



## **Avista and Southwest Gas Reach Agreement on Sale of Natural Gas Properties**

07/21/04

### **Purchase Would Transfer Ownership of Avista's South Lake Tahoe, Calif., Natural Gas Distribution Properties to Southwest Gas**

SPOKANE, Wash., Jul 21, 2004 /PRNewswire-FirstCall via COMTEX/ -- Avista Corp. (NYSE: AVA) and Southwest Gas Corporation (NYSE: SWX) today announced that the two companies have reached an agreement for the sale of Avista's South Lake Tahoe, Calif., natural gas distribution properties to Southwest Gas.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20040128/SFW031LOGO> )

The agreed upon cash purchase price for the properties is \$15 million, subject to closing adjustments. The agreement is also subject to customary closing conditions and regulatory review, including approval by the California Public Utilities Commission. Once approvals have been received, the properties will be integrated into the Northern Nevada Division operations for Southwest Gas. It is anticipated that Southwest Gas will assume the rates in effect at the time of closing the purchase.

"As we continue our strategy to focus on our core business and rebuild our financial strength, this transaction simply makes sense," said Scott Morris, president of Avista Utilities. "As we've indicated, we are primarily focused on building our business in the Northwest. The South Lake Tahoe properties are isolated from the rest of our system, and it's the only area we serve in California."

"This acquisition is in the best interest of the company and its customers," said Southwest Gas Chief Executive Officer Jeff Shaw. "Southwest Gas has been serving much of the Lake Tahoe Basin for 40 years, and the South Lake Tahoe community is contiguous to existing Southwest Gas service territories. We want to assure our new customers that they will receive our continued commitment to provide safe, reliable natural gas service."

Avista's more than 18,000 South Lake Tahoe area customers will now be served out of the Carson City, Nev., office for Southwest Gas, which currently serves 105,000 homes and businesses in northern Nevada, including about 30,000 in the Lake Tahoe Basin and Truckee, Calif.

Avista, with headquarters in Spokane, Wash., has been serving the customers of South Lake Tahoe since 1991, when the company purchased the properties as part of its acquisition of certain Oregon and California natural gas assets of CP National Corporation.

Southwest Gas Corporation purchases, transports and distributes natural gas to more than 1.5 million residential, commercial, industrial and other customers in geographically diverse portions of Arizona, Nevada and California. Its service territories are centered in the fastest growing region of the country. For more information about Southwest Gas, please visit [www.swgas.com](http://www.swgas.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 a company operating division that provides electric and natural gas service to customers in four western states. Avista's non-regulated affiliates include Avista Advantage and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA" and its Internet address is [www.avistacorp.com](http://www.avistacorp.com)

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This news release contains a forward-looking statement (within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended) regarding Avista Utilities' business strategy. Such statement speaks only as of the date of this news release and is subject to a variety of risks and uncertainties, many of which are beyond Avista Utilities' control and which could cause actual results to differ materially from the stated objectives. For a discussion of material risks and uncertainties and other important factors that could cause actual results to differ materially from stated objectives, please refer to Avista Corp.'s Annual Report on Form 10-K for the year ended Dec. 31, 2003, and its quarterly report on Form 10-Q for the quarter ended March 31, 2004.

This press release may also contain statements from Southwest Gas which constitute "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995 (Reform Act). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. A number of important factors affecting the business and financial results of Southwest Gas could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to the effects of regulation/deregulation, the timing and amount of rate relief, changes in gas procurement practices, acquisitions, and competition.

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