



News Release

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Avista Labs Fuel Cell Installed at FAA Site

Avista Labs fuel cell providing backup power to flight control communications site

Spokane, Wash.: Avista Labs, a wholly owned subsidiary of Avista Corp. (NYSE: AVA), has completed the installation of a 3kW fuel cell system for the Federal Aviation Administration (FAA). The fuel cell will provide critical backup power for a radio transmitter receiver (RTR) site located at McChord Air Force Base in Tacoma, Wash. An April 17, 2003 commissioning ceremony initiated a one-year, intensive field test of the fuel cell's capabilities.

The installation consists of six Avista Labs Independence 500™ fuel cells housed in an outdoor enclosure designed by Avista Labs, which contains both the fuel cell system and the hydrogen fuel provided by Airgas. The objective of this installation is to test the ability of the fuel cell to respond to a primary power outage and continue to meet the needs of the load under various operating conditions. The RTR site provides critical communication to area flight control towers for commercial airlines. In addition to providing back up power, the project involves starting the fuel cell three times daily in simulated outages to collect information concerning fuel cell reliability and performance. The goal of this installation is to meet or surpass 90 percent availability of fuel cell operation.

Mike Davis, Avista Labs CEO, stated, "We are excited about the opportunity to see our fuel cells put to the ultimate test in real world conditions. We see the FAA as a leading customer, and the requirements of their communications systems are an excellent fit for our technology. While this is a test, we are providing economic value for our customer. Their applications are representative of critical backup power needs across a large base of commercial and industrial infrastructure."

Howard Kernodle, FAA Energy Manager, added, "Fuel cells eventually will change how we back up grid power to our remote communications sites. The Avista Labs fuel cells are a safe, low-maintenance alternative to charged batteries for energizing our systems during extended failures of the commercial power grid. We have

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been fortunate to work with DoD and Avista Labs on this project."

The project is funded by the Department of Defense (DoD) Fuel Cell Demonstration Program lead by the Army Corp of Engineers Construction Engineering Research Laboratory (CERL). CERL conducts research to support sustainable military installations and works closely with DoD customers to develop products and services to help them implement new technologies.

Dr. Mike Binder, DoD Fuel Cell Demonstration Program Manager, stated, "We are very pleased to have the FAA facility at McChord AFB as part of our Proton Exchange Membrane Fuel Cell Demonstration Program. Fuel cells appear to be ideal candidates for this role of backup power for critical communications facilities, and can be shown to be economically viable for this purpose even at today's high fuel cell costs. A successful demonstration at this site would go a long way toward the widespread implementation of fuel cells in similar applications worldwide, which, in turn, would contribute to reduced fuel cell costs by virtue of economies of scale. This demonstration is the first to be conducted under the umbrella of a recently implemented Memorandum of Agreement between CERL and the FAA in support of mutual cooperation on fuel cell initiatives. We look forward to much greater interaction with the FAA in this regard in the future."

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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