



News Release

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Avista Labs Fuel Cell Approved for Government Sales

Independence 500 receives GSA contract award

Spokane, Wash.: Avista Labs, a wholly owned subsidiary of Avista Corp. (NYSE: AVA), has received approval from the U.S. General Services Administration (GSA) to sell its Independence 500™ fuel cells to the federal government community. The contract, which runs through April 30, 2008, allows the 500-watt fuel cell to be sold under the classification of power distribution equipment, generators, and batteries.

GSA's Federal Supply Service provides federal customers with the products, services, and programs to meet their supply, service, procurement, vehicle purchasing and leasing, travel and transportation, and personal property management requirements. GSA manages the largest, most diverse and innovative federal marketplace in the world, bringing hundreds of thousands of federal customers together with more than 9,000 contractors. The mission of the GSA is to help federal agencies better serve the public by offering, at best value, superior workplaces, expert solutions, acquisition services and management policies.

"We are committed to product performance and customer service," stated Frank Ignazzitto, Avista Labs' Vice President, Marketing & Sales. "Receiving GSA approval will make it easier for the government to purchase our fuel cells, and that's good for the industry, for the government, and for the communities they serve. Going forward, we intend to register additional products with the GSA that will add value to government operations."

Avista Labs currently markets 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

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system continues to operate, increasing the reliability of the system.

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, and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.