



News Release

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Avista Labs and havePOWER Sign Distribution Agreement *Avista Labs fuel cells to power government wireless communication equipment*

Spokane, Wash.: Avista Labs, a wholly owned subsidiary of Avista Corp. (NYSE:AVA), today announced it has signed a distribution agreement with havePOWER, LLC, of Maryland. Under the agreement, havePOWER will purchase Avista Labs Independence™ fuel cells for applications at state, county and municipal government facilities powering stationary communications equipment for wireless traffic. The power capacity requirements for these installations are expected to be within the range of 75 watts to five kilowatts.

havePOWER, established in 1998, is a leading distributor, installer, integrator and servicer of fuel cells. The terms of the agreement with Avista Labs provide exclusive marketing rights to havePOWER for specific government communications requirements in 18 states. havePOWER, in turn, will purchase a minimum of 40 kilowatts of Independence™ fuel cells in 2003, 260kW in 2004 and 400kW in 2005. The contract runs through 2006. havePOWER currently has a contract with the State of Maryland specifying use of Avista Labs technology at its wireless sites and anticipates the first of several installations will be in May 2003.

“We are very pleased to be working with havePOWER,” said Mike Davis, Avista Labs CEO. “We see tremendous growth potential with these types of applications and they have the experience and expertise to serve this market.”

Avista Labs currently markets its three Independence™ fuel cell products for commercial and industrial back up power solutions in the 50-watt to five-kilowatt range. Its patented modular cartridge technology™ allows Avista Labs to provide customers the ability to perform maintenance while the system continues to operate, increasing the reliability of the system.

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Page 2 Avista Labs and havePOWER Sign Distribution Agreement

George Milne, havePOWER chief operating officer, stated, “These applications provide emergency communications for government entities. That makes reliability all the more critical, especially in these uncertain times. We believe Avista Labs modular cartridge technology™ gives us the reliability and cost advantages we need to be able to provide affordable back-up and primary, off-grid power to these critical communications sites.”

havePOWER is an industry leading distributor, installer, integrator and servicer of fuel cell products designed for the telecommunications industry. In addition to distributing and servicing of Avista Labs fuel cell products, the company provides a wide range of integration engineering services including design and installation of hydrogen infrastructure systems. More information is available at www.havepower.com.

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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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, and 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, 2002.