



## Avista Smart Grid Demonstration Project to Proceed

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### Department of Energy funding agreement finalized

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Avista (NYSE: AVA) and its project partners are moving ahead with the next phase of a smart grid demonstration project in Pullman, Wash., thanks to a finalized funding agreement between Battelle and the Department of Energy. Avista's project is part of the larger Pacific Northwest Smart Grid Demonstration Project being led by Battelle.

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The \$89 million agreement will fund approximately 50 percent of the regional effort. These funds will be added to another \$89 million contributed by the Bonneville Power Administration, 11 utilities and five technology companies that make up the demonstration project.

Avista will team up with several regional entities for the \$38 million Pullman project. Participants include the City of Pullman and cost-share partners Washington State University, Itron, Hewlett Packard and Spirae. Avista's portion of the matching funds will be \$14.9 million.

The project involves automation of many parts of the electric distribution system using advanced metering, enhanced utility communication and other elements of smart grid technology. Once the work is completed, customers in Pullman and the nearby town of Albion are expected to experience greater reliability, shorter outage times and access to their own energy-use information, allowing them to better manage energy expenses.

Work is underway and should be completed in 2015. Once finished the project is expected to help move the region and the nation closer to establishing a more efficient and effective electricity infrastructure that is intended to help contain costs, reduce emissions, incorporate more renewable energy, increase power grid reliability and provide greater flexibility for consumers.

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 355,000 customers and natural gas to 315,000 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-regulated subsidiary is Advantage IQ. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit [www.avistacorp.com](http://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, 2009, and the Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

SOURCE Avista Corp.