Avista Requests Recovery of Costs for Providing Service in Oregon

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SPOKANE, WA -- (Marketwired) -- 08/15/13 -- New capital investments in updating natural gas pipe and technology led Avista (NYSE: AVA) to file a request today with the Public Utility Commission of Oregon (PUC) to increase natural gas rates for customers by an overall 9.8 percent. The company's last general rate increase request in Oregon was filed in 2010.

The request is designed to produce approximately $9.5 million in additional natural gas revenue and is based on a proposed rate of return of 7.83 percent with a common equity ratio of 50 percent and a currently authorized 10.1 percent return on equity.

If the general rate request is approved by the PUC, a residential customer using an average of 48 therms a month would see a $6.17 a month increase, or 10.6 percent, for a revised monthly bill of $64.17. Avista serves approximately 96,700 customers in Oregon. The PUC has up to 10 months to review Avista's request.

"Current economic conditions are at the forefront of everyone's minds. That's why we continue our focus on maximizing efficiencies throughout the company and minimizing costs where possible," said Dennis Vermillion, president of Avista Utilities. "More than 90 percent of the request for rate relief comes from the need to expand and replace the facilities we use every day to serve our customers. This includes, among other things, increased investment to replace certain natural gas service pipe and to update the technology that is the backbone of our customer information system. These investments will allow for the continued safe and reliable delivery of natural gas to our customers."

On average, about 55 percent of an Avista bill for Oregon customers is the combined costs of purchasing natural gas on the wholesale market and transporting it to our system for delivery to customers. The remaining 45 percent is related to the ownership and operating costs of Avista's delivery system to provide safe, reliable service to all customers, while meeting mandatory state and federal requirements.

According to PUC requirements, Avista will also make its annual Purchased Gas Adjustment (PGA) filing by August 30. PGAs are filed each year to balance the actual cost of wholesale natural gas purchased by Avista to serve customers with the amount included in rates. The PGA filing is separate from the general rate request and has no impact on company earnings.

To help customers manage their energy use, Avista offers a number of energy efficiency programs. Information on available energy efficiency rebates and incentives from Avista for residential, commercial and low-income customers is available at www.avistautilities.com, along with other energy-saving information.

Information on energy assistance programs and payment options offered by Avista to help qualifying customers is also available at www.avistautilities.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 362,000 customers and natural gas to 322,000 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 Ecova, an energy and sustainability management company with over 700 expense management customers, representing more than 600,000 sites. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com.

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, 2012 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.

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