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IDAHO PUBLIC
UTILITIES COMMISSION

Avista requests lower natural gas prices for Washington and Idaho customers

SPOKANE, Wash. Feb. 13, 2012, 1:05 PT: Avista today filed Purchased Gas Cost Adjustment (PGA) requests with the utility commissions in Washington and Idaho to reduce overall natural gas prices by 6.4 percent and 6.0 percent respectively, to be effective March 1.

If the request is approved by the Washington Utilities and Transportation Commission (WUTC), a residential customer in Washington using an average of 67 therms per month would see a decrease of \$3.90, or 6.0 percent, for a revised monthly bill of \$60.73. Washington commercial customers could expect decreases of 7.6 percent for large general service schedule 111, 8.2 percent for extra large general service schedule 121 and 9.5 percent for interruptible sales service schedule 131.

If the request is approved by the Idaho Public Utilities Commission (IPUC), an Idaho customer using an average of 62 therms per month would see a \$3.46, or 5.7 percent, decrease for a revised monthly bill of \$57.50. Idaho commercial customers could expect decreases of 7.3 percent for large general service schedule 111 and 9.7 percent for interruptible sales service schedule 131. Avista has approximately 149,000 natural gas customers in Washington and 76,000 in Idaho.

"We know many of our customers are concerned about expenses in this economy, and we want to pass these price decreases on to them as quickly as we can," said Dennis Vermillion, president of Avista Utilities. "The increase in natural gas supply, along with continuing soft demand, is creating the current environment of falling natural gas prices."

PGA filings are usually made annually in the fall to pass through changes in the cost of natural gas Avista acquires to serve customers. The direct cost of natural gas makes up about 65 percent of an Avista customer's bill, and this cost can fluctuate up and down based on market prices. Given the decline in wholesale natural gas prices, Avista is proposing to decrease the natural gas rates our customers pay to better reflect current market prices for natural gas. The remaining 35 percent of a customer's bill covers the cost of delivering the natural gas to customers – the equipment and people needed to provide safe and reliable delivery of service. These costs are changed with state approval of a general rate case request.

Avista does not mark up the cost of natural gas that is purchased to meet customer needs. These changes in natural gas costs and the PGA rate adjustments do not increase or decrease Avista's earnings.

If approved by the WUTC, overall revenues from Washington customers would decrease by \$9.9 million, and if approved by the IPUC, overall revenues from Idaho customers would decrease by \$4.1 million.

Avista's rate applications are proposals, subject to public review and a decision by the WUTC and the IPUC. Copies of the applications are available for public review at the offices of the WUTC and the IPUC, as well as at Avista, and they are available on the WUTC's website at utc.wa.gov and the IPUC's website at puc.idaho.gov. The commissions will begin a review of Avista's applications and will seek public input on the company's request.

About Avista Utilities

Avista Utilities is involved in the production, transmission and distribution of energy. We provide energy services and electricity to 358,000 customers and natural gas to 317,000 customers in a service territory that 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 Utilities is an operating division of Avista Corp. (NYSE: AVA). For more information, please visit www.avistautilities.com.

The Avista logo is a trademark of Avista Corporation.

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, 2010, and the Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2011.

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