



News Release

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Avista Labs Completes One Year Demonstration with Army Corps of Engineers *Avista Labs fuel cell surpasses 90 percent availability objective*

Spokane, Wash.: Avista Labs, a wholly owned subsidiary of Avista Corp. (NYSE:AVA), today announced it has completed a year-long demonstration of one of its fuel cell products installed at the Washington Air National Guard facility at Geiger Field in Spokane, Wash. The purpose of the demonstration was to run the fuel cell system in a base load application for a period of one year, achieving an availability rate of over 90 percent. The Avista Labs fuel cell system exceeded its target, with availability of 93.24 percent.

The three-kilowatt fuel cell was installed under the Department of Defense (DoD) Fuel Cell Demonstration Program and powered critical loads, including maintenance bay lighting and the local area network (LAN) switch. The program is led by the U.S. Army Corps of Engineers' Construction Engineering Research Laboratory (CERL), one of seven laboratories of the Engineer Research and Development Center (ERDC). CERL conducts research to support sustainable military installations and works closely with DoD customers to develop products and services and to help them implement new technologies.

This success was achieved with the SR-72 three-kilowatt system, a product that has already been replaced with improved, commercially available products. Avista Labs currently offers its Independence™ line of products, providing power solutions in the 50-watt to five-kilowatt range. The technology continues to use Avista Labs' patented Modular Cartridge Technology™, which provides customers the ability to perform maintenance while the system continues to operate, increasing the reliability of the system.

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“We have been pleased to work with the Air National Guard and CERL on this important application of our products,” said Mike Davis, Avista Labs chief executive officer . “We have gained valuable customer and field data about our fuel cells in longer term installations. We are pleased that our simple, scalable design exceeded our customer’s goals for the project.”

“PEM fuel cell technology is in the early initial stages of commercialization. The DoD Proton Exchange Membrane (PEM) Fuel Cell Demonstration Program was specifically designed to ‘push the envelope’ of PEM technology by requiring the fuel cell systems to achieve a minimum of 90 percent availability over the one-year demonstration period,” said Dr. Michael Binder, DoD fuel cell manager for CERL. “As such, this program provides crucial feedback to fuel cell manufacturers in regard to the durability of their fuel cell components, and the maintenance levels and requirements needed to achieve this level of reliability. This in turn will lead to improved product reliability, and reduced production and maintenance costs. Meeting the stringent availability requirement represents a major step toward widespread acceptance and application of fuel cell technology.”

ERDC is the premier research and development facility for the U.S. Army Corps of Engineers. It consists of seven laboratories (including CERL) at four geographical sites, with over 2,000 employees, \$1.2 billion in facilities, and an annual research program exceeding \$570 million. It conducts research in both military and civil works mission areas for the Department of Defense and the nation.

Avista Labs is a leader in the development and marketing of modular Proton Exchange Membrane (PEM) fuel cells. The company markets a variety of commercially available fuel cells using its patented Modular Cartridge Technology™. Additional company information can be found at www.avistalabs.com.

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 electric and natural gas service to customers in four western states. Avista’s non-regulated affiliates include Avista Advantage, Avista Labs and Avista Energy. Avista Corp.’s stock is traded under the ticker symbol “AVA” and its Internet address is www.avistacorp.com

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