



## Important Notice for Washington Electric Residential and Small Farm Customers

July 2009

On June 30, 2009, Avista filed with the Washington Utilities and Transportation Commission (WUTC) a request to increase a rate credit to qualifying residential and small farm customers. The credit results from a residential exchange program aimed at giving electric customers a share of benefits from federal hydroelectric projects located in the Northwest supplied by the Bonneville Power Administration (BPA). Avista uses the rate credit to pass on to its qualifying electric customers the residential exchange benefits it receives from BPA.

The proposed rate credit is an increase from the existing credit of 0.068¢ per kilowatt-hour to 0.298¢ per kilowatt-hour effective August 1, 2009. The proposed credit of 0.298¢ is designed to pass through the expected level of benefits to be received from BPA during the period August 1, 2009 through October 31, 2010.

The proposed rate credit is a uniform cents per kilowatt-hour decrease of 0.298¢ and would apply to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. For a residential customer using 1,000 kilowatt-hours per month the increase in the credit would result in a reduction of \$2.30 per month, or about 3.0%.

Avista's request is a proposal, subject to public review and a decision by the WUTC. A copy of Avista's filing is available for public review at the offices of both the WUTC and Avista. A copy of the filing is also available on our website at [www.avistautilities.com](http://www.avistautilities.com) under "Energy Prices," "Rates and Tariffs."

If you would like information on energy conservation tips, energy assistance programs, and bill payment plans, visit our website at [www.avistautilities.com](http://www.avistautilities.com), or call us at 1-800-227-9187.

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## Avista's Residential and Small Farm Customers in Washington and Idaho Could Receive Decrease on Electric Bills

*Avista also requesting additional funds in Idaho to meet growing customer demand for energy efficiency programs*

**SPOKANE, Wash. June 30, 2009:** Avista's (NYSE: AVA) residential and small-farm customers in Washington and Idaho should see a decrease on their monthly electric bills beginning Aug. 1, if regulators in both states approve the company's requests to pass through to customers an increase in benefits from the Bonneville Power Administration's (BPA) Residential Exchange Program.

Residential and small-farm customers in both states using an average of 1,000 kilowatt-hours per month would see about a 2.94 percent, or approximately \$2.31, per month reduction in their electric bills.

This increase in Residential Exchange benefits is the result of a recent settlement agreement signed by Avista and BPA, resolving a long-standing dispute over how Avista's customer benefits were calculated. Avista's qualifying customers in Washington and Idaho are currently receiving about \$2.35 million from the program for 2009. Under the settlement, that amount will increase to approximately \$8.9 million this year. The Residential Exchange Program, a part of the Northwest Power Act, provides a share of the benefits of the federal Columbia River power system to the six investor-owned utilities in the Pacific Northwest, including Avista.

Kelly Norwood, Avista vice president of state and federal regulation, said the agreement provides a welcomed increase in benefits for customers during these challenging financial times.

"We are pleased that Avista and BPA were able to work together to reach an agreement that puts this long-standing issue behind us," Norwood said.

To help meet growing customer demand in Idaho for energy efficiency rebates, Avista has also filed a request with the Idaho Public Utilities Commission (IPUC) to increase an existing energy efficiency tariff for electric customers by 2.73 percent, or \$1.77, a month for a customer using an average 1,000 kilowatt-hours per month and 1.01 percent, or \$0.91, a month for a natural gas customer using 65 therms per month. Avista has requested an effective date of Aug. 1, 2009.

If approved, an estimated \$6.4 million in additional funds would be available for qualifying energy efficiency improvements to customers' homes and businesses. An increase in the energy efficiency tariff has no impact on company earnings

The tariff increases could be offset by customers either replacing two incandescent light bulbs used five hours per day with compact fluorescent light bulbs, changing a furnace filter each month, weather-stripping one door with a 1/16 inch infiltration leak, or putting an interior plastic sheeting on a single pane 2 ft. x 4 ft. window.

Information on Avista's energy efficiency rebate and incentive programs available to residential, commercial, industrial and limited-income customers interested in is available at [www.everylittlebit.com](http://www.everylittlebit.com), along with other energy-saving information. In 2008 Avista customers in WA, ID and OR reduced their energy use by nearly 75 million kilowatt-hours of electricity and over 2.2 million therms of natural gas. Avista provided more than 15,000 rebates and incentives totaling nearly \$15 million to residential and commercial customers.

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 service to 355,000 electric and 315,000 natural gas customers in three Western states. Avista's primary, non-regulated subsidiary is Advantage IQ. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit [www.avistacorp.com](http://www.avistacorp.com). Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation. All other trademarks mentioned in this document are the property of their respective owners.

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, 2008, and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

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