



AVU-E-07-07

RECEIVED

2007 JUL 31 AM 9:09

Contact:

Debbie Simock (509) 495-4174, debbie.simock@avistacorp.com
Avista 24/7 Media Access (509) 495-4174

IDAHO PUBLIC
UTILITIES COMMISSION

Avista Requests Increase in Power Cost Adjustment Surcharge in Idaho

Annual adjustment reflects higher costs for power

SPOKANE, Wash. July 31, 2007, 1:00 p.m. PDT: Avista (NYSE:AVA) today filed a request with the Idaho Public Utilities Commission (IPUC) to increase its existing power cost adjustment (PCA) surcharge by an overall average of 2.2 percent, to be effective Oct. 1, 2007. The annual PCA adjustment seeks to recover the difference between Avista's actual cost of generating and purchasing electric power to serve its 118,000 Idaho customers and the cost currently included in customer rates. The proposed surcharge is designed to recover increased power costs that Avista incurred during the 12-month period ending June 30, 2007.

If approved by the IPUC, a residential customer using an average of 1,000 kilowatt-hours per month could expect an increase of \$1.04 per month, from \$69.38 to \$70.42, or about a 1.5 percent increase over current rates. The actual percentage increase will vary by customer class and will depend on how much energy a customer uses.

The proposed surcharge will replace an existing surcharge that expires on Sept. 30, 2007. Avista makes no profit from surcharge revenues and is required to absorb the first 10 percent of increased power costs.

"High costs for natural gas used to generate electricity combined with reduced hydro generation over the past 12 months are the drivers for the requested PCA increase," said Kelly Norwood, Avista vice president of state and federal regulation. "While we work diligently to control the cost of providing energy services, customers can partner with us by using energy wisely."

Avista offers a wide array of energy efficiency rebates and incentive programs to help customers manage their energy bill by using energy efficiently. As a result of these programs, Avista customers saved more than 46 million kilowatt hours of electricity and over 1 million therms of natural gas in 2006.

For information on energy rebates and incentives and on Avista's energy assistance programs, visit www.avistautilities.com

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 a company operating division that provides service to 346,000 electric and 306,000 natural gas customers in three western states. Avista's primary, non-regulated subsidiary is Advantage IQ (www.advantageIQ.com). Avista Corp.'s stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com. Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation.

-0741-

To unsubscribe from Avista's news release distribution, send reply message to debbie.simock@avistacorp.com