



## Avista Energy Operating Assets to Be Acquired by Coral Energy

04/17/07

SPOKANE, Wash., April 17 /PRNewswire-FirstCall/ -- Avista Corp. (NYSE: AVA) today announced that Avista Energy, Inc., a subsidiary of Avista Corp., has signed a definitive agreement to sell substantially all of its contracts and ongoing operations to Coral Energy Holding, L.P. and certain of its subsidiaries (Coral Energy), a subsidiary of Shell. The transaction is expected to close by late second quarter or early third quarter 2007, following the completion of certain contractual requirements, the receipt of necessary regulatory approvals and the satisfaction of other closing conditions.

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

The agreement also includes the sale of the operating assets of Avista Energy Canada, Ltd, which will be acquired by Coral Energy Canada Inc., a subsidiary of Coral Energy.

"This transaction is the culmination of some very deliberate and strategic planning for Avista Energy and Avista Corp.," said Gary Ely, Avista Corp. chairman of the board and chief executive officer. "We had three specific goals in mind -- to make sure Avista Energy customers continue to receive the same high level of service they have come to expect, to ensure that our valued employees are treated fairly, and to realize a fair value for the business. The deal we've constructed with Coral meets those goals, and we're pleased with this outcome."

Avista Energy will receive cash for the assets acquired by Coral at approximately the book value of the assets at closing. In addition, Avista Energy will liquidate other assets not sold or transferred to Coral, including receivables, restricted cash and deposits with counterparties. Over time the majority of the proceeds from these transactions are expected to be reinvested in Avista's utility business.

Plans call for Avista Energy offices in Spokane, Wash.; Great Falls, Mont.; and Vancouver, British Columbia, to remain in their current locations, with most of the employees being offered employment by Coral.

"Integrating our talented employees into a similar culture within Coral will benefit our existing customers and our employees. Combined with the financial resources of Coral, this is a transaction that is well aligned in terms of operations and strategy," said Ely.

NOTE: We will host a conference call on April 18, 2007, at 2 p.m. ET to discuss this news release, as well as to discuss first quarter 2007 preliminary earnings. The call is available at (866) 800.8652, passcode: 11332891. A news release concerning first quarter preliminary earnings will be issued at 7:05 a.m. ET, April 18, 2007.

A replay of the conference call will be available through April 25, 2007. Call (888) 286-8010, passcode 54299066 to listen to the replay. The conference call will be archived at [www.avistacorp.com](http://www.avistacorp.com) for one year.

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 345,000 electric and 304,000 natural gas customers in three western states. Avista's non-regulated subsidiaries include Advantage IQ and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA." For more information about Avista, please visit [www.avistacorp.com](http://www.avistacorp.com).

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

This news release contains forward-looking statements, including statements regarding the expected sale of substantially all of Avista Energy's operating assets and contracts. 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.

In particular, as indicated above, the consummation of the sale of Avista Energy's operating assets and contracts is subject to the completion of certain contractual requirements, the receipt of necessary regulatory approvals and the satisfaction of other closing conditions.

- 0717 -

To unsubscribe from Avista's news release distribution, send reply message to [debbie.simock@avistacorp.com](mailto:debbie.simock@avistacorp.com)

SOURCE Avista Corp.

04/17/2007

CONTACT: media, Jessie Wuerst, +1-509-495-8578, or [jessie.wuerst@avistacorp.com](mailto:jessie.wuerst@avistacorp.com), or investors, Jason Lang, +1-509-495-2930, or [jason.lang@avistacorp.com](mailto:jason.lang@avistacorp.com), or Avista 24/7 Media Access, +1-509-495-4174, all of Avista

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)

8332 04/17/2007 16:05 EDT <http://www.prnewswire.com>