



**Contact:**

Anna Scarlett 509-495-4916, [anna.scarlett@avistacorp.com](mailto:anna.scarlett@avistacorp.com)  
Avista 24/7 Media Line 509-495-4174

**Natural gas rates decrease today for Avista's Washington and Idaho customers**

*Declining wholesale natural gas prices benefitting customers*

**SPOKANE, Wash. - March 1, 2012:** Effective today, natural gas rates for Avista customers in Washington and Idaho are an overall 6.4 percent and 6.0 percent lower respectively. The utility commissions in both states quickly approved the company's Feb. 13 requests to lower natural gas rates because of declining wholesale prices.

"Increased supply along with lower demand has driven wholesale natural gas prices down," said Kelly Norwood, Avista vice president of state and federal regulation. "This is good news for our customers, and we want to pass these price decreases on to them as quickly as we can."

A Purchased Gas Cost Adjustment (PGA) filing is typically made once a year in the fall to balance the cost of wholesale natural gas purchased by Avista to serve customers with the amount already included in customer rates. Given the decline in wholesale natural gas prices, Avista proposed to decrease the natural gas rates our customers pay to better reflect current market prices for natural gas.

With the new lower rates now in effect, a residential customer in Washington using an average of 67 therms per month will see a decrease of \$3.90, or 6.0 percent, for a revised monthly bill of \$60.73. An Idaho residential customer using an average of 62 therms per month will see a \$3.46, or 5.7 percent, decrease for a revised monthly bill of \$57.50. Avista has approximately 149,000 natural gas customers in Washington and 76,000 in Idaho.

The wholesale cost of natural gas is a major driver in the price customers pay on their monthly bill. About 65 percent of a residential customer's bill is the cost of the natural gas, which is passed through directly to customers without mark up, so there is no impact on company earnings.

**About Avista Utilities**

[Avista](#) Utilities is involved in the production, transmission and distribution of energy. We provide energy services and electricity to 360,000 customers and natural gas to 321,000 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](http://www.avistautilities.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, 2011.

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