



How rates are set

The cost of energy is important to everyone. Customers want rates that are reasonable and fair, and so do we. So it's useful to know what rates cover — and how they are set.

The biggest component of rates is the cost of energy on the wholesale market. We have purchasing plans and decades of experience that help keep this cost as low as possible, but ultimately the cost is set by the market. This can be 65 to 75 percent of your bill.

There's also the cost of delivering that energy — the equipment and the people needed to provide safe, reliable service. We work hard to keep these costs low as well.

When these costs change, we apply to the public utility commission for a rate change. Sometimes there's a misperception that we can raise our rates whenever we want — but in fact, the opposite is true. Because Avista is a regulated utility, our rates can change only with state approval. The state review process provides customers with an independent look at costs and rates.

A public process

When we propose a rate change, the public utility commission examines all information about our costs. Nothing is off limits. The commission, which is appointed by the governor, also takes testimony from the public, including advocates for low-income customers or for large customer groups to hear their points of view. The process is completely open.

The regulatory process also includes groups like the Citizens Utility Board of Oregon. These groups make recommendations, but the decision-making authority rests with the commission.

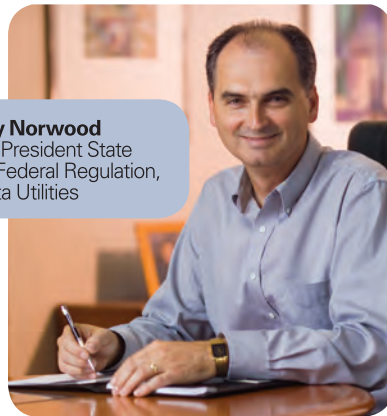
The review process in Oregon can take up to 10 months. It's a detailed and transparent process, designed to encourage accountability.

For example, as a regulated utility, we can't raise rates simply because no other utility serves the area. Nor can a rate increase favor investors. The regulatory process wouldn't allow it. The process was created to make sure the interests of customers and shareholders are both protected.

In the end, the commission sets rates that it determines to be reasonable and fair for our customers, while allowing Avista a chance to earn enough to be financially stable and continue to deliver energy safely and reliably to our customers.

We are always interested in your thoughts on rates and how they're set. You can read more at www.avistautilities.com/conversation. And I hope you'll share your views with us on our blog at www.avistautilities.com/blog or by e-mailing us at conversation@avistautilities.com.

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ENERGY SAVER



Bon Appétit!

Today's new ovens use nearly 50 percent less energy than those built just a decade ago. Still, when holiday time rolls around and your oven is working overtime, your energy use can rise.

Here are a few simple tips to keep in mind when cooking for the holidays.

- **When preparing a turkey or a ham, it is not necessary to preheat your oven.** The long slow baking process allows plenty of preheat time while the meat is in the oven. In fact, unless you're baking breads or pastries, you may not need to preheat the oven at all.
- **Don't open the oven door to take a peek at what's cooking inside.** Instead, turn on the oven light and check the cooking status through the oven window. Opening the oven door lowers the temperature inside by as much as 25 degrees.
- **As long as your oven is on, cook several items at the same time.** Just make sure you leave enough room for the heat to circulate around each dish.

For more energy saving tips, visit everylittlebit.com.

connections

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What you should know about carbon monoxide

Natural gas isn't poisonous, but like other fuels, it produces carbon monoxide gas if it's burned improperly. Carbon monoxide is an odorless, tasteless, invisible gas.

Please be aware of these early signs of carbon monoxide poisoning:

- dizziness
- fatigue
- mental confusion
- nausea
- heart palpitations

If you suspect someone is suffering from carbon monoxide poisoning, you should immediately get that person out of the house into fresh air and seek medical attention. Open doors and windows and turn off combustion appliances. Then call us at (800) 227-9187. You should also have a qualified technician inspect your fuel-burning appliances and chimneys to make sure they are operating correctly and that there is nothing blocking the fumes from being properly vented out of the house.

If you haven't already done so, you might also consider purchasing a carbon monoxide detector to alert you if there is a system malfunction. You'll find one at most home improvement or hardware stores. Be sure to follow the manufacturer's instructions when you use it.



Analyze your bill

The Avista Bill Analyzer is designed to help you identify how your energy is used.

Try it today at avistautilities.com to see how your bill was impacted by weather, billing days, use per day, and more. You can also see how your selected bill compares with a previous bill.

Here are a few of the terms you will see on your Avista bill that may help you understand why one month may vary from another.

Days of Service - The number of days in your billing period is given on each bill. Most billing cycles run between 27 and 35 days. Because of holidays, etc., the days of service do vary. Keep in mind during cold weather that a few days more in a billing cycle will affect your bill.

Consumption - This is the amount of energy used during the current billing cycle. The cost for each kilowatt or therm is listed just to the right of the amount of energy you used.

Estimated Bill - While we read 98 percent of our customers' meters sometimes a meter can be inaccessible. If your bill has been estimated, an asterisk will appear by the read for the service that has been estimated and the message "Use estimated - no read obtained," will be printed on your bill. Our estimating procedure takes into account past use, weather conditions, and the number of days that service was provided. If an error is made in estimating your bill, it will be automatically corrected the next time we read your meter.

Billing Summary - Here, you can see how each part of your bill was calculated to add up to the current amount due.

For a complete list of terms on your bill, please visit avistautilities.com (keyword search: how to read your bill).

What's your environmental impact?

Try Avista's online carbon calculator today.

You might be asking, "What is a carbon footprint and how do I measure mine?" There are two measures of carbon footprints. The primary measure relates to direct CO₂ emissions from energy consumption and transportation. The secondary measure relates to indirect production of CO₂ from the entire lifecycle of the products we consume from the manufacturing and use to the final breakdown of these products. Measuring your carbon footprint can be a good gauge of environmental impact.

Avista's new carbon calculator allows you to evaluate your personal and household impact using emission settings customized to Avista's energy resource mix. Avista has a low emission rate per kWh making it one of the greenest utilities in the nation. The calculator includes electric and natural gas usage as well as the ability to adjust various elements like number of cars driven, number of people in the household, recycling habits, etc. Understanding our impact can help us use resources wisely and reduce our carbon footprint.

The calculator is available for Avista customers with a My Account. Simply sign in to My Account and click on the graphic that says, "Reduce your carbon footprint." If you've yet to sign up for a My Account, it takes just a few minutes.

For more information or to find out about energy efficiency programs and incentives, visit everylittlebit.com.



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