



Avista Applies for Spokane Smart Grid Stimulus Funds

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Matching grant would help pay for reliability and efficiency upgrades

SPOKANE, Wash., Aug. 3 /PRNewswire-FirstCall/ -- Avista (NYSE: AVA) has applied for the first of two projects under the American Reinvestment and Recovery Act that would help pay for Smart Grid improvements to the electric distribution system. The Spokane Smart Grid Project would deploy technology for greater reliability and efficiency to directly benefit customers.

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

Avista already has experience with the technology and the company is confident in its ability to meet the objectives of the Smart Grid initiative.

"By upgrading our distribution we'll gain immediate benefits in system operations. This work will also help us prepare for the next phase of the smart grid which will extend from generation, across transmission, to homes and businesses," said Don Kopczynski, Avista vice president for transmission and distribution operations.

Specifically, the project would upgrade the electric distribution system in Spokane to reduce energy losses, thereby lowering system costs and reducing carbon emissions by approximately 15,000 tons per year; increase reliability and extend the useful life of existing infrastructure.

Funds are available under the Smart Grid Investment Grant Program (SGIG) administered by the Department of Energy. Avista is requesting \$20 million in matching funds. The utility would invest \$22 million toward the portion of the project that qualifies for matching.

Grant awards are expected in October. If Avista is selected, the project must be completed within three years.

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 our operating division that provides service to 353,000 electric and 313,000 natural gas customers in three Western states. Avista's primary, non-regulated subsidiary is Advantage IQ. Our stock is traded under the ticker symbol "AVA." For more information about Avista, please visit www.avistacorp.com.

This news release contains forward-looking statements regarding the company's current expectations. Forward-looking statements are all statements other than historical facts. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year ended Dec. 31, 2008, and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

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