

# **AVISTA UTILITIES**

2012 Washington PGA Filing

## **EXHIBIT “A”**

**Media Notice & Customer Notice**

September 13, 2012



**DRAFT(4)**

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**Avista requests to lower natural gas rates for Washington customers**

*If approved, residential rates would be over 11% lower than the beginning of this year*

**SPOKANE, Wash. Sept. 13, 2012, 1:30 PDT:** Natural gas customers in Washington could see their rates decrease by an additional overall 4.4 percent this fall if the request Avista made today is approved by the Washington Utilities and Transportation Commission (UTC). Customers previously received an overall 6.4 percent decrease in natural gas rates on March 1 of this year.

If today's request is approved, a residential customer in Washington using an average of 68 therms per month would see a decrease of \$2.58, or 4.3 percent, for a revised monthly bill of \$58.18. Washington commercial customers could expect decreases of 5.1 percent for large general service schedule 111, 5.7 percent for extra large general service schedule 121 and 8.0 percent for interruptible sales service schedule 131. The new rates for Avista's approximately 149,000 natural gas customers in Washington could be effective Nov. 1.

The request is a Purchased Gas Cost Adjustment (PGA) which is typically filed annually 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 continuing decline in wholesale natural gas prices, Avista proposed to decrease the natural gas rates customers pay to better reflect current market prices for natural gas.

"Heading into this heating season, residential natural gas customers in Washington could have rates that are 11.4 percent or \$7.49 per month lower than those in effect at the beginning of this year, which is good news," said Dennis Vermillion, president of Avista Utilities.

The combined costs of purchasing natural gas on the wholesale market and transporting it to Avista's system makes up about 55 percent of an Avista natural gas customer's bill, and these costs fluctuate up and down based on market prices. These costs are passed through to customers in Avista's PGA filings without mark up. Because the amount customers pay for natural gas is the same amount Avista paid to purchase the gas, there is no impact on company earnings with PGA adjustments. The remaining 45 percent of a customer's natural gas bill covers the cost of delivering the natural gas – the equipment and people needed to provide safe and reliable service.

**About Avista Utilities**

[Avista](#) Utilities is involved in the production, transmission and distribution of energy. We provide energy services and electricity to 359,000 customers and natural gas to 320,000 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).

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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, 2011 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

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## **Important Notice for Washington Natural Gas Customers**

September 2012

On September 13th, Avista filed a Purchased Gas Cost Adjustment (PGA) with the Washington Utilities and Transportation Commission (UTC) to be effective Nov. 1, 2012. The request is for an overall decrease of \$6.5 million or 4.4%. The annual PGA filing passes through changes in the cost of natural gas the Company acquires to serve customers, and it does not impact Company earnings.

The proposed decrease is caused by a reduction in the price of wholesale natural gas. Wholesale prices for natural gas fluctuate as a result of many factors. Because of this unpredictable nature, Avista pre-purchases about two-thirds of the gas needed to meet customer demand for the coming winter. To help provide greater price stability for customers and to allow for flexibility based on market conditions, Avista follows a diversified natural gas purchasing plan which also includes underground storage and daily purchases.

Earlier in August, Avista filed a separate natural gas rate adjustment with the UTC, requesting to decrease natural gas rates for residential and small commercial customers by 0.30% or \$0.3 million. This rate adjustment is related to a program that allows Avista to recover a portion of its fixed costs not recovered as a result of lower gas usage by customers. The recovery of these fixed costs allows Avista to increase focus on energy efficiency programs and services for customers.

If the two proposed changes are approved by the UTC, a residential or small commercial customer using an average of 68 therms per month can expect to see a decrease of \$2.74 per month, or about 4.5 percent. The bill for 68 therms would decrease from a present amount of \$60.76 to \$58.02.

You may contact the UTC at the following address: UTC, 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504-7250; or by e-mail at: [comments@utc.wa.gov](mailto:comments@utc.wa.gov).

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