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IDAHO PUBLIC
UTILITIES COMMISSION

EXHIBIT B

Customer Notice

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Press Release



OCTOBER 2012 **IMPORTANT NOTICE FOR IDAHO NATURAL GAS CUSTOMERS**

On October 11, 2012, Avista filed an application with the Idaho Public Utilities Commission (Commission) to increase Idaho natural gas rates by \$4.6 million or 7.3%. The requested rate increase is driven primarily by additional capital investments, increasing operations and maintenance costs, and continuing emphasis on providing customers with safe and reliable natural gas service. More information on the requested rate increase is available at www.avistautilities.com (keyword search: rate case).

The proposed net increase above current billing rates by service schedule is as follows:

General Service Firm	Schedule 101	7.8%
Large General Service Firm	Schedule 111 & 112	5.7%
Large Interruptible Service	Schedule 131 & 132	5.9%
Transportation Service	Schedule 146*	12.8%

* Excludes natural gas costs

Residential customers using an average of 60 therms per month would see their monthly bills increase from \$52.55 to \$56.67, an increase of \$4.12 per month, or 7.8%. As part of the request, Avista is proposing that the basic monthly charge for residential service, currently set at \$4.25, remain unchanged.

The Company's application is a proposal, subject to public review and a Commission decision. A copy of the application is available for public review at the offices of both the Commission and the Company, as well as the Commission's homepage (www.puc.idaho.gov). The Commission has up to seven months to review the Company's rate increase request. The Commission will begin a comprehensive review of Avista's application and will seek public input on the Company's request.

If you would like to submit comments on this proposed increase, you can do so by going to the Commission website at www.puc.idaho.gov or mailing comments to:

Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit us at www.avistautilities.com for information on these programs which include Comfort Level Billing, bill payment options, automated payment service, assistance programs, conservation tips and energy efficiency rebate and incentives, among others.



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OCTOBER 2012 **IMPORTANT NOTICE FOR IDAHO ELECTRIC CUSTOMERS**

On October 11, 2012, Avista filed an application with the Idaho Public Utilities Commission (Commission) to increase Idaho electric rates by \$11.4 million or 4.6%. The proposed increase reflects primarily the capital investments to upgrade aging infrastructure to continue to provide our customers with safe and reliable electric service. More information on the requested rate increase is available at www.avistautilities.com (keyword search: rate case).

The proposed net increase above current billing rates by service schedule is as follows:

Residential Service	Schedule 1	5.3%
General Service	Schedule 11 & 12	4.1%
Large General Service	Schedule 21 & 22	4.8%
Extra Large General Service	Schedule 25	3.9%
Clearwater Paper	Schedule 25P	3.3%
Pumping Service	Schedule 31 & 32	5.7%
Street & Area Lights	Schedules 41 – 49	4.5%

Residential customers using an average of 930 kilowatt-hours per month would see their monthly bills increase from \$78.69 to \$82.89, an increase of \$4.20 per month, or 5.3%. As part of the request, Avista is proposing that the basic monthly charge for residential service, currently set at \$5.25, remain unchanged.

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Avista files requests to adjust electric and natural gas rates in Idaho

Company seeks recovery of costs to deliver energy to customers

SPOKANE, Wash. – Oct. 11, 2012: 1:30 p.m. PT: Avista (NYSE: AVA) filed requests today with the Idaho Public Utilities Commission (IPUC) to increase electric and natural gas rates in Idaho. The requests primarily seek recovery of costs associated with capital investments and other expenses necessary to maintain Avista's system. The IPUC has up to seven months to review the filings and issue a decision.

If the IPUC approves the requests, an electric residential customer in Idaho using an average of 930 kilowatt hours per month would see an increase of 5.3 percent or \$4.20 per month, or about 14 cents a day, for a revised bill of \$82.89. Natural gas customers in Idaho using an average of 60 therms per month would see an increase of 7.8 percent or \$4.12, or about 14 cents a day, for a revised monthly bill of \$56.67.

Avista proposed an overall net electric rate increase of 4.6 percent, to produce \$11.4 million in additional electric revenue. Avista has also requested a \$4.6 million increase in natural gas revenues, or a 7.3 percent overall increase. The electric and natural gas filings reflect a proposed rate of return on rate base of 8.46 percent with a common equity ratio of 50 percent and a 10.9 percent return on equity.

Effective Oct. 1, Idaho customers saw decreases in both natural gas and electric rates because of lower natural gas prices and lower power supply costs, after the IPUC approved several rate decrease requests Avista filed in July. Rates for natural gas customers in Idaho have decreased twice this year, in part due to lower wholesale natural gas prices, dropping by approximately 12 percent overall in 2012.

"It's good that natural gas prices and power costs have been lower, because we've been able to pass those savings through to customers with rate decreases," said Avista Chairman, President and Chief Executive Officer Scott L. Morris. "But the other costs of delivering energy to customers safely and reliably continue to rise. This is the primary reason for our request to increase rates."

The requested electric increases by customer segments are:

<i>Residential Service – Schedule 1</i>	<i>5.3 %</i>
<i>General Service – Schedules 11 & 12</i>	<i>4.1 %</i>
<i>Large General Service – Schedules 21 & 22</i>	<i>4.8 %</i>
<i>Extra Large General Service – Schedule 25</i>	<i>3.9 %</i>
<i>Clearwater Paper – Schedule 25P</i>	<i>3.3 %</i>
<i>Pumping Service – Schedules 31 & 32</i>	<i>5.7 %</i>
<i>Street & Area Lights – Schedules 41-48</i>	<i>4.5 %</i>

The requested natural gas increases by customer segments are:

<i>General Service – Firm - Schedule 101 - Residential & small commercial</i>	7.8 %
<i>Large General Service – Firm - Schedules 111 & 112</i>	5.7 %
<i>High Annual Load Factor Large (Interruptible Service Schedules 131 & 132)</i>	5.9 %
<i>Transportation Service for Customer – Owned Gas - Schedule 146*</i>	12.8 %

* Excludes natural gas costs

Delivery costs continue to rise

About 60 percent of a customer's electric bill is the cost of power itself – the cost of generating or purchasing electricity. The remaining 40 percent covers delivery costs – the equipment and people it takes to safely and reliably deliver the energy through our distribution system to a customer's home or business. For natural gas, delivery costs make up about 45 percent of a customer's bill, while the combined costs of purchasing natural gas on the wholesale market and transporting it to our system for delivery to customers is about 55 percent.

Delivery costs for both electricity and natural gas continue to rise. Avista is charged with maintaining and updating an extensive system of pipes, poles, dams and substations in order to deliver safe, reliable energy to customers. Capital investments required to assure the ongoing delivery of reliable energy, along with rising operations and maintenance costs, continue to drive the need for additional revenue. In 2011, utility capital expenditures were \$240 million and the company expects to invest approximately \$260 million in 2012.

"We expect to invest approximately \$250 million each year for the next three to five years to continue updating and maintaining our system to serve our customers' energy needs," said Morris. "The prices customers are paying today for transformers, distribution poles, substations and transmission lines are based on the cost to install those facilities, in some cases, 40-, 50-, and even 60 years ago. When we replace or update old equipment with new equipment and technology today, it costs many times more than when it was installed."

The IPUC is charged with setting rates that are fair, just, and reasonable for customers, while allowing Avista the opportunity to earn a fair return, or profit, on the investment shareholders have made in the facilities used to provide service to customers.

"Avista has an obligation to serve every customer who requests it with safe, reliable service while still complying with state and federal requirements, even when it costs more to do so." said Morris. "We continually strive to reduce costs and improve efficiency and productivity."

Assisting customers most in need

Avista offers services for customers such as comfort level billing, payment arrangements and Customer Assistance Referral and Evaluation Services (CARES), specially-trained representatives who provide referrals to area agencies and churches for customers with special



This power pole in Hayden, Idaho, has deteriorated to the point where it needs to be replaced. We have over 240,000 distribution poles in our electric system. Based on a 40-year depreciable life, we would need to replace approximately 6,000 poles every year.

needs for help with housing, utilities, medical assistance, and other needs. To learn more, visit www.avistautilities.com.

Avista's rate application is a proposal, subject to public review and a decision by the Idaho Public Utilities Commission. A copy of the application is available for public review at the offices of both the IPUC and Avista, as well as the IPUC's homepage at www.puc.idaho.gov. The IPUC will begin a comprehensive review of Avista's application and will seek public input on the Company's request. Additional information about the rate request as well as links to video and photos are available at 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 our operating division that provides electric service to 359,000 customers and natural gas to 320,000 customers. Our service territory 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's primary, non-utility subsidiary is Ecova, an energy and sustainability management company with over 700 expense management customers, representing more than 600,000 sites. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.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 and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

SOURCE: Avista Corporation

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