



Avista Corp. Board Proposes to Change to a Holding Company Structure

02/15/06

Board Honors Retiring Director, Nominates New Director

SPOKANE, Wash., Feb. 15 /PRNewswire-FirstCall/ -- Avista Corp.'s (NYSE: AVA) board of directors will ask company shareholders to approve a change to Avista's corporate structure, resulting in the formation of a holding company whose name is yet to be finalized. The holding company would be the parent of Avista Utilities and all other Avista subsidiaries.

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

"The formation of a holding company would enable all subsidiaries of the new holding company, including Avista Utilities, to respond to the changing business and regulatory environment in the energy industry in a manner that best serves the interests of shareholders and customers," said Gary G. Ely, Avista chairman, president and chief executive officer.

While the change to a holding company structure would not have an impact on day-to-day operations for Avista Utilities, it presents opportunities for even greater focus on local service excellence and the delivery of reliable and cost-competitive energy for our customers.

The holding company structure is a well-established form of organization for companies engaging in multiple lines of business, and it is common in the utility industry. The recent repeal of the Public Utility Holding Company Act of 1935 removed certain restrictions on the formation of a public utility holding company for corporations like Avista that operate in more than one state.

The proposal for restructuring will be described for shareholders in the proxy statement to be mailed in March 2006 and will be voted on at the annual meeting scheduled for May 11, 2006.

The holding company structure would be accomplished by a statutory share exchange in which each outstanding share of Avista common stock would be exchanged for one share of holding company stock.

A registration statement relating to the holding company common stock has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration becomes effective.

After the registration statement becomes effective, proxies will be solicited for the 2006 annual meeting only by means of the proxy statement-prospectus contained in the registration statement, which will be furnished to holders of record of Avista common stock as of March 10, 2006.

Avista will file for regulatory approval from the Federal Energy Regulatory Commission and the utility regulators in Washington, Idaho and Oregon, conditioned on approval by shareholders. If shareholders approve the proposal, and if state and federal regulatory approvals are received, the holding company structure could be implemented by year-end 2006.

Director to Retire, New Director Nominated

David A. Clack, Spokane-area businessman and Avista director for 18 years, will retire from the Board of Directors at the company's May 11, 2006, annual meeting. "At the board meeting, directors expressed their great appreciation to Dave for his dedicated and excellent service to the company for nearly two decades," said Ely. "We will miss his statesmanship and his mature counsel on the board."

Upon recommendation from the Governance/Nominating Committee, the Board of Directors has nominated Heidi B. Stanley to be elected as a director for a three-year term. Ms. Stanley, age 48, has served as director, vice chair and chief operating officer of Sterling Savings Bank, Spokane, Wash., since October 2003. In her 20-year career in banking, she has held progressively responsible positions of leadership, starting as Sterling's public relations and communications officer. In 2004, U.S. Banker Magazine named Ms. Stanley one of the "Twenty-Five Women to Watch in Banking."

Ms. Stanley is the chair-elect of the Spokane Area Chamber of Commerce, past chair of the Association of Washington Business, past chair of the Spokane Area YMCA and vice chair of Washington Public Affairs Network (TVW). She serves on the Board of Governors of the Washington State University Foundation and is chair of the Foundation Planning Committee. Ms. Stanley also serves on the Eastern Washington Advisory Board of the Washington Policy Center and America's Community Banker's (ACB) Strategic Planning Committee, Governmental Affairs Committee, and is vice chair of the ACB Membership Committee. Ms. Stanley graduated from Washington State University with a Bachelor of Arts degree in Business Administration.

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 service to 338,000 electric and 297,000 natural gas customers in three western states. Avista's non-regulated subsidiaries include Avista Advantage and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com.

NOTE: Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation.

This news release contains forward-looking statements, including statements regarding potential restructuring of the company. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond the company's control, and many of which could have a significant impact on the company's operations, results of operations and financial condition, and could cause actual results to differ materially from those anticipated.

For a further discussion of these factors and other important factors, please refer to the company's Annual Report on Form 10-K for the year ended Dec. 31, 2004 and Quarterly Report on Form 10-Q for the quarter ended Sept. 30, 2005. The forward-looking statements contained in this news release speak only as of the date hereof. The company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the company's business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

SOURCE Avista Corp.

-0- 02/15/2006

/CONTACT: media, Catherine Markson, +1-509-495-2916, or Catherine.Markson@avistacorp.com, or investors, Jason Lang, +1-509-495-2930, or Jason.Lang@avistacorp.com, both of Avista, or 24/7 Media Access, +1-509-495-4174/

/Photo: NewsCom: <http://www.newscom.com/cgi-bin/prnh/20040128/SFW031LOGO>

AP Archive: <http://photoarchive.ap.org>

PRN Photo Desk photodesk@prnewswire.com/

/Web site: <http://www.avistacorp.com/>

(AVA)

CO: Avista Corp.

ST: Washington

IN: UTI

SU: RCN PER

HD

-- SFW114 --

8889 02/15/2006 16:30 EST <http://www.prnewswire.com>