



# Why natural gas rates may be going up – and also going down.

Recently, Avista requested an increase in natural gas rates for our Oregon customers. We know that customers are concerned about energy costs, so we think it's important to explain why we requested this increase – and why your natural gas rates may be going down overall.

## Why some costs are rising

On June 25, we filed a request to increase natural gas rates by an average of 11.6 percent, or \$14.2 million annually. If the request is approved by the Public Utility Commission of Oregon, a residential customer using an average of 49 therms per month would see a \$9.15 increase, or 12.5 percent, for a revised monthly bill of \$82.46.

We asked for this increase to recover the costs of capital projects that are needed to provide you with safe, reliable service. The rate request will also recover increases in operating expenses. This is only the third general rate increase since Avista began serving natural gas customers in Oregon in 1991.

## Other costs are decreasing

If approved, the increase would likely take effect in the first half of 2010. But we also anticipate a rate decrease this fall. Here's why. Rates must cover the cost of delivering energy, but they also cover the wholesale cost of the natural gas itself – which has been going down.

If wholesale gas prices continue at current levels, we plan to request a significant rate reduction in late August. If approved, lower gas rates would go into effect in November, in time for the winter months.

## Rates may go down overall

The good news is this: We expect the net result of these two requests will be a decrease in overall rates. This is in addition to a 4.1 percent rate decrease in November 2008.

Avista offers a wide range of options to help customers with energy costs, including energy assistance programs. For information on how we can help, call us at (800) 227-9187 or visit [www.avistautilities.com/assistance](http://www.avistautilities.com/assistance).

## For more information

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Copies of our general rate filing are available at [www.avistautilities.com/services/energyprices](http://www.avistautilities.com/services/energyprices), or you can review the filing by visiting our headquarters at:

1411 E. Mission, Spokane, WA 99252-0001  
(800) 227-9187, [www.avistautilities.com](http://www.avistautilities.com)

You can also view copies of the filing at one of our district offices located at:

580 Business Park Drive, Medford, OR 97501  
456 Market Street, Klamath Falls, OR 97601  
10201 S "F" Street, Island City, OR 97850  
1404 Green Siding Road, Roseburg, OR 97470

This announcement is to provide you with general information about Avista's rate request and its effect on customers. The calculations and statements in this announcement are not binding on the PUC. For more information about the filings or for information about the time and place of any hearing, contact the PUC at:

Public Utility Commission of Oregon  
550 Capital Street N.E. Suite 215, Salem, OR 97301-2551  
(800) 522-2402, [www.puc.state.or.us](http://www.puc.state.or.us)