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Press Release

September 14, 2009



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Avista Requesting to Reduce Natural Gas Prices for Washington and Idaho Customers to Lowest Level Since 2003

SPOKANE, Wash. – Sept. 14, 2009, 1:30 p.m. PDT: Natural gas prices for Avista's (NYSE:AVA) residential and small commercial customers in Washington and Idaho will decrease by 20.2 percent and 17.0 percent respectively, if the utility commissions in both states approve the company's annual Purchase Gas Cost Adjustment (PGA) filed today. Avista has requested a Nov. 1 effective date.

This is the third time in 2009 that Avista has requested to decrease rates for its 145,500 natural gas customers in Washington and 73,000 Idaho customers. If approved, natural gas rates for Washington and Idaho residential customers will have decreased by about 25 percent since the beginning of this year.

If the request is approved, an Avista residential customer in Washington using an average 70 therms per month could expect their bill to decrease by \$16.06 for a revised monthly bill of \$63.37. A residential customer in Idaho using an average 66 therms per month could expect their bill to decrease by \$12.74 for a revised monthly bill of \$62.21. Large commercial and industrial customers in both states could expect decreases over 20 percent.

"Our customers will see their natural gas rates at the lowest level in six years which is especially good news with the heating season approaching. However, it's still important to make wise energy choices to help manage winter heating bills," said Kevin Christie, Avista's director of gas supply.

Steep declines in wholesale natural gas prices caused by lower demand and an abundance of natural gas supplies have driven natural gas prices to their lowest level in several years. However, Christie cautioned that the market remains volatile and wholesale prices could increase again over the coming year.

Avista follows a flexible, diversified natural gas purchasing plan and leverages the company's underground natural gas storage facility. For a portion of customers' natural gas needs, Avista purchases lower-cost gas during spring and summer months and places it in underground storage for use during the heating season when wholesale gas prices are typically highest.

Currently about 75 percent of an Avista customer's monthly bill is the actual cost of natural gas which Avista does not mark up. This portion of a customer's bill is typically adjusted annually- up or down - in PGA filings.

The remaining 25 percent covers the cost of delivering natural gas – the equipment and people needed to provide safe and reliable delivery of service. The Washington Utilities and

Transportation Commission (WUTC) is currently reviewing Avista's request to increase this portion of a customer's monthly bill to recover investments made in its natural gas system.

Customers can take advantage of a number of billing options, energy efficiency programs, incentives and rebates offered by Avista to help them proactively manage their natural gas usage. Comfort Level Billing is an option that gives qualifying customers the opportunity to smooth seasonal energy bill highs and lows by averaging energy bills over 12 months. Information is available at www.everylittlebit.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 353,000 homes and businesses and natural gas to 313,000 homes and businesses in three Western states, serving more than 492,000 customers. Avista's primary, non-regulated subsidiary is Advantage IQ. Avista stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com.

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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 June 30, 2009.

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