



## Coeur d'Alene Tribe and Avista Reach Historic Agreement

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### Settlement resolves multiple issues related to Avista's use of submerged Tribal lands and paves the way for relicensing the Post Falls Dam

SPOKANE, Wash., Dec 16, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Avista (NYSE: AVA) and the Coeur d'Alene Tribe have reached a comprehensive agreement over Avista's past and future use of Tribal land and water in the operation of its Spokane River Hydroelectric Projects, including the Post Falls dam. The settlement is the result of collaborative efforts by the Tribe, the U.S. Department of Interior and Avista. This represents a major step in relicensing Avista's Spokane River hydroelectric projects.

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

Avista and the Tribe have agreed to support the issuance of a single 50-year license from the Federal Energy Regulatory Commission (FERC) for the Post Falls hydroelectric facility and the Spokane River hydroelectric projects. The agreement also supports continuation of existing water levels on the lake.

"This agreement is the result of a significant collaborative effort and lays a foundation for providing long term resource protection and building lasting relationships," said Scott Morris, Avista board chairman, president, and CEO. "Avista is very pleased to be resolving these longstanding issues on resources that are so important to our region. We highly value our continuing partnership with the Coeur d'Alene Tribe."

The comprehensive settlement provides for payment over the life of the long term license of over \$150 million both for environmental measures in and around Coeur d'Alene Lake and for compensation to the Tribe. Also addressed are rights-of-way for transmission lines over tribal lands and future storage payments connected to a new Federal Energy Regulatory Commission (FERC) license for the Post Falls dam. Included in the settlement are provisions for Avista to make payments to the Tribe for past and future use of submerged Tribal lands and to satisfy Avista's obligation to mitigate the impacts of the Post Falls dam on the Tribe's natural and cultural resources on its Reservation.

"This agreement finally compensates the Tribe for Avista's use of Tribal lands to bring power generation to the region at the turn of the 20th century," Coeur d'Alene Tribe Chairman Chief Allan said. "It also provides a new foundation for the Tribe and Avista to work cooperatively together."

The agreement represents a unique approach by which the Tribe and Avista will work cooperatively to plan, design and implement projects to satisfy the license conditions.

"The Tribe's goal has been and continues to be, to strike a balance between the health and well-being of the lake and the needs of the local and regional economy," Allan said. "This process has been long, and at times difficult, but the outcome proves that when the Tribe has the opportunity to sit down in a respectful, constructive and deliberate manner we can come to reasonable solutions to very complex problems."

The portion of the settlement that compensates the Tribe for past storage of water totals \$39 million, and payments will be made over three years once the agreements have been finalized. Avista and the Tribe also agreed on compensation for ongoing storage of water on the reservation. This agreement, which will be submitted to FERC, includes payments of \$400,000 per year for the first 20 years of a new license, followed by annual payments of \$700,000 for the remaining term of the license.

Avista has also agreed to create a Coeur d'Alene resource protection trust fund. This agreement establishes a funding mechanism for the Tribe and Avista to collaborate on complying with license requirements which include shoreline erosion control, wetland restoration, replacement and maintenance, water quality monitoring, aquatic weed management and protection of cultural resources on the reservation. This fund will be initiated upon Avista's acceptance of a new license; Avista will place a total of \$100 million into this fund over the term of the license, assuming FERC agrees to a 50-year license term. Avista will propose to reflect these costs, over the life of the license, in its retail rates to customers in filings with state regulatory commissions planned for early 2009.

About Avista:

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