

AVISTA UTILITIES

2013 Washington PGA Filing

EXHIBIT “B”

Notice of Public Applicant’s Proposed Tariffs

September 13, 2013

Important Notice for Washington Natural Gas Customers

September – October 2013

On September 13, 2013, Avista filed a Purchased Gas Cost Adjustment (PGA) with the Washington Utilities and Transportation Commission (UTC) to be effective Nov. 1, 2013. The request is for an overall increase of \$13.7 million or 9.2%. 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 increase is caused both by an increase in the wholesale cost of natural gas as well as a reduction in the present refund rate used to pass through natural gas cost savings from prior years. The wholesale price for natural gas fluctuates as a result of many factors, similar to the price for crude oil. Because of the unpredictable nature of wholesale prices, 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 increase natural gas rates for residential and small commercial customers by 0.02% or \$0.01 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.

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 an increase of \$5.45 per month, or about 9.5 percent. The bill for 68 therms would increase from a present amount of \$57.63 to \$63.08.

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.

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit us at avistautilities.com for more information.

AVA47i

(see over)