



Avista Energy Sale to Coral Energy Finalized

07/02/07

SPOKANE, Wash., July 2 /PRNewswire-FirstCall/ -- Avista Corp. (NYSE: AVA) today announced the closing of the sale of substantially all of the contracts and ongoing operations of Avista Energy, Inc., a subsidiary of Avista Corp., to Coral Energy Holding, L.P., and certain of its subsidiaries (Coral Energy), a subsidiary of Shell.

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

The transaction also included the sale of the contracts and ongoing operations of Avista Energy Canada, Ltd, which were acquired by Coral Energy Canada Inc., a subsidiary of Coral Energy.

"This is a significant and strategic transaction for Avista," said Gary Ely, Avista Corp. chairman of the board and chief executive officer. "We pursued this transaction with the goal of reducing our risk profile, while making sure the customers of Avista Energy would continue to receive the kind of value and service they have come to expect over the past decade. In addition, it was important to ensure that our valued employees would be treated fairly and to realize a fair value for the business, all of which we've accomplished with this transaction."

Proceeds from the sale of Avista Energy's net assets to Coral Energy and from the liquidation of Avista Energy's remaining net assets (primarily receivables, restricted cash and deposits with counterparties) are estimated to total approximately \$175 million. 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 Avista Energy employees now employed by Coral Energy.

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 346,000 electric and 306,000 natural gas customers in three western states. Avista's non-regulated subsidiaries include Advantage IQ. Avista Corp.'s stock is traded under the ticker symbol "AVA." For more information about Avista, please visit <http://www.avistacorp.com>.

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This news release contains forward-looking statements, including statements regarding the use of proceeds from the 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.

SOURCE Avista Corp. 07/02/2007

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