



## Avista Reaches Settlement in Oregon Natural Gas Rate Request

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**Agreement also filed on 2009 state tax report that would provide continued refund to customers under Oregon SB 408**

SPOKANE, Wash., Feb. 1, 2011 /PRNewswire via COMTEX/ --

Avista (NYSE: AVA) and all other parties involved in the company's natural gas general rate case filing have reached a settlement agreement that, if approved by the Public Utility Commission of Oregon (PUC), would result in an overall increase in billed rates of 3.1 percent.

If the settlement agreement is approved, a residential customer using an average of 46 therms per month could expect to see an increase of about \$1.31 per month, or 2.3 percent, for a revised monthly bill of approximately \$59.45, effective March 15. Included in the rate change is an increase in the monthly basic charge from \$6.50 to \$7.00. On June 1, an increase of about \$0.63 per month, or 1.1 percent, would become effective for a revised monthly bill of about \$60.08. Overall rate increases for commercial and industrial customers vary between 0.6 percent and 3.3 percent, depending on the rate schedule.

The settlement agreement sets Avista's rate of return on rate base at 8.0 percent, with a common equity ratio of 50 percent and a 10.10 percent return on equity. Revenues are expected to increase by approximately \$2.0 million effective March 15 and by approximately \$1.0 million effective June 1 for an overall \$2.975 million to recover expenses and capital investments made by Avista to its distribution system to ensure the safe, reliable delivery of natural gas to over 95,000 Oregon customers.

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

The settlement agreement also provides for deferred accounting treatment for two capital additions - the second phase of the Roseburg Reinforcement Project and the Medford Integrity Management Pipe Replacement Project - to be completed by Nov. 1, 2011, and for a subsequent rate adjustment of approximately \$0.6 million on June 1, 2012, to recover the prudently incurred costs for the two projects.

In a separate action today, Avista filed a stipulation agreement with the PUC that, if approved, would refund \$1.2 million to customers as a result of revised 2009 tax calculations based on Oregon's Senate Bill 408. The bill requires that most Oregon public utilities file an annual tax report on the amount of taxes paid by the utility compared with the amount of taxes collected through customer rates.

If the stipulation agreement is approved, customers would continue to receive a refund rate of about 1 percent which is similar to the refund rate that is currently being passed back to customers.

In addition to Avista, the parties to both the general rate case settlement agreement and the Senate Bill 408 stipulation agreement are the staff of the Oregon PUC, the Citizens' Utility Board and the Northwest Industrial Gas Users. The PUC is not bound by either settlement agreement.

### Customer Assistance

To help customers manage their energy use and costs, Avista offers a number of energy efficiency programs for residential, commercial and industrial customers. In 2010, over \$950,000 in energy efficiency incentives and rebates were returned to Oregon customers.

In addition to support for energy assistance programs like Project Share, Avista also offers services for customers such as comfort level billing, payment arrangements and Customer Assistance Referral and Evaluation Services (CARES), which provide assistance to special-needs customers through referrals to area agencies and churches for help.

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 357,000 customers and natural gas to 316,000 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-utility 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 Sept. 30, 2010.

