 2009 PGAs. Abundant supplies of natural gas combined with softening demand have kept wholesale natural gas prices at lower levels over the past year, which have helped to partially offset the effects of the reduction in the 2009 refund. If approved, natural gas rates for Avista's customers in both Washington and Idaho would be at similar levels to those in 2004.

If approved by the respective state utility commissions, new rates would become effective Nov. 1, 2010, and annual natural gas revenues would increase by approximately \$3.6 million in Washington and by \$1.7 million in Idaho. Avista does not mark up the cost of natural gas purchased to meet customer needs, so there is no impact on company earnings. Avista serves over 146,000 natural gas customers in Washington and 74,000 in Idaho.

If the PGA request is approved by the Washington Utilities and Transportation Commission (WUTC), a residential customer using an average 69 therms a month could expect their bill to increase by \$2.97, or 5.0 percent, for a revised monthly bill of \$63.00. Commercial customers could expect increases of 5.7 percent for general service schedule 111 and 4.8 percent for large general service schedule 21, and 3.6 percent for interruptible sales service schedule 131.

An Idaho residential customer using an average 63 therms a month could expect their bill to increase by \$2.75, or 4.9 percent, for a revised monthly bill of \$58.78, if the PGA tariff is approved by the Idaho Public Utilities Commission (IPUC). Commercial customers could expect increases 6.1 percent for large general service schedule 111 and 0.9 percent for interruptible sales service schedule 131.

Even though wholesale natural gas prices have been lower for the past two years, market prices continue to fluctuate. To help provide greater price stability for customers and to allow for flexibility based on changing market conditions, Avista follows a diversified natural gas purchasing plan which includes underground storage and forward and daily purchases.

The direct cost of wholesale natural gas makes up about 65 percent of an Avista customer's bill, and these costs fluctuate up and down based on market prices. The remaining 35 percent covers the cost of delivering the natural gas - the equipment and people needed to provide safe and reliable delivery of service.

### **Residential Exchange Credit**

A reduction in the benefits Avista customers receive under the Bonneville Power Administration's (BPA) Residential Exchange Program has resulted in additional filings today to increase electric prices for residential and small-farm customers in both states by less than 2 percent.

The Residential Exchange Program provides a share of the benefits of the federal Columbia River power system to the customers of the six investor-owned utilities in the Pacific Northwest. Avista applies the benefits it receives, which usually fluctuate annually, to customers as a credit on their monthly electric bill.

If the requests are approved by the respective utility commissions, residential and small-farm customers in both states using an average of 1,000 kilowatt-hours a month would see a \$1.42 increase - 1.97 percent in Washington and 1.65 percent in Idaho - in their monthly electric bill, effective Nov. 1. Revenues would increase in Washington by approximately \$3.6 million and by \$1.7 million in Idaho because of the reduced benefits Avista is receiving under the Residential Exchange Program; however, there is no impact on Avista's earnings.

To help customers proactively manage their energy use, Avista offers a number of energy efficiency programs, including rebates and incentives. Visit [www.everylittlebit.com](http://www.everylittlebit.com) for information on the programs which helped customers save enough energy in 2009 to power over 6,800 Inland Northwest homes for a year and to serve over 3,000 homes with natural gas for a year.

Information on energy assistance programs and payment options offered by Avista to help qualifying customers is available at [www.avistautilities.com](http://www.avistautilities.com).

Avista's PGA and Residential Exchange filings are requests, subject to public review and a decision by the respective state utility commission. A copy of each request is available for public review at the offices and websites of Avista and the respective utility commission. Customers may submit comments on the proposed rate changes or review the requests by going to [www.puc.idaho.gov](http://www.puc.idaho.gov) for Idaho and [www.utc.wa.gov](http://www.utc.wa.gov) for Washington.

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 355,000 customers and natural gas to 315,000 customers. Our service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.5 million. 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 [www.avistacorp.com](http://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, 2009, and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

SOURCE Avista Corp.