



## Avista and NorthWestern Energy enter into strategic transaction of Colstrip, Montana assets

January 16, 2023

SPOKANE, Wash., Jan. 16, 2023 (GLOBE NEWSWIRE) -- Avista Corporation ("Avista") and NorthWestern Energy ("NorthWestern") announce an agreement through which Avista will turn over its interest in the Colstrip coal-fired power plant to NorthWestern on December 31, 2025.

Through the transaction, NorthWestern will assume ownership of the 222 MW generating capacity that is currently owned by Avista, along with its related interest in the plant, plant equipment, rights and obligations.

"This transaction is the result of several years of work and discussions among all owners of Colstrip, through which we have looked for commercial solutions that would allow Avista and others to exit Colstrip by the end of 2025, while also meeting the needs of other owners and stakeholders, including NorthWestern and the state of Montana," said Jason Thackston, Avista's Senior Vice President and Chief Strategy & Clean Energy Officer. "Avista has been in Montana for decades and will be in Montana long after its exit from Colstrip is completed; thus, it was important to us that any agreement regarding Colstrip address the needs of Montanans in addition to the needs of our customers and the interests of the states we serve. It is indicative of our commitment to Montana that we have previously committed to contribute \$3 million for the betterment of the Colstrip community's future."

Avista's integrated resource plan has indicated that Colstrip will no longer be economic for its customers in Washington and Idaho after 2025. Avista's integrated resource plan sets forth a strategy for serving its customers in Washington and Idaho with reliable and cost-effective resources. In addition, Washington's Clean Energy Transformation Act precludes Avista from serving Washington customers with generation from Colstrip after 2025. "This Agreement furthers our objective of providing reliable, affordable energy to our customers, while also ensuring that we are able to comply with the law," said Thackston.

Under the Agreement, Avista retains its existing remediation obligations and enters into a vote sharing agreement with NorthWestern to retain voting rights in regard to any decision that might be made with respect to remediation activities. In addition, while NorthWestern will have the right to exercise Avista's vote with respect to capital expenditures between now and 2025, the Agreement is structured such that Avista's contribution to those expenditures is limited to its pro rata share between the date of the expenditure and 2025, and to the least-cost alternative available, thereby ensuring that the costs directly benefit Avista customers and don't, in and of themselves, extend the life of the plant.

The Agreement also preserves Avista's rights in the Colstrip transmission system, giving Avista the ability to leverage capacity on that system for future renewables projects in furtherance of its clean energy goals. "The ability to utilize the Colstrip transmission system for future renewables projects in Montana will be an important tool as we move towards our clean energy goals," said Thackston. "Preserving that capacity was another important objective for us in discussions regarding our exit from Colstrip."

"On behalf of Avista, I want to thank NorthWestern, as well as the other owners of Colstrip for their ongoing commitment to work constructively on solutions that address everyone's respective needs in Colstrip," said Dennis Vermillion, President and Chief Executive Officer of Avista. "This agreement would not have been possible if the owners had been unwilling to engage constructively with one another, and to recognize each other's unique needs and interests when it came to Colstrip."

Vermillion added that "while this is an important step forward, it is not the end of the process. We remain engaged with the other owners of Colstrip to address several outstanding issues, including potential future emissions reductions at the plant and resolution of pending legal proceedings. I am confident that, through our continued work together, we will continue to find solutions to these complicated and challenging issues, for the benefit of our customers and the region as a whole."

Under the Colstrip Ownership & Operating Agreement, each of the owners will have a 90 day period in which to evaluate the transaction and determine whether to exercise their respective right of first refusal as to a portion of the generation being turned over to NorthWestern.

### About Avista Corp.

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 the operating division that provides electric service to 403,000 customers and natural gas to 369,000 customers. Its service territory covers 30,000 square miles in eastern Washington, northern Idaho, and parts of southern and eastern Oregon, with a population of 1.6 million. Alaska Energy and Resources Company is an Avista subsidiary that provides retail electric service in the city and borough of Juneau, Alaska, through its subsidiary [Alaska Electric Light and Power Company](#). Avista 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, 2021 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.

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