



Avista Opposes I-937 Energy Initiative

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Mandates Drive Costs Higher and Reduce Flexibility

SPOKANE, Wash., Sept. 25 /PRNewswire-FirstCall/ -- On behalf of its customers Avista (NYSE: AVA) urges voters to reject Washington Initiative 937. Public policy mandating that utilities acquire 15 percent of their energy supply from certain types of renewable sources would artificially increase costs for all electricity consumers.

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

"We have an obligation to do what is best for our customers," said Scott Morris, president of Avista Utilities. "Renewable resources are an important part of our energy future, but I-937 is the wrong approach to energy resource planning."

If the initiative becomes law, Avista would be forced to acquire certain resources without regard to its integrated resource plan (IRP). The IRP process used by utilities integrates new resources in the most scientific and economical way possible. Mandates impair this process and cause piecemeal planning.

"We support the use of renewable resources and our company has been leading the way for decades in conservation and energy production from renewables such as hydropower, biomass and wind," said Morris.

Avista's 2005 IRP calls for the acquisition of 69 aMW of conservation, 400 MW of wind resource, 80 aMW of other renewable resources, and 250 aMW of coal-fired generation over a period of ten years. Because resources take several years to develop and acquire, the company has ongoing efforts in each of these resource categories.

"We update our IRP every two years as required by state regulators," said Morris. "This helps us continue to serve our customers in a least-cost and reliable way. I-937 simply ties our hands."

The Northwest currently relies on clean, renewable and reliable hydropower for about 70 percent of its power needs. Avista generates more than half of its power production with hydropower; however existing hydropower does not qualify under I-937.

Wind power is currently being incorporated on a large scale throughout the Northwest. However, the cost of wind generation has nearly doubled in just two years. A recent staff report to the Northwest Power and Conservation Council cites state mandates as one of the reasons for that increase.

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 .

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