Welcome

First Quarter 2011 Earnings Webcast

May 6, 2011

Scott Morris
Chairman, President and CEO

Mark Thies
Sr. VP and CFO

Dennis Vermillion
Sr. Vice President, Avista Corp.
President, Avista Utilities

Christy Burmeister-Smith
VP, Controller and
Principal Accounting Officer

Kelly Norwood
VP, State and Federal Regulation

Forward-Looking Statements

This presentation contains forward-looking statements, including statements regarding our current expectations for future financial performance and cash flows, capital expenditures, financing plans, our current plans or objectives for future operations and other factors, which may affect the company in the future. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond our control and many of which could have significant impact on our operations, results of operations, financial condition or cash flows and could cause actual results to differ materially from those anticipated in such statements.

The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: weather conditions (temperatures and precipitation levels) and their effects on energy demand and electric generation, including the effect of precipitation and temperatures on the availability of hydroelectric resources, the effect of temperatures on customer demand, and similar impacts on supply and demand in the wholesale energy markets; the effect of state and federal regulatory decisions on our ability to recover costs and earn a reasonable return including, but not limited to, the disallowance of costs and investments, and delay in the recovery of capital investments and operating costs; changes in wholesale energy prices that can affect, among other things, the cash requirements to purchase electricity and natural gas, the value received for sales in the wholesale energy market, the necessity to request changes in rates that are subject to regulatory approval, collateral required of us by counterparties on wholesale energy transactions and credit risk to us from such transactions, and the market value of derivative assets and liabilities; global financial and economic conditions (including the impact on capital markets) and their effect on our ability to obtain funding at a reasonable cost; our ability to obtain financing through the issuance of debt and/or equity securities, which can be affected by various factors including our credit ratings, interest rates and other capital market conditions; economic conditions in our service areas, including the effect on the demand for, and customers' payment for, our utility services; the potential effects of legislation or administrative rulemaking, including the possible adoption of national or state laws requiring our resources to meet certain standards and placing restrictions on greenhouse gas emissions to mitigate concerns over global climate changes; changes in actuarial assumptions, interest rates and the actual return on plan assets for our pension plan, which can affect future funding obligations, pension expense and pension plan liabilities; volatility and illiquidity in wholesale energy markets, including the availability of willing buyers and sellers, and prices of purchased energy and demand for energy sales; unplanned outages at any of our generating facilities or the inability of facilities to operate as intended; the outcome of pending regulatory and legal proceedings arising out of the "western energy crisis" of 2000 and 2001, and including possible refunds; the outcome of legal proceedings and other contingencies; changes in, and compliance with, environmental and endangered species laws, regulations, decisions and policies, including present and potential environmental remediation costs; wholesale and retail competition including, but not limited to, alternative energy sources, suppliers and delivery arrangements; the ability to comply with the terms of the licenses for our hydroelectric generating facilities at cost-effective levels; natural disasters that can disrupt energy generation, transmission and distribution, as well as the availability and costs of materials, equipment, supplies and support services; explosions, fires, accidents, or mechanical breakdowns that may occur while operating and maintaining our generation, transmission and distribution systems; blackouts or disruptions of interconnected transmission systems; disruption to information systems, automated controls and other technologies that we rely on for operations, communications and customer service; the potential for terrorist attacks, cyber security attacks or other malicious acts, that cause damage to our utility assets, as well as the national economy in general; including the impact of acts of terrorism, cyber security attacks or vandalism that damage or disrupt information technology systems; delays or changes in construction costs, and/or our ability to obtain required permits and materials for present or prospective facilities; changes in the long-term climate of the Pacific Northwest, which can affect, among other things, customer demand patterns and the volume and timing of streamflows to our hydroelectric resources; changes in industrial, commercial and residential growth and demographic patterns in our service territory or the loss of significant customers; the loss of key suppliers for materials or services; default or nonperformance on the part of any parties from which we purchase and/or sell capacity or energy; deterioration in the creditworthiness of our customers and counterparties; the effect of any potential decline in our credit ratings, including impeded access to capital markets, higher interest costs, and certain covenants with ratings triggers in our financing arrangements and wholesale energy contracts; increasing health care costs and the resulting effect on health insurance provided to our employees and retirees; increasing costs of insurance, more restricted coverage terms and our ability to obtain insurance; work force issues, including changes in collective bargaining unit agreements, strikes, work stoppages or the loss of key executives, availability of workers in a variety of skill areas, and our ability to recruit and retain employees; the potential effects of negative publicity regarding business practices, whether true or not, which could result in, among other things, costly litigation and a decline in our common stock price; changes in technologies, possibly making some of the current technology obsolete; changes in tax rates and/or policies; and changes in our strategic business plans, which may be affected by any or all of the foregoing, including the entry into new businesses and/or the exit from existing businesses.

For a further discussion of these factors and other important factors, please refer to our Annual Report on Form 10-K for the year ended Dec. 31, 2010. The forward-looking statements contained in this presentation speak only as of the date hereof. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on our business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Net Income (Loss) and Diluted EPS

Attributable to Avista Corporation

($ in thousands, except per-share data)	Q1 2011	Q1 2010
Operating Revenues	$476,586	$456,415
Income from Operations	$84,825	$67,824
Net Income Attributable to Avista Corporation	$41,918	$28,810

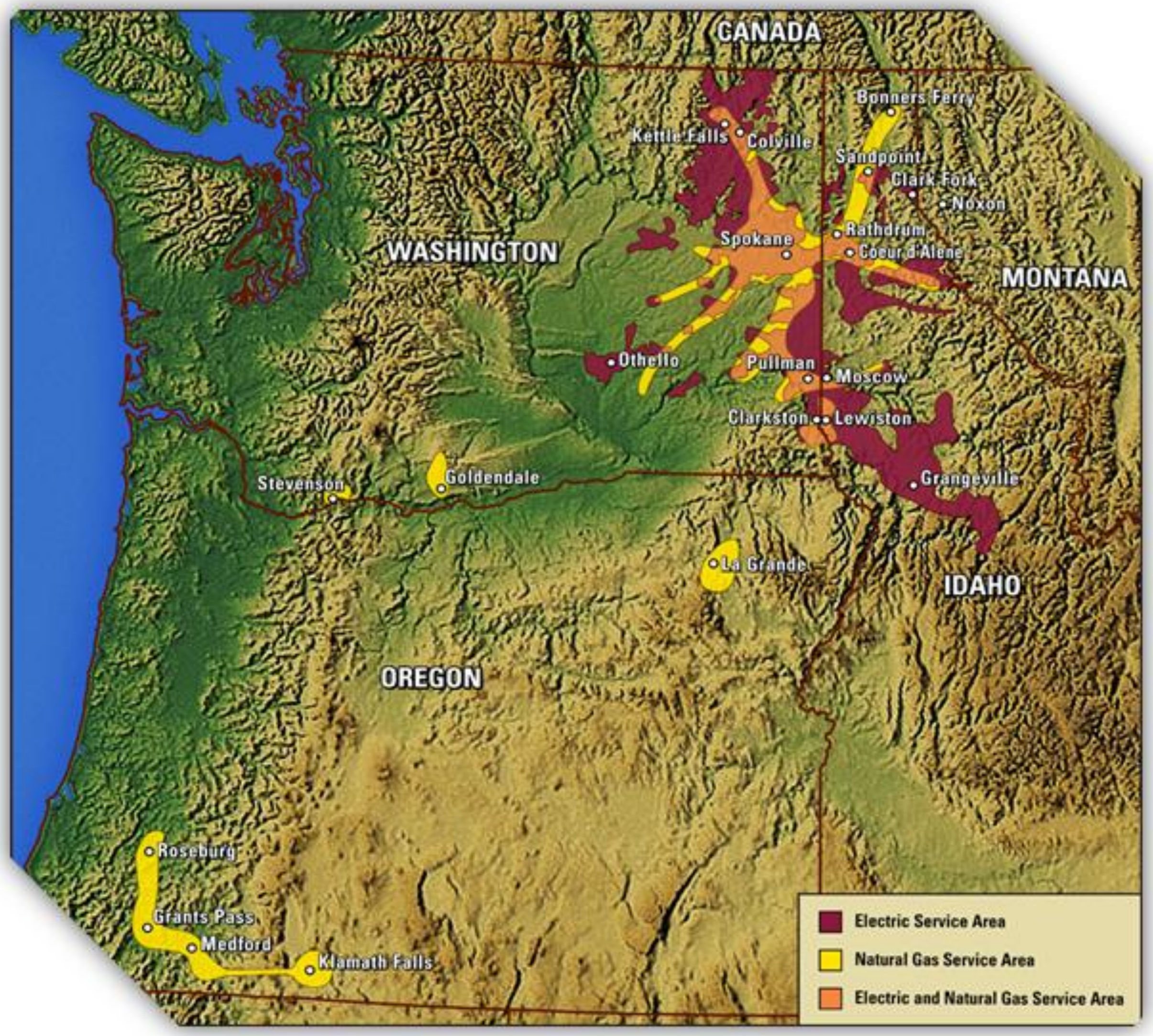
Net Income (Loss) by Business Segment Attributable to Avista Corporation:

Avista Utilities	$40,117	$27,776
Advantage IQ	$1,707	$1,447
Other	$94	$(413)

Earnings (Loss) per Diluted Share by Business Segment Attributable to Avista Corporation:

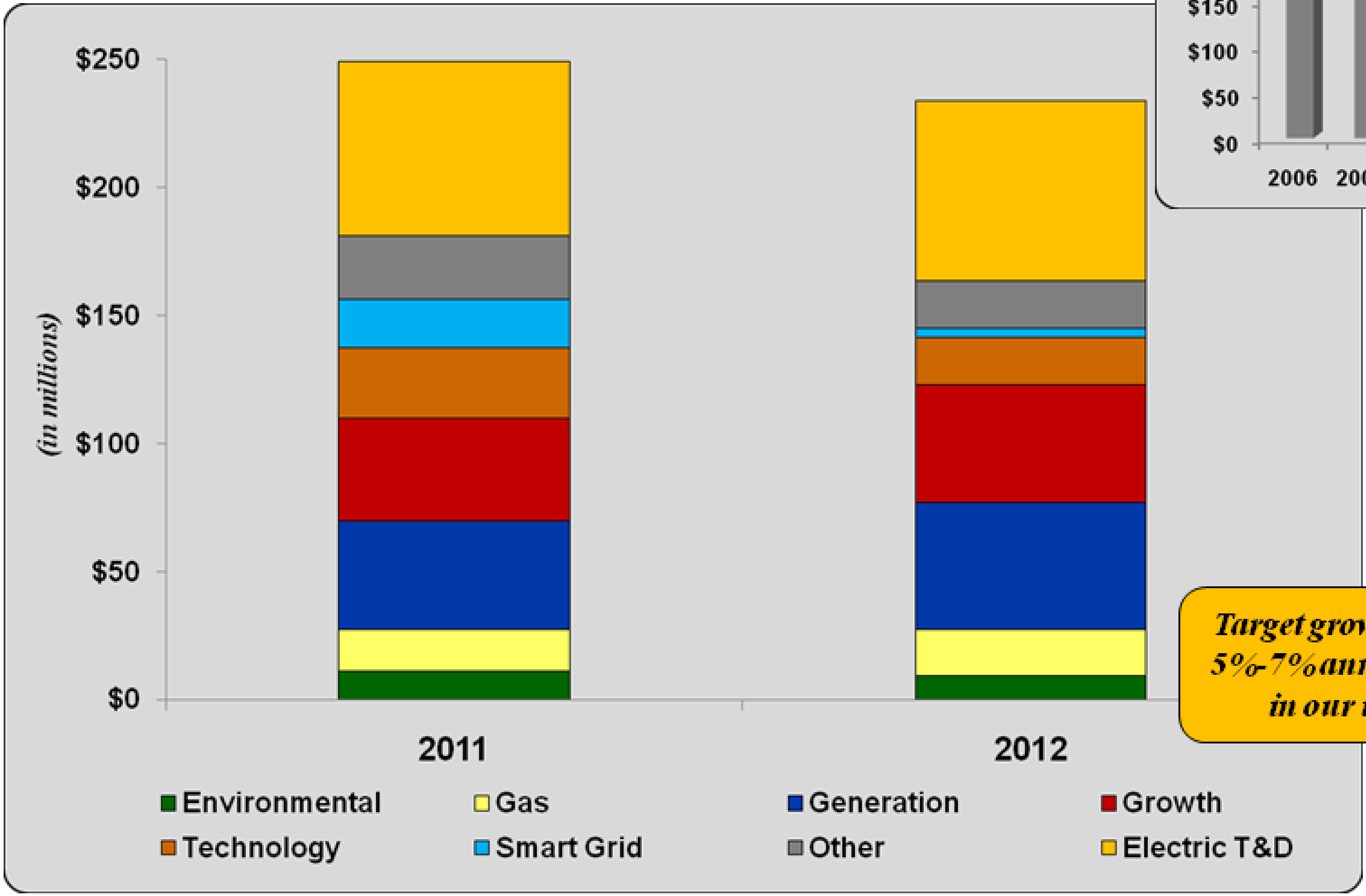
Avista Utilities	$0.70	$0.50
Advantage IQ	$0.03	$0.03
Other	$0.00	$(0.01)
Total Earnings per Diluted Share Attributable to Avista Corporation	**$0.73**	**$0.52**

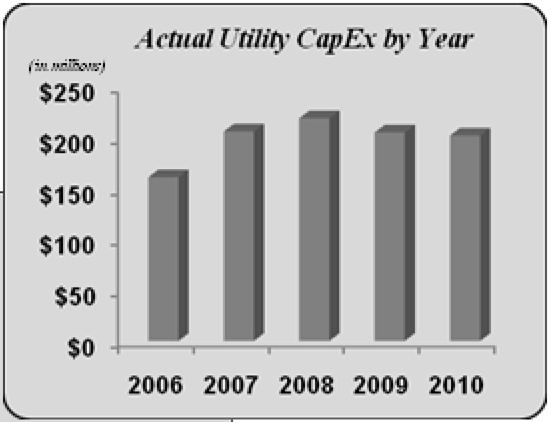
Utility Service Territory



AVISTA Corp.

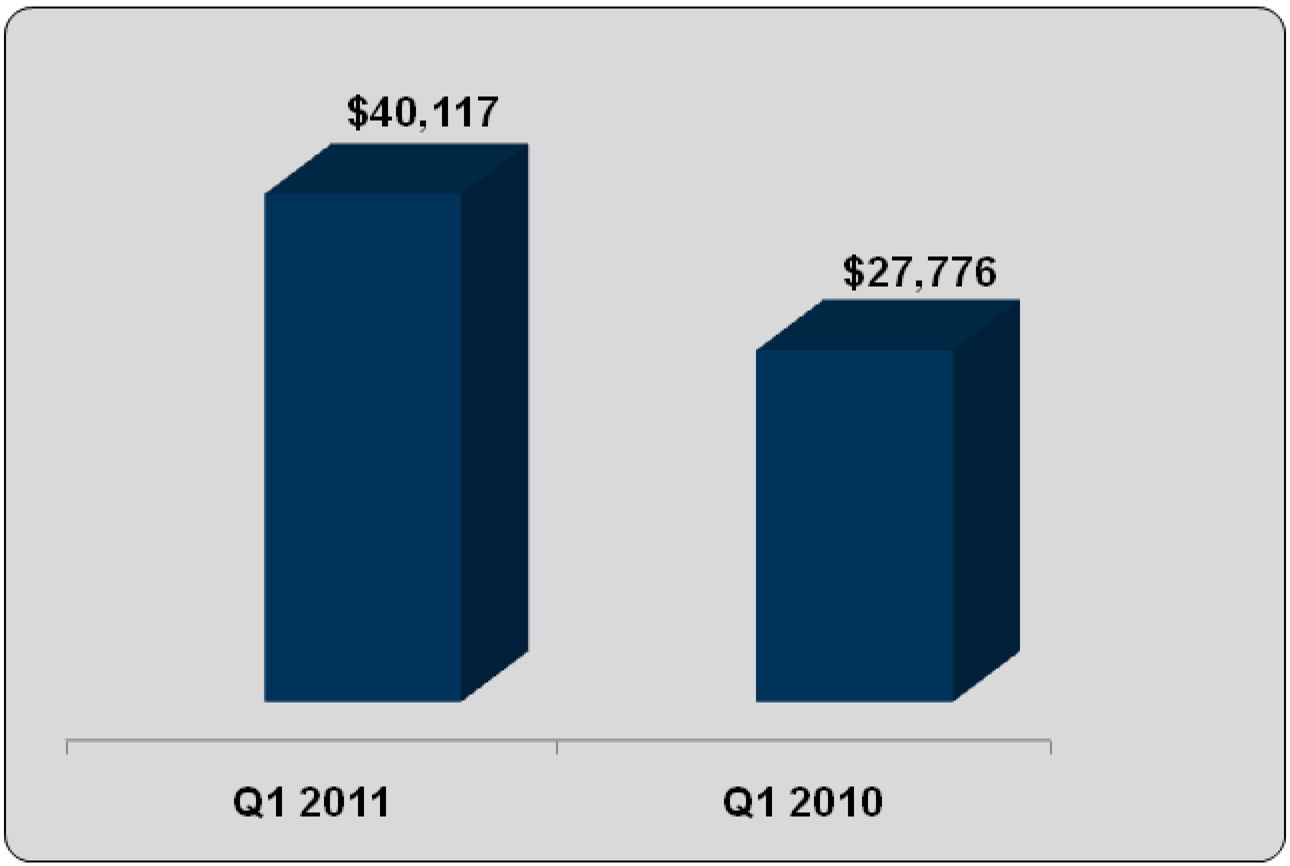
Utility Capital Expenditures





Target growing our rate base 5%-7% annually by investing in our infrastructure

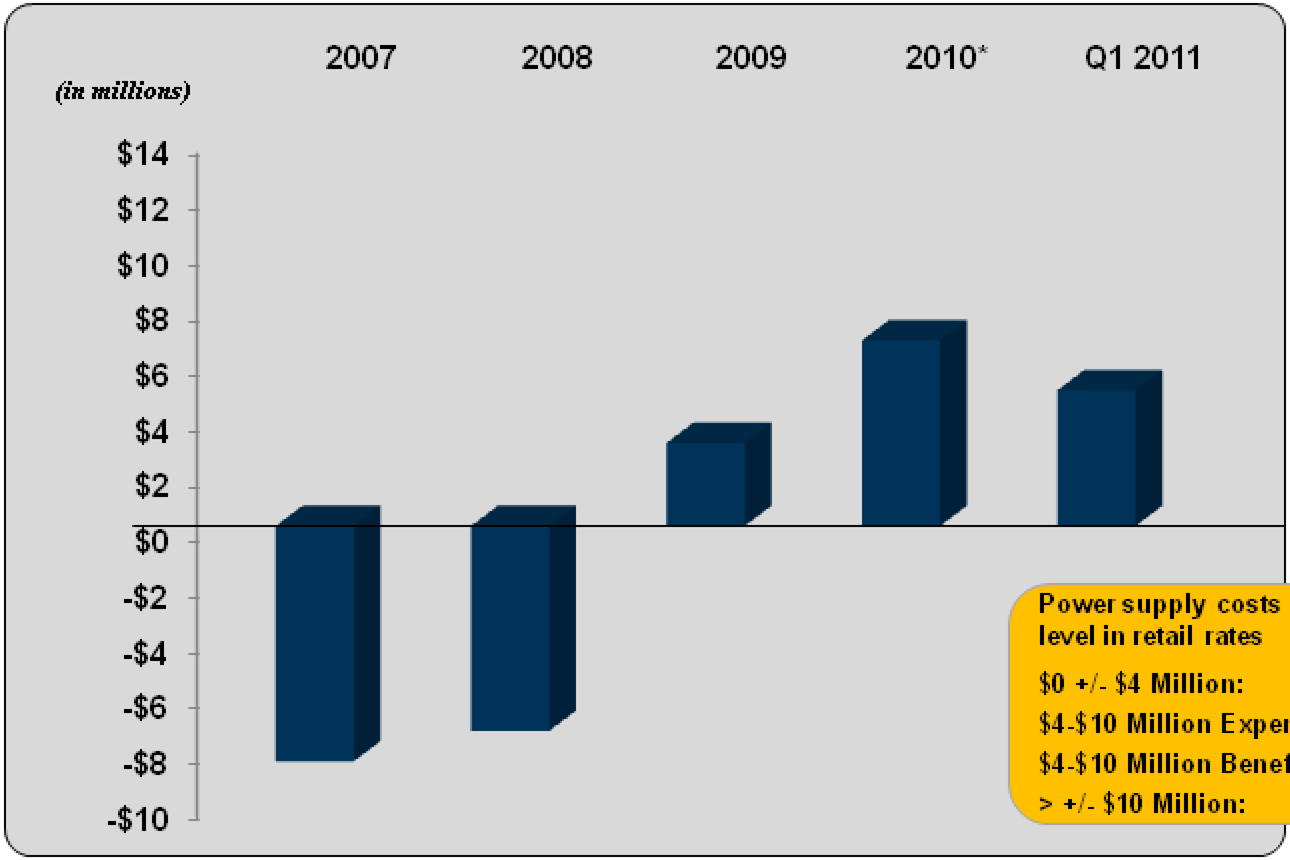
Financial



Avista Utilities Net Income
Attributable to Avista Corporation
(in thousands)
$40,117
$27,776
Q1 2011
Q1 2010

Washington Electric Energy Recovery Mechanism (ERM)

Annual Benefit/(Expense) to Avista



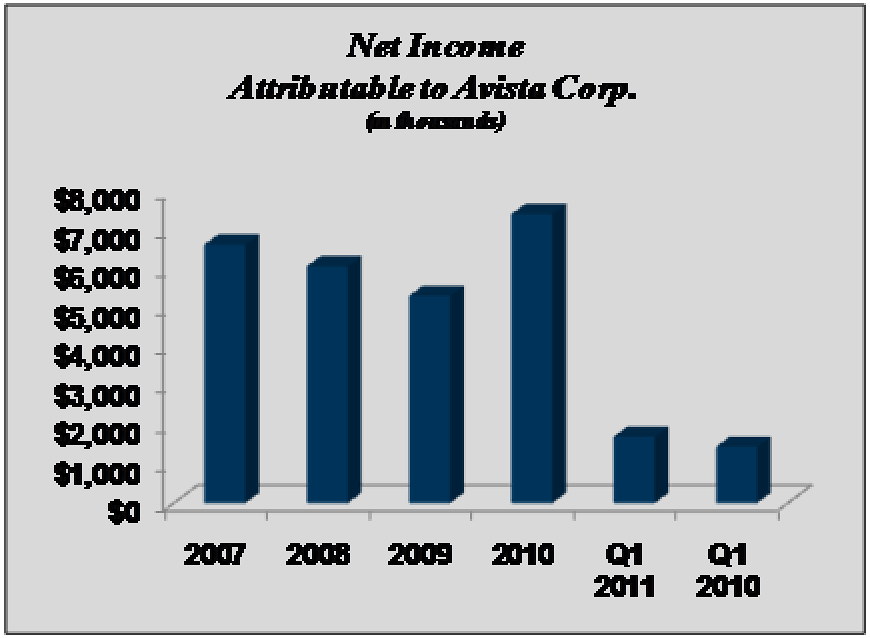
Power supply costs above or below the level in retail rates

$0 +/- $4 Million:	100% Company
$4-$10 Million Expense:	50% Company
$4-$10 Million Benefit:	25% Company
> +/- $10 Million:	10% Company

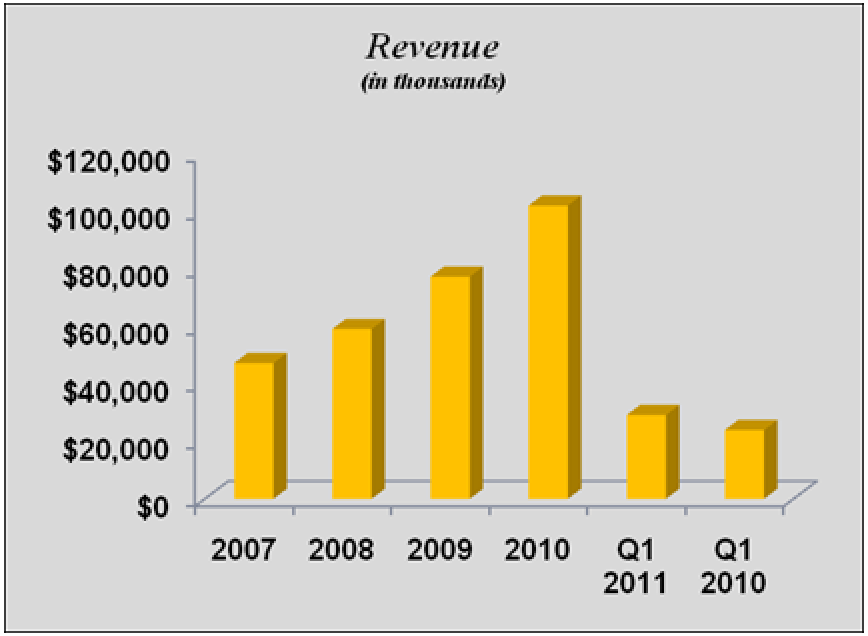
* In the Washington general rate case settlement, the parties agreed that there would be no deferrals under the ERM for 2010 and that the deferred net costs for the Lancaster Plant would be limited to $6.8 million. The ERM benefit in 2010 is net of the Lancaster Plant costs that were not deferred.

AVISTA Corp.

Financial

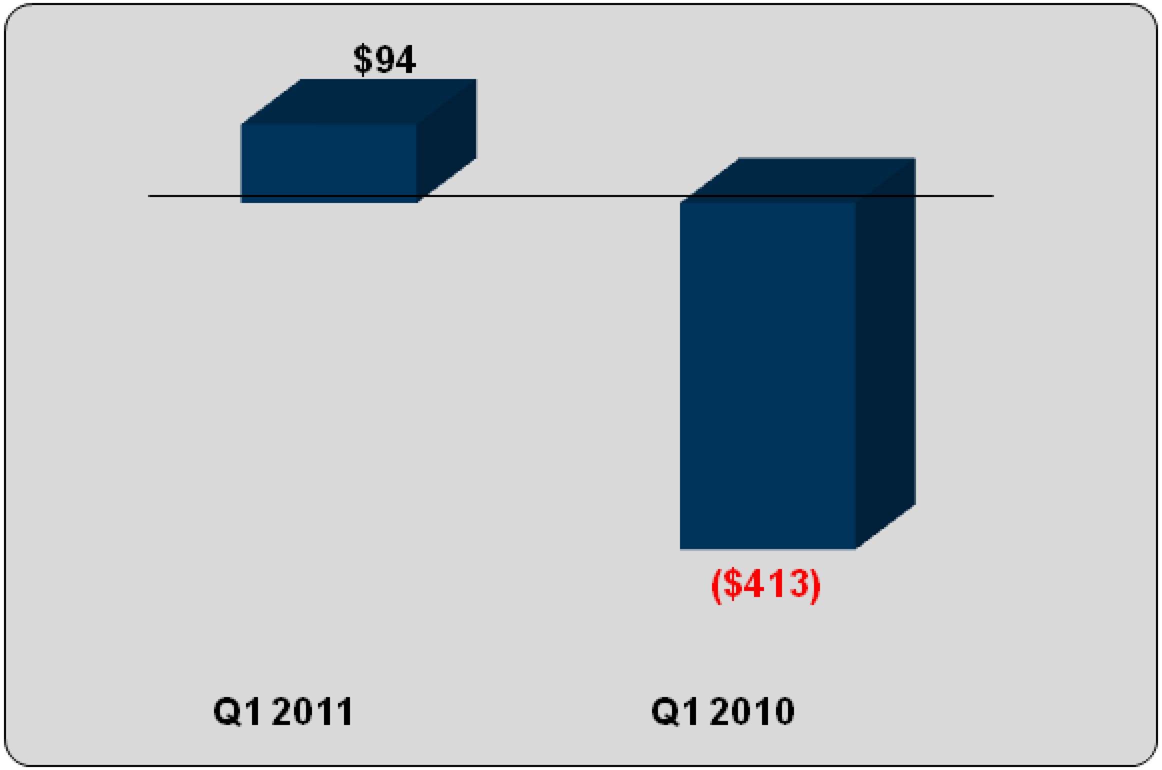


Beginning July 2, 2008, Net Income reflects approximately 75% ownership in AIQ.



Financial

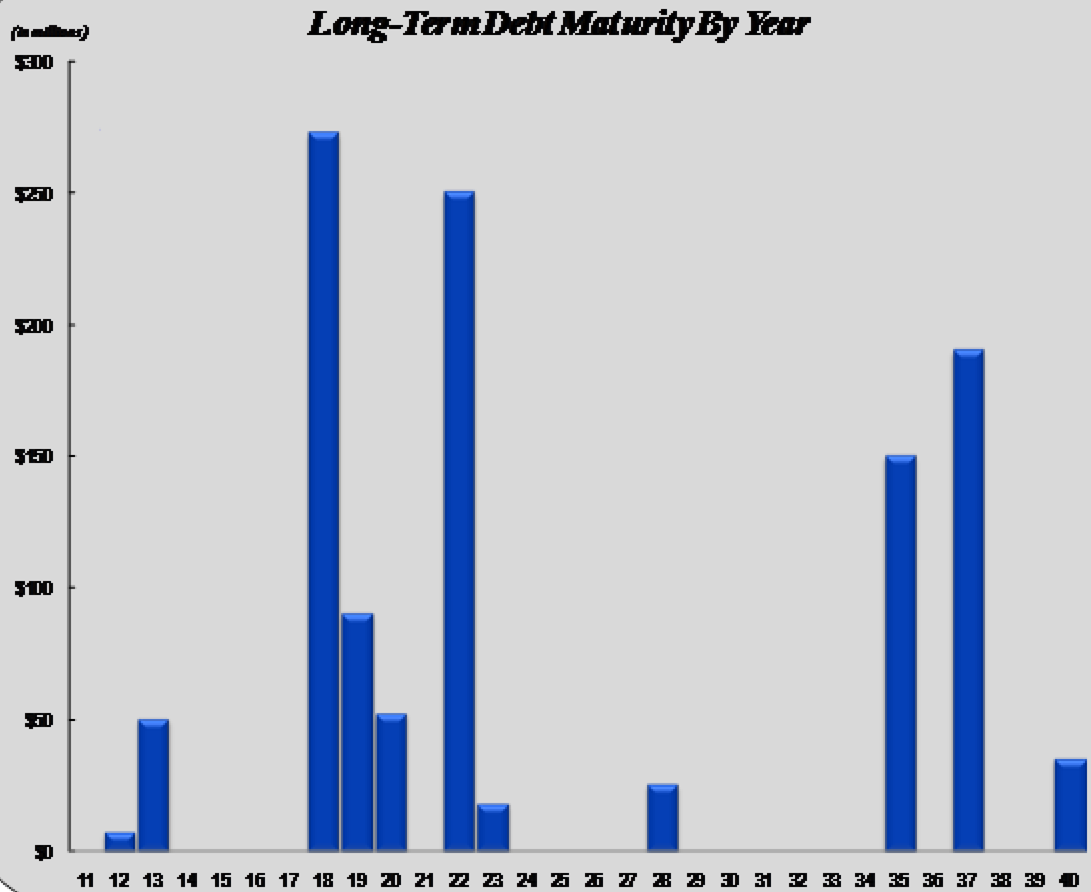
Other Businesses Net Income (Loss)
Attributable to Avista Corporation
(in thousands)



AVISTA Corp.

Liquidity

The Company had $313 million of available liquidity as of March 31, 2011



- In February 2011, we entered into a $400 million four-year committed line of credit, replacing the $320 million and $75 million committed line of credit agreements that were scheduled to expire on April 5, 2011

AVISTA Corp.

Earnings Guidance

	2011
Consolidated	$1.60-$1.80*
Avista Utilities	$1.47-$1.62*
Advantage IQ	$0.13-$0.16
Other	$0.00-$0.02

** We expect to be at the high end of the range.*

Guidance Assumptions

- Our outlook for Avista Utilities assumes, among other variables, normal precipitation and temperatures for the remainder of the year.
- Our guidance range for Avista Utilities encompasses expected variability in power supply costs and the application of the ERM to that power supply cost variability. The midpoint of our utility guidance range does not include any benefit or expense under the ERM.
- We are expecting a benefit under the ERM in 2011 within the 90 percent customer/10 percent company sharing band. It is important to note that the forecast of our position in the ERM can vary significantly due to a variety of factors including the level of hydroelectric generation and retail loads, as well as changes in purchased power and natural gas fuel prices.

Questions?

Contact Information

Thank you for your participation.

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