

2020

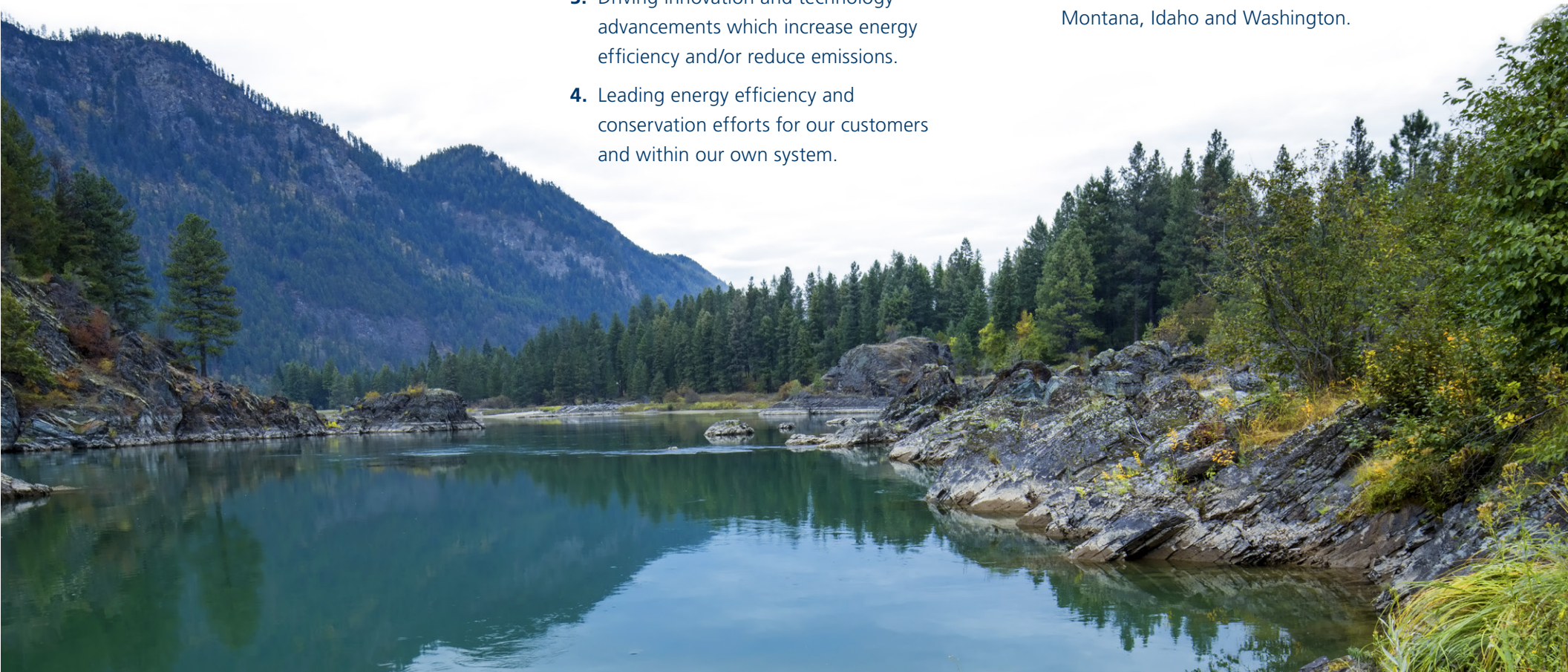
Environmental Commitments



Our Commitment to Our Environment

We are committed to conducting our business with respect for the natural resources in the areas we serve, and to addressing the challenges of a changing climate. Our efforts and commitments include:

1. Integrating renewables as part of our commitment to clean energy and carbon emissions reductions, while maintaining reliability and affordable rates for our customers.
2. Engaging in climate policy development to promote environmental stewardship along with economic and community vitality.
3. Driving innovation and technology advancements which increase energy efficiency and/or reduce emissions.
4. Leading energy efficiency and conservation efforts for our customers and within our own system.
5. Improving the sustainability of our business practices and promoting stewardship of our shared natural resources. Avista manages its operations and facilities to protect land, air and water. In addition, we protect and restore habitat, water quality and fisheries.
6. Providing recreational opportunities to improve access for all people along the Clark Fork and Spokane Rivers in Montana, Idaho and Washington.



1. ■ Integrating renewables as part of our commitment to clean energy and carbon emissions reductions, while maintaining reliability and affordable rates for our customers.

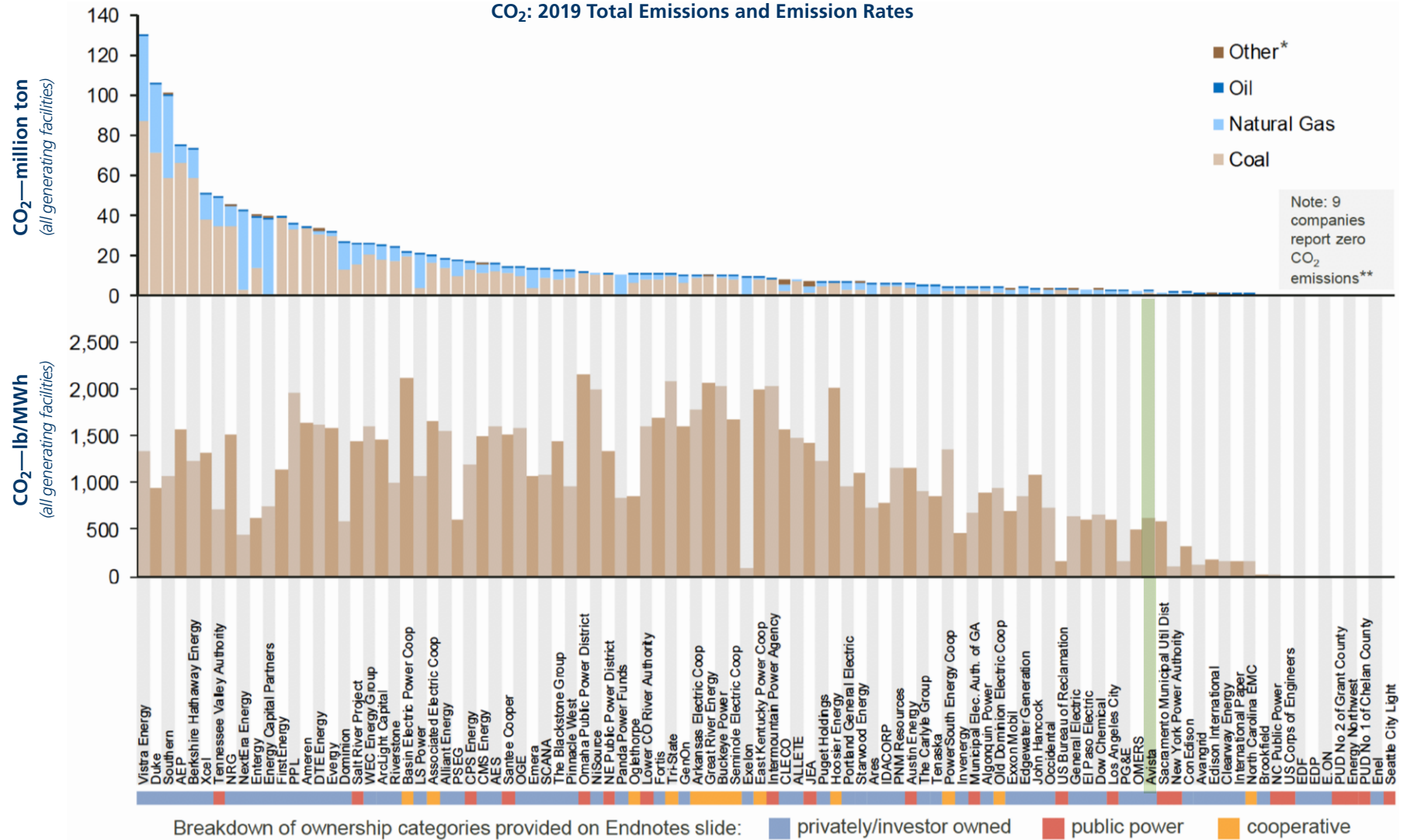
In April 2019, Avista announced clean electricity goals of serving our customers with a carbon neutral supply of electricity by the end of 2027 and with 100% clean electricity by 2045. These goals help focus our efforts as we continue to meet the

energy needs of our customers and communities today and into the future. Since our founding in 1889 as a producer of clean, renewable hydro power, environmental stewardship has meant conducting our business in ways that honor the integrity of the natural resources in the areas we serve. We have long been recognized by the Natural Resources Defense Council as one of the cleanest power producers in the country when it comes to greenhouse gases. Over half of our existing generation capability consists of renewable energy, including hydroelectric, biomass, solar and wind resources.



Air Emissions of the 100 Largest Electric Power Producers in the U.S.

CO₂: 2019 Total Emissions and Emission Rates



Natural Resources Defense Council: Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States (July 2020)

www.nrdc.org

Sorted from highest to lowest by emission rate

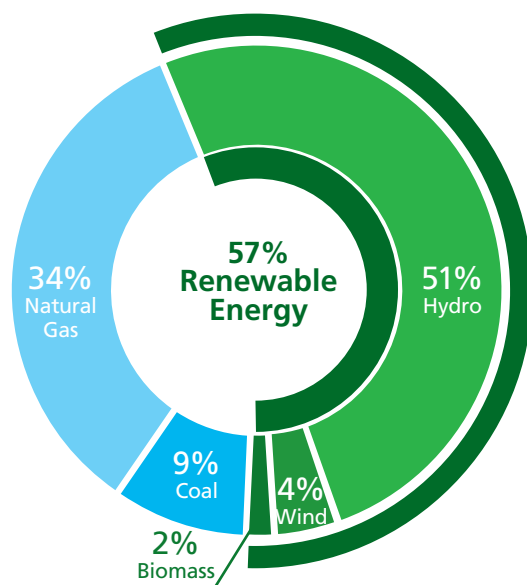
* Includes wood/biomass, black liquor, MSW, landfill gas and petroleum coke, among others

** Companies with zero emissions are ordered based on total generation

We have long been committed to meeting the need for reliable and affordable energy while advancing environmental stewardship, and our actions demonstrate these values. Our most recent additions to our generation portfolio include the following renewable energy projects on behalf of our customers:

- 2012 Palouse Wind 105 MW 30-year Power Purchase Agreement (PPA)
- 2015 Community Solar Array 0.4 MW owned by Avista
- 2018 Lind Solar Farm 28 MW 20-year PPA
- 2020 Rattlesnake Flat Wind 144 MW 20-year PPA
- 2020 Renewable Energy Request for Proposal (RFP) for 120 aMW

Electricity Generation Resource Mix



*As of Dec. 31, 2019,
Excludes AEL&P*

Our 2020 renewable energy RFP is designed to offset market purchases and fossil-fuel thermal generation consistent with Avista's 2020 Electric Integrated Resource Plan (IRP), and reinforces our clean electricity goals. The IRP, refreshed every two years, shapes our generation resource strategy and planned generation procurements for the following 20 years, resulting in a Preferred Resource Strategy (PRS). The PRS is a reasonable low-cost plan balancing cost, reliability, and environmental goals and mandates. Some highlights of the 2020 IRP and PRS include:

- Greenhouse gas emission reductions of between 80-90% from 2018 levels through 2045.
- As much as 300 MW of new renewable energy generation added by 2023.
- Colstrip Units 3 & 4 (coal generation) and Lancaster PPA (natural gas generation) exit electric generation portfolio by 2026, significantly reducing Avista's greenhouse gas emissions.
- An additional 200 MW of renewable energy generation added by 2027.

We are well on our way to achieving our 2027 goal of providing a carbon-neutral supply of electricity. The acquisition of additional renewable energy generation, the departure of our sole coal-fired

thermal generating resource (Colstrip Units 3 & 4), the expiration of a natural gas-fired thermal generating resource (Lancaster PPA) and upgrades to our existing hydroelectric and biomass plants as detailed in Avista's PRS from our 2020 Electric IRP provides a pathway forward in balancing cost, reliability, and our environmental goals. We will continue to engage all our stakeholders as we make our clean energy goals real.

In the years past 2030, as we approach 100% clean electricity by 2045, we expect that long-term energy storage technologies, which are either not currently available or are not cost-effective, will advance such that it will allow us to meet our goals while also maintaining reliability and affordability for our customers. Engaging stakeholders in IRP updates every two years will help inform specific resource decisions and adjustments in our plans. Meeting our clean energy goals may also require accommodation from economic regulatory agencies insofar as the Company may need to acquire emission offsets to meet its goals. For further review of Avista's clean electricity goals and of scenario constraints and assumptions, please refer to our [2020 Electric IRP](#) and our Annual Form 10-K which is accessible on the [Avista Corporation website](#).

2 ■ Engaging in climate policy development to promote environmental stewardship along with economic and community vitality.

Avista's purpose starts with providing the energy that powers the daily lives of our customers. We are also here to help improve the quality of life and to enhance the vitality of the communities we serve and call home. As part of this commitment, we have carefully considered how our business intersects with the environment for decades, as witnessed by our strong environmental record and as one of the cleanest power producers in the country. Our clean electricity goals are another important step environmental stewardship while meeting the energy needs of our customers. All of us play a role in addressing climate change and being good stewards of our shared resources. As part of this effort, we will continue to work together with our customers, communities and other stakeholders toward a lower carbon future while keeping our system reliable and considering the economic impacts to our customers.

With the growing emphasis on climate change and demands for action, we are witnessing numerous and at times competing measures arising from consumer advocacy groups, environmental groups, federal, state, and local government positions and legislative actions that may affect Avista and the energy prices paid by our customers. Through active monitoring and engagement of these emerging initiatives, we seek to represent our stakeholders' interests to ensure that proposed solutions do not adversely impact one stakeholder for the benefit of another. Our collaborative and respectful approach to these matters ensures that we have a seat at the table for these important discussions and continues to afford us the opportunity to best represent the interests of our customers and communities. This is especially important when proposed measures have a direct bearing on future costs of our customers' energy. We are there to ensure that all parties recognize the economic realities facing our customers and communities.

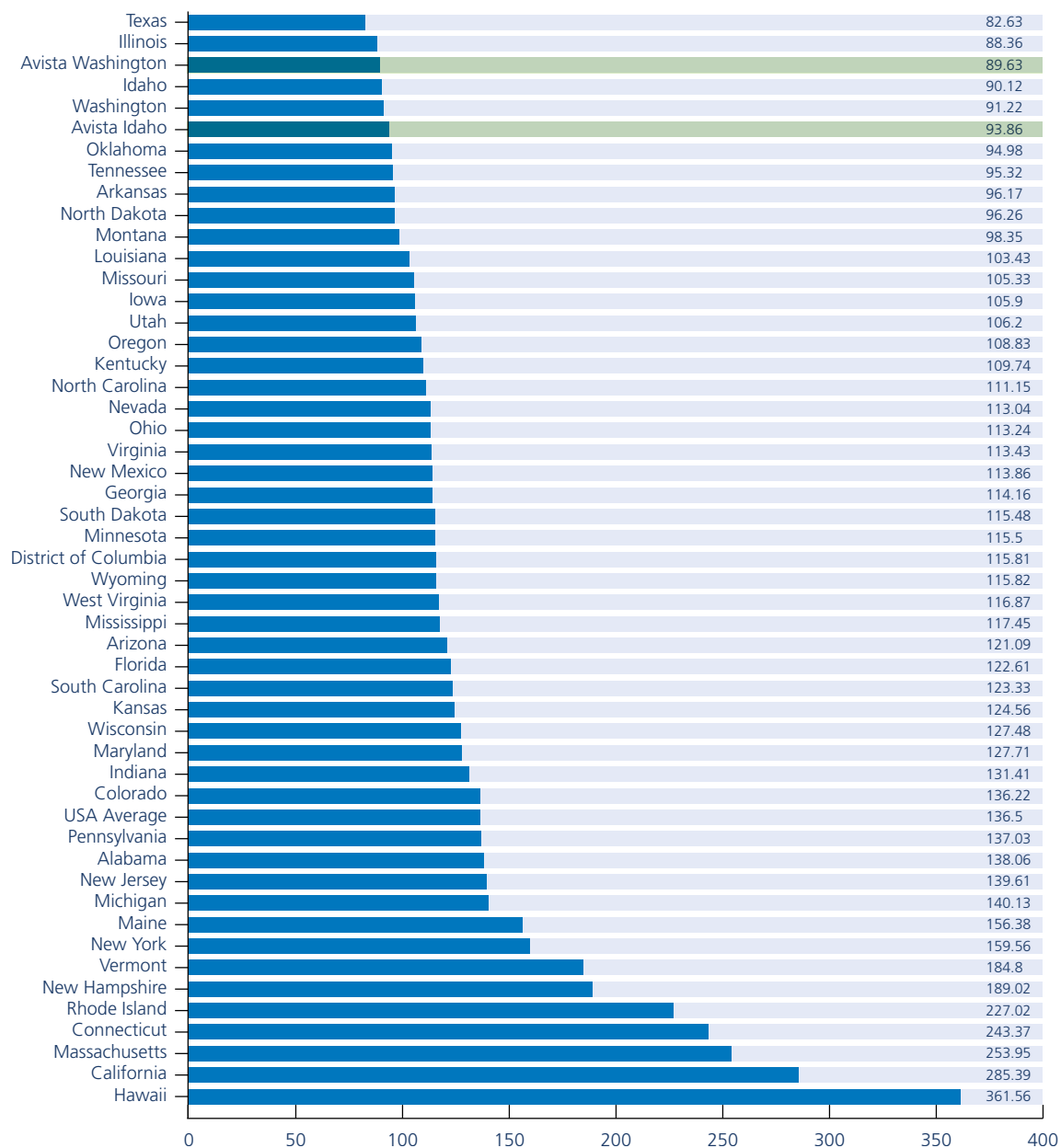
Our Perform Council aids the Company in managing these complex issues. This council meets regularly and is comprised of senior executive leadership, management and other key personnel from departments across the Company to assess the potential impacts of climate related policies to our business and to our customers and communities.

The council also facilitates internal and external communications regarding climate change issues, analyzes policy impacts, anticipates opportunities, evaluates relevant strategies for Avista, and develops recommendations on climate-related policy positions and action plans. In addition to engaging in regulatory and legislative policy making regarding climate change policies, we are preparing for future opportunities related to innovations in electric transportation, distributed generation, and more that can further reduce our carbon footprint and the carbon footprint of our customers and communities.

Our commitments to environmental stewardship and energy price affordability are demonstrated in our current results. Avista is already one of the nation's lowest carbon emitting power producers and on average, the total monthly cost of our residential electric service is 33% lower than the national average for investor-owned utilities. These achievements did not happen by chance, nor do we take them for granted. We work hard every day to plan, build, operate and maintain our energy systems with an eye towards the future. We innovate ways to be more efficient and green and to continue to meet our customers' and communities' expectations regarding environmental stewardship, reliability and cost.

How do our electric rates compare nationwide?

Source: Edison Electric Institute; Investor-Owned Utilities based on 1,000 kWh of use per month as of January 1, 2020



Going forward, we will continue to keep our same focus and commitments by placing the interests of our customers and communities at the forefront of our business as we engage climate policy making. The conversation about being green or sustainable is not new and will not be dissipating anytime soon. Our approach today is consistent with the way we have done business for well over a century. We believe that all of us play a role in finding solutions to complex issues, and engagement and collaboration will remain key strategies as we progress towards our collective goals around climate change.



3 ■ Driving innovation and technology advancements which increase energy efficiency and/or reduce emissions.

As an energy provider, we are committed to addressing the challenging issues of climate change and being an active leader in the current transformation to a lower carbon future in ways that are technologically feasible and make environmental and economic sense for our customers, communities and other stakeholders. In addition to integrating additional renewable energy into our electric generation resource mix, we are also driving innovation and technology advancements for greater energy efficiency in order to reduce carbon emissions.

Avista has always been on the forefront of clean energy and innovation. Founded on clean, renewable hydro power on the banks of the Spokane River, we have advanced the efficient use of electricity and natural gas and embraced innovation as a platform for our clean energy future. We also view clean energy as a key element in driving economic development and shaping a sustainable future for our customers and communities. Avista created companies including Itron, Ecova and ReliOn that continue to lead in the development, support and implementation of a clean energy future. Similarly, we are a founding partner of Urbanova, Spokane's Smart City living laboratory that is testing smart city concepts. We also recently created the Eco-District

in Spokane's University District to help shape the smart grid of the future and define how buildings can operate and utilize energy in the most efficient manner. We also seek out technology partners and opportunities to innovate through collaboration and are actively exploring opportunities around renewable natural gas.

Also located in Spokane's University District, Urbanova's smart city projects harness data to gain insights, empower people and solve urban challenges in new ways—all with the goal of enabling healthier citizens, safer neighborhoods, smarter energy infrastructure, and a stronger and more sustainable economy. Together we are developing a living laboratory where companies and other innovators are working on smart city solutions. Our Shared Energy Economy Model Pilot is testing the integration of energy assets—from rooftop solar and battery storage to building energy management systems—that can be shared and used for multiple purposes. Our project goal is to examine how we, customers and communities can create a shared energy economy model by demonstrating that the electric grid can become more reliable, efficient, resilient and flexible. [Click here](#) to learn more about Urbanova and our smart city projects.

With the South Landing Eco-District and Catalyst project, Avista set out to create “the five smartest blocks in the world” by creating a place to partner with others to reimagine our energy future, and advance energy innovation. The South Landing Eco-District, anchored by the Scott Morris Center for Energy Innovation and the Catalyst building, are intended to show the utility industry—and the

world—what’s possible. Through these projects, we’re exploring what’s possible when utilities and developers collaborate to design and operate grid-friendly buildings. What we learn could lead to a more affordable clean energy future for all of us.

Most buildings are constructed one at a time, each with a dedicated heating and cooling system and their own grid connection. But Avista and partner McKinstry are testing a new shared energy model called an eco-district—where a centralized heating, cooling, and electrical system can serve the energy needs of a group of buildings. The heart of the South Landing Eco-District will be the central plant located in the Scott Morris Center for Energy Innovation. The system also includes on-site solar panels, battery and thermal storage, plus thousands of sensors throughout the buildings to track its conditions in real-time. While the South Landing Eco District will initially provide energy to the Catalyst and Morris Center, as the five smartest blocks are built out, the Eco-District will also meet the energy needs of other additional buildings.

The Catalyst Building and the Morris Center have been designed from the ground up to interact with each other. They “talk” to each other and with the energy grid. When building operators and the utility share information, they can actively manage energy to maximize the building efficiency and make the best use of the grid—all while keeping the building’s occupants comfortable. The Eco-District will act as a living laboratory, where we can test ideas and gain insights that can help Avista provide reliable and clean energy for our customers, affordably. For example, at night, when energy

usage is low, the Eco-District can pull energy from the grid to recharge onsite batteries and thermal storage tanks at times when there is excess grid capacity. This energy is stored and used to operate the building when energy demand is high. Such flexibility lets the utility make the best use of the existing grid and delay costly construction to meet energy demand. In the end, this makes energy more affordable for everyone.

Ultimately, the South Landing Eco-District will enable us to innovate and test new ideas about how to share energy. What we learn could not only shape how the grid of the future will operate, but also provide a transformative new model for the entire utility industry. This effort demonstrates Avista’s commitment to investing in bold ideas, new technologies and innovative partnerships to leverage the grid in new ways for a more sustainable energy future.

We recognize that technology is changing rapidly, as are the needs and expectations of our customers and communities, often in response to the growing pressures being brought to bear on our environment. Avista is purposeful and focused on identifying unique, and creative solutions for the energy needs of today, while also preparing to meet those that are growing for the immediate future. Collaboration is a key strategy that we employ in order to leverage the experience and technical expertise across a broader range of companies and why we have partnered with Energy Impact Partners (EIP) to further develop leading-edge energy solutions. EIP seeks to bring the best companies, experience and vision in the energy industry to tackle the issues around our emerging



energy landscape. Key focus areas include energy efficiency, sustainable generation, energy storage, connected devices, big data and software solutions, and energy management—"The Grid of Things."

In working with EIP and their coalition of other progressive utilities, we will help ensure that innovation remains firmly at the core of our business as we continue to drive technology advancements with the goals of increasing energy efficiency for our customers and communities and reducing emissions as we transition to a lower carbon future. EIP is focused on achieving the largest possible near-term environmental impact by identifying innovative solutions that can be immediately adopted within their utility partners' operations to drive progress and enable other industries to accelerate decarbonization. [Click here](#) to learn more about Energy Impact Partners.

Avista has also partnered with Open Energy Solutions (OES) to collaborate on the development of open source software for grid edge technology solutions. These solutions are being designed to deliver significant benefits to our customers, including information and tools to help them manage and conserve their energy usage. The vision of OES involves the utility grid of the future operating in a similar way to a smart phone

operating system—flexible, useful and resilient. Through this partnership, we will continue to innovate and advance technology in pursuit of making this vision a reality. In addition to these potential customer benefits, the software will use interoperability concepts and distributed intelligence, allowing utilities to more efficiently integrate, coordinate and optimize diverse assets. These assets include the energy grid, traditional and renewable generation and customer assets. Together, these software solutions are designed to improve energy efficiencies in order to further reduce emission. [Click here](#) to learn more about Open Energy Solutions.

Renewable Natural Gas

We are also exploring new technologies on the natural gas side of our business as well. In particular, renewable natural gas (RNG), or biogas, is being analyzed as a potential supply resource for our natural gas local distribution company (LDC). RNG typically refers to a mixture of gases produced by the biological breakdown of organic matter in the absence of oxygen and may be produced by anaerobic digestion or fermentation of biodegradable materials such as wood biomass, manure or sewage, municipal waste, green waste and energy crops. Regardless of the type of RNG, the captured methane gas yields substantial greenhouse

gas emissions savings and is considered a renewable energy resource. Once contained, RNG can be used by boilers for heat, as power generation, compressed natural gas vehicles for transportation or directly injected into the natural gas grid for consumer end use.

Avista reviewed the cost-effective use of RNG in its [2018 Natural Gas Integrated Resource Planning \(IRP\)](#) and concluded that RNG is best used to reduce greenhouse gas emissions by the direct use of natural gas by our customers rather than use it as a fuel in our natural gas-fired turbines to generate electricity. In addition, the natural gas IRP determined that depending on the location of the RNG facility, it may be cost effective as a supply resource. This is especially the case when a prospective RNG project may be found within our natural gas LDC system in order to reduce the siting, infrastructure and transportation related costs. We continue to explore the possibilities of RNG project development in several of our service territories and view RNG as part of our plan for the future by continuing to invest in the research and development of technologies that support renewable energy adoption, energy efficiency and emission reductions as we work towards our shared energy future.

4. ■ Leading energy efficiency and conservation efforts for our customers and within our own system.

Our commitment to clean energy goes beyond the addition of renewable generation resources. We continue to reduce potential greenhouse gas emissions by providing energy efficiency and conservation programs to our customers across our service territories. We do this by making our own operational investments in energy efficiency, upgrading our utility systems through smart grid related projects, enhancing our existing renewable energy plants and executing our Green Fleet Program and commute trip reduction programs. Together, these efforts enable us to address the challenging issues of climate change from a variety of different approaches, experimenting and learning along the way in order to lead the fight against climate change on behalf of our customers, communities and other stakeholders.

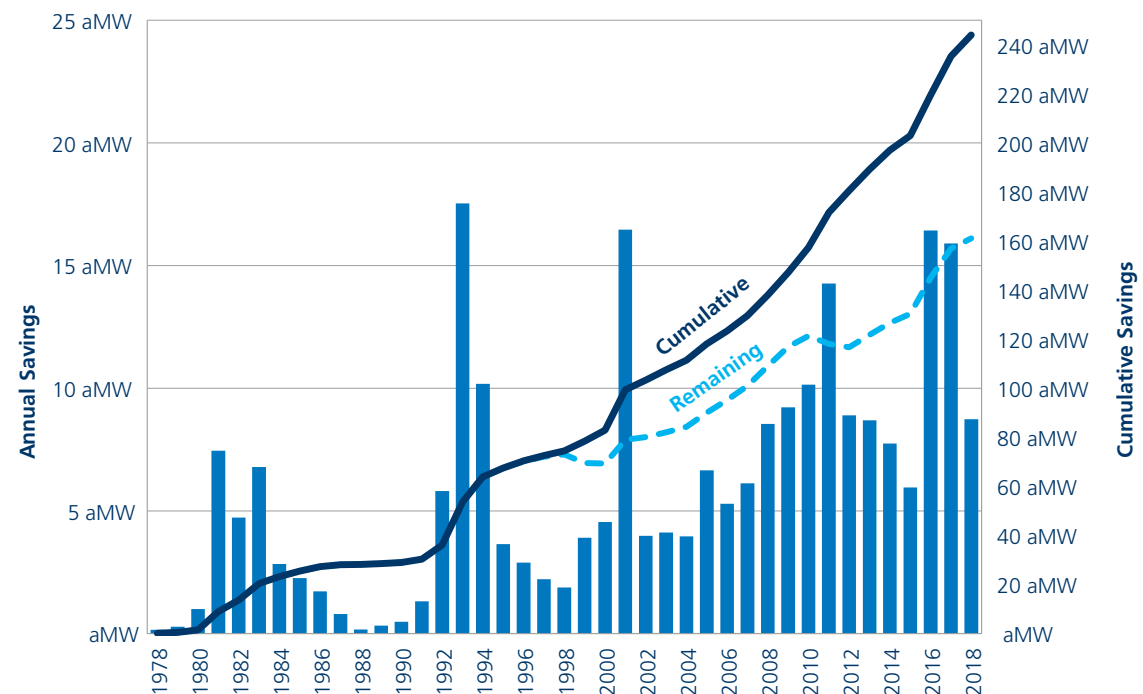
Energy Efficiency

We began offering energy efficiency and conservation programs to our electrical customers back in 1978. These programs are all cost-effective strategies to reduce customers' usage within the prevailing market and economic conditions. Recent programs with the highest impacts on electrical savings include residential and non-residential prescriptive lighting, residential fuel efficiency, site-specific lighting and small business projects.

This figure illustrates Avista's historic electricity conservation acquisitions. Avista has achieved 240 aMW of energy efficiency since 1978; however, the 18-year average measure life of the conservation portfolio means some measures are no longer reducing load. The 18-year measure life accounts for the difference between the cumulative and online trajectories. Currently, 155 aMW of electrical

energy efficiency is benefiting our customers, representing nearly 12.2% of our 2018 electrical load requirements. Put simply, we are avoiding the associated greenhouse gas emissions of these 155 aMW of electrical generation due to the energy efficiency and conservation actions of our electrical customers.

Historical Electricity Conservation (system)

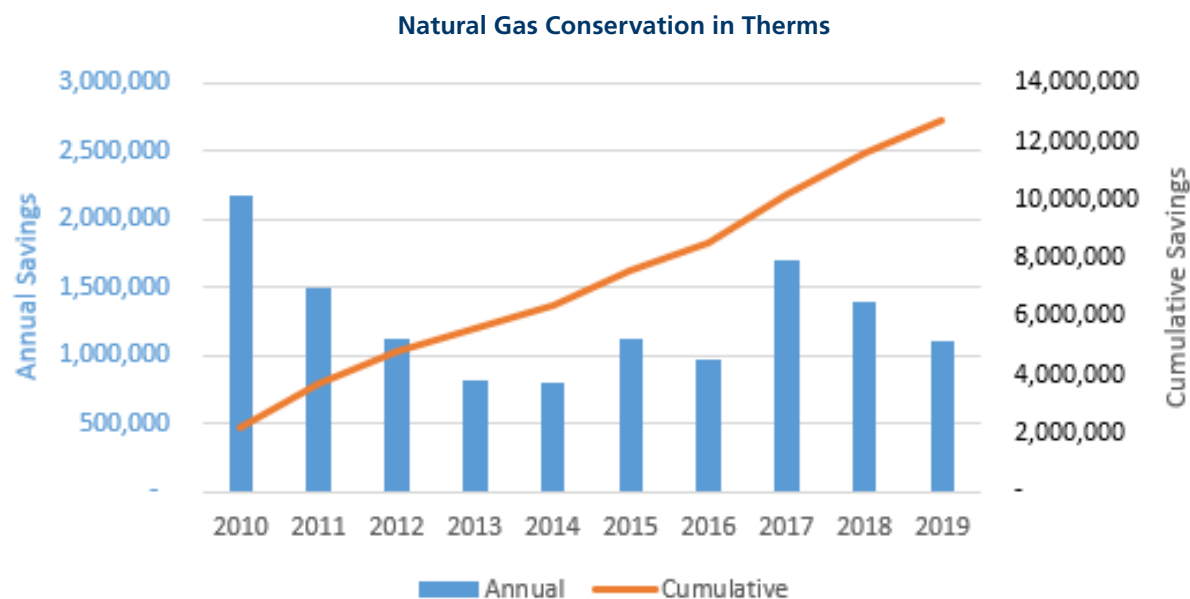


On the natural gas side of our business, we are similarly committed to offering energy efficiency and conservation programs to our natural gas customers. These programs are economically feasible strategies to reduce customers' usage of natural gas. We began offering natural gas energy efficiency

programs in 1995, including prescriptive standard offerings and site-specific offerings. Avista's prescriptive programs provide cash incentives for standardized products such as the installation of qualifying high-efficiency heating equipment. Our site-specific programs are the most comprehensive

offerings for our non-residential customers. Avista's account executives work with our non-residential customers to identify opportunities, determine potential energy and cost savings and estimate incentives for participation. Other delivery methods build off these approaches and may include upstream buy downs of low-cost measures, free-to-customer direct install programs and coordination with regional entities for market transformation

efforts. The figure below illustrates our natural gas conservation acquisitions over the past ten years. With over 12 million cumulative therms of natural gas consumption avoided through energy efficiency measures in the past decade, our customers are not only benefiting from lower energy usage, but we have also avoided the associated greenhouse gas emissions of these natural gas therms.



Facilities Management

We like to practice what we preach. Avista also participates in energy efficiency efforts and conservation measures within our own operations, including our facilities management. Over the last few years, we have implemented numerous energy efficiency and conservation measures to reduce our facilities' energy consumption and avoid associated greenhouse gas emissions. Recent projects at

our main corporate campus include lighting retrofit projects, HVAC system replacements and enhancements for improved energy efficiency to take advantage of new building control technology and automated energy management products and the upgrade to more efficient windows that provide better insulation. Our efforts have been recognized by various organizations for our energy efficiency efforts and energy savings, including

LEED Gold certification, Energy Star rating, and the Building Owners and Managers Association (BOMA) 360 designation.

At a growing number of our facilities, we have been busy installing electric vehicle charging stations—an investment that will both encourage the transition to electric vehicles among our employees and will help us prepare for the arrival of more battery-powered vehicles in the decades to come, while avoiding additional greenhouse gas emissions. To learn more about our commitments around Electric Vehicles and our Transportation Electrification Plan, see [Avista Customer & Community Commitments](#).

Avista has been installing more energy efficient streetlights across our electric service territories as part of our streetlight change out program. The effort includes replacement of thousands of company-owned streetlights with energy efficient LED lights. When Avista completes the transition from High Pressure Sodium light fixtures to LED lights towards the end of 2021, the energy savings are expected to be enough each night to power about 2,300 homes. In addition to the hundreds of thousands of dollars in energy savings for our customers and communities, we will all benefit from the reduction of associated greenhouse gas emissions.

Hydroelectric Upgrades

Since our founding on clean, renewable hydro power in 1889, environmental stewardship has meant conducting our business in ways that honor the integrity of the natural resources in the areas we serve, allowing us to keep our carbon emissions among the lowest in the nation. Along the way

we have continued to recognize the importance of our foundational and existing renewable energy projects, especially our hydroelectric projects, in positioning us towards our clean electricity goals. While new renewable energy projects often get the most attention, we take great pride in the operation, maintenance and plant upgrades at some of our

hydroelectric plants, bringing more clean renewable energy online for our customers and communities in support of our clean electricity goals. The figure below illustrates Avista's recent hydroelectric upgrades that have resulted in the addition of 46.8 aMW of zero emission hydroelectric renewable energy since 1992.

serve as our foundation for a more sustainable fleet of the future. Since then, we have managed our fleet resources in a manner consistent with our program intentions, with a sharp focus on emerging vehicle and equipment advancements, enhanced fuel options and further emission reduction opportunities and technologies in an effort to best align our operational and maintenance requirements, safety and performance objectives, and environmental considerations. Efforts from our initial Green Fleet Program include:

- Early adoption of PHEV and EV passenger vehicles to gain experience and information on the performance of electric vehicles and their possible fit within our fleet operations.
- Exploration of alternative vehicle fuel technologies including the use of CNG and renewable diesel options.
- Implementation of electric battery powered components on larger fleet vehicles reducing engine idling at job sites, including electric power take-off (ePTO) to power aerial booms on bucket trucks and job site energy management system (JEMS) for exportable power.
- Founding member of Edison Electric Institute's 2014 commitment targeting 5% of fleet budgets for electrification development and implementation.

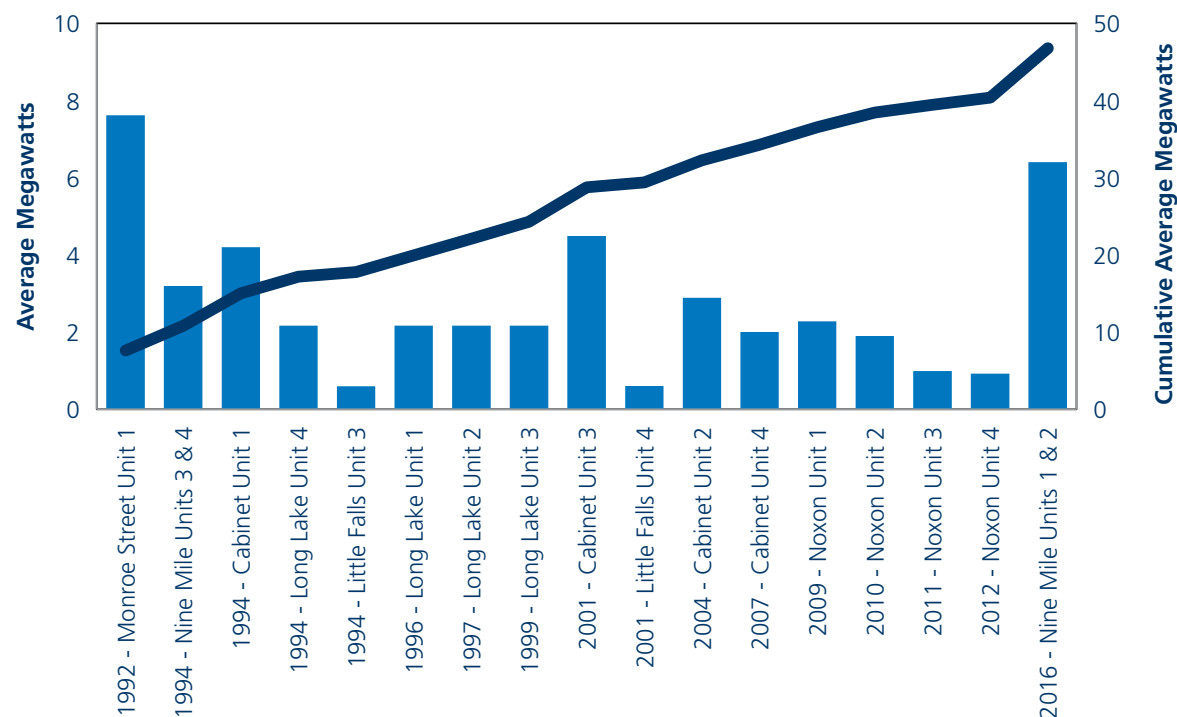
Green Fleet Program

We cover a lot of ground every year serving our customers and communities with safe, reliable and affordable energy. Our fleet of over 700 vehicles drive more than 7 million miles in a typical year and range from small passenger cars through Class-8

heavy tractors weighing in at over 105,000 pounds. In order to manage the impact of our fleet on the environment and our local communities, we created a Green Fleet Program back in 2010 with the intent of researching, investing in and implementing cleaner vehicle technologies and practices that would

Avista's Green Fleet Program has positioned us for the next phase of our fleet electrification goals. In order to continue meeting the needs of our customers and communities and to further enhance our environmental stewardship and reduction of

Recent Hydroelectric Upgrades



vehicle emissions, we are committing to converting 25% of our fleet's light-duty pickup trucks to all electric pickup trucks by 2030. Our light-duty pickup trucks average 9,000 miles per year and by electrifying 25% of these trucks in our fleet, we will eliminate 700 tons of CO2 emissions over the coming decade. This electrification effort will also help save \$325,000 in fuel costs during this same time period. Our electrification commitment is dependent on the continued development and availability of cost-effective electrified pickup trucks that will meet our fleet's operational requirements. We anticipate that such electrified light-duty pickup trucks will become commercially available and suitable for our utility needs in the coming years and will continue to develop and improve their capabilities and performance through the remainder of this decade.

In support of Avista's Green Fleet Program, we have been developing and implementing compressed natural gas (CNG) to fuel a growing number of natural gas vehicles (NGVs) in our fleet. When natural gas is compressed to less than 1% of its volume, it officially becomes CNG and may be used in place of gasoline and diesel. The development and accessibility of suitable electric light-duty pickup trucks has yet to be realized for utility applications, and, in the case of medium and heavy-duty trucks, may not become commercially available for quite some time. To bridge these gaps, we continue to invest in CNG technologies and fleet applications in order to reduce our carbon footprint and to save fuel costs. CNG is safe, clean and efficient

alternative fuel that benefits our customers, communities and environment.

In the past decade, Avista has completed the construction of three new CNG refueling stations for our fleet operations, acquired 77 CNG bi-fueled half-ton, three quarter-ton and one-ton pick-up trucks in our fleet, converted the majority of our forklifts to CNG and assisted in the development of several large customer fleet conversions to CNG, including two local waste and recycling collection companies.

Commute Trip Reduction

As part of our commitment to reducing vehicle-related emissions, improving air quality, avoiding traffic congestion and minimizing energy consumption in our local communities, Avista promotes and manages a Commute Trip Reduction (CTR) program in collaboration with Commute Smart

Northwest and our local planning and transportation agency. Since 1993, we have educated and encouraged employees to make informed decisions about reducing their "drive alone" miles from home to work. Our efforts have reduced single occupant vehicles on our roads. Targeted commute reduction modalities include riding the bus, carpooling, vanpooling, bicycling, walking, tele-commuting, compressed work weeks and other flexible work schedules, reducing the amount of mileage traveled by employees. Through new hire training, CTR promotional events, regular outreach and employee recognitions, our CTR program continues to attract participants and positively impact our local environment. For the year 2019, our employees reduced 467,040 miles being driven on our roadways and eliminated 448,358 pounds of carbon dioxide.

Commute Trip Reduction Program Results

Year	Miles not driven	Eliminated pounds of carbon dioxide
2010	340,340	326,726
2011	409,288	392,916
2012	405,066	388,864
2013	401,358	385,304
2014	385,290	369,878
2015	318,834	306,082
2016	358,750	344,400
2017	391,474	375,814
2018	387,868	372,354
2019	467,040	448,358

5

■ Improving the sustainability of our business practices and promoting stewardship of our shared natural resources. Avista manages its operations and facilities to protect land, air and water. In addition, we protect and restore habitat, water quality and fisheries.

Spokane River

Avista implements specific programs and projects to protect and enhance fish and their habitat, wetlands, water quality, recreational opportunities, wildlife habitat, and cultural and aesthetic resources connected to the Spokane River in Idaho and Washington.

Avista owns and operates six hydroelectric plants on the Spokane River. The Spokane River Hydroelectric Project, which is comprised of five of Avista's Spokane River plants, operates under a 50-year license issued by the Federal Energy Regulatory Commission (FERC). The license includes a variety of measures, most based on multi-stakeholder agreements, designed to protect and enhance natural resources connected with the Spokane River. The sixth plant, Little Falls, is operated under separate authority from the U.S. Congress and an agreement with the Spokane Tribe. Avista, through collaboration with agencies, native tribes, landowners and other stakeholders, implements efforts to help protect and enhance the natural resources connected to the Spokane River.

We continue to collaboratively participate with our license partners to improve dissolved oxygen (DO) levels in the Spokane River and Lake Spokane. Avista efforts include monitoring water quality, removing carp, an invasive fish species that competes with warm-water fish and adds excess nutrients into the lake, removing invasive aquatic weeds, working with shoreline homeowners to replace concrete bulkheads with more natural ones, and disseminating best management practices to shoreline homeowners. Another important project involves monitoring of Total Dissolved Gas (TDG) at Long Lake Dam. To reduce TDG below the dam which can harm fish, we constructed massive spillway deflectors on the face of the dam. We also modified the dam to improve oxygen levels in the river downstream during the summer.

In Idaho, we work with and provide funding to the Idaho Department of Environmental Quality and the Coeur d'Alene Tribe for them to complete water quality monitoring in Coeur d'Alene Lake and its tributaries. In addition, Avista carries out construction and maintenance activities at all of its hydro facilities in ways that protect surface and ground waters, and which prevent storm water run-off.

Clark Fork River

Avista's Clark Fork Hydroelectric Project includes the Cabinet Gorge and Noxon Rapids dams, located on the Clark Fork River in northwestern Montana and northern Idaho. Since 1999, we have been implementing the Clark Fork Settlement Agreement, an agreement reached with multiple states, federal agencies, native tribes and other stakeholders for collaboratively managing and protecting the natural





resources of the area. The agreement resulted in a 45-year operating license from FERC to operate Cabinet Gorge and Noxon Rapids dams. As part of the Clark Fork Settlement Agreement, and with the oversight of the Clark Fork Management Committee, we fund and implement protection, mitigation and enhancement measures for the benefit of our natural resources every year.

Since implementing the Clark Fork Settlement Agreement, we have upgraded over 20 recreational facilities, created six new recreational facilities, completed over 45 stream habitat restoration projects spanning 25 different tributaries, recorded rebounding bull trout populations and protected nearly 89,000 acres of bull trout habitat, wetlands, riparian and associated upland habitats. Recently, Avista supported federal and local agencies on a habitat and wetland restoration effort at the mouth of the Clark Fork River where it meets Lake Pend Oreille. The restoration effort included the placement of more than 50,000 tons of rock for rebuilding shorelines and the planting of approximately 90,000 trees and shrubs in the restored areas. The restored area and wetlands are now rebuilding themselves, providing natural habitat for fish, birds and other wildlife.

Many of these protection, mitigation and enhancement measures of the natural resources along the Clark Fork River focus on improving native bull trout habitat. We also developed a genetic testing process to identify their stream of origin and have implemented aids to bull trout migration to increase their populations. Beginning in 2019, we broke ground on a new fish passage facility to

enhance the return migration of adult bull trout to spawn in their streams of origin.

For specific details on land managed, protected habitats, biodiversity impacts and strategies, see our Spokane River Project FERC License and Clark Fork Project FERC License online at myavista.com.

Managing PCBs

Manufacture of Polychlorinated Biphenyls (PCBs) was banned in the United States in 1979 due to concerns about the toxicity of these chemicals. However, until that time, manufacturers incorporated PCBs in a wide range of products and materials, many of which are still in use across the country. Ongoing concerns regarding PCBs, including their persistence in the environment, have resulted in extensive regulation. Avista manages PCBs and mineral oil that contains low levels of PCBs in a manner that meets or exceeds the standards of the federal Toxic Substances Control Act (TSCA) and Washington state's stringent regulations. Our goal is to minimize risk associated with PCBs, to avoid spills or releases, and to clean up any releases to levels of non-detection. Federal and state regulations allow the ongoing use of PCB-containing electrical equipment. However, we decided to take a more conservative and proactive approach to reducing risks associated with PCBs. The vast majority of the equipment in service at Avista is non-PCB. Our first wave of removal efforts focused on equipment with levels at 500 ppm or greater of PCBs. This type of equipment, as identified, was removed and properly disposed of during the 1980s. During the 1990s and early 2000s, we focused on removal of equipment containing between 50 and 500 ppm of PCBs.

We are now in the final stages of a multi-year project to remove and replace all electrical distribution equipment with any levels of PCBs, an approach that exceeds any regulatory requirement. We are, once again, conducting these efforts in concert with system and efficiency upgrades and in coordination with our wood pole management plans. In this way, we are achieving increased environmental protection along with reliability improvements in a cost-effective manner, benefitting our customers and our communities.

Managing Hazardous Waste Streams

Our approach to managing hazardous waste starts with prevention: making diligent product selection to avoid generating waste and improving work processes to reduce waste. We also conduct hazardous waste training and ongoing review of our collection, treatment and disposal processes for further opportunities to reduce our hazardous waste and ensure best management.

Spill Response / Pollution Prevention

The Environmental Compliance group at Avista is on call 24 hours a day, seven days a week to respond immediately to environmental emergencies. In the case of an oil spill originating from any of our facilities, lines or poles, we immediately implement emergency spill procedures and begin working with the appropriate local, state and federal agencies to assess the situation and begin clean-up. Avista responds to all spills, regardless of size, location or oil type. The goal is to safely and efficiently prevent any potential harm to fish, wildlife, natural resources, water supplies or people.

Avista is also a voluntary member of the Spokane River Response Group, organized by the Washington Department of Ecology, a collaborative effort made up of local, state, and federal oil spill responders as well as members of industry. This group was developed to address the need for oil spill preparedness and response along the Spokane River. Members of the group share resources and collaborate on training to make coordination on spill responses efficient and effective. We also participate in local emergency planning committees in Washington, Idaho and Montana. Pollution prevention matters at Avista. We're continuously looking for process modifications and ways to improve housekeeping, maintenance and training that reduce the amount of hazardous or any regulated waste we generate.

Recycling

Through a 30-year partnership with a community nonprofit organization, Avista's recycling program employs fulltime a number of intellectually or developmentally disabled workers who help us recycle paper, corrugated cardboard, aluminum cans, plastic and glass bottles, magazines, newspapers, wood reels, phone books and batteries. Avista is also committed to recycling nonhazardous electrical equipment and materials. Working closely with recycling companies, aluminum, copper, lead, and other ferrous and non-ferrous metals are reclaimed and recycled. Other materials are prepared for re-use within our own system. Not only is it good for the environment, but our recycling efforts have saved Avista thousands of dollars in refuse disposal costs.



6 ■ Providing recreational opportunities to improve access for all people along the Clark Fork and Spokane Rivers in Montana, Idaho and Washington.

In addition to generating clean, renewable hydropower, our Clark Fork and Spokane River hydroelectric projects provide abundant recreational opportunities for our customers and local communities. These generating facilities, and the waters and lands associated with them, provide outdoor recreational activities such as boating, camping, fishing, bird watching, swimming, hiking, and more.

As part of the Clark Fork and Spokane River Project Licenses, we implement recreation plans with our agency partners, including customer and community involvement, to determine recreational project priorities, ongoing maintenance requirements and the planning, design, and construction of new or enhanced recreation projects. Enhancements to existing recreation projects take on many different forms depending on the current condition of the existing amenities and the identified priorities of our agency partners. The goal of these enhancement projects is to ensure the continued care, maintenance and expansion of quality amenities that our communities desire, ensuring that will continue to be available for the enjoyment of our customers and communities for generations to come. Our recreation project improvements may include:

- ADA access including enhanced parking, paved walkways, access ramps and overlooks.
- Trail improvements and the installation of project, interpretive and cultural signage.
- Landscaping, fencing, lighting, picnic tables and refuse and recycling facilities.
- Campsite and day use area improvements and restroom facilities.
- Shoreline stabilization, boat ramp and dock construction or extensions.

Anglers visit Avista project waters from across the region to take advantage of the benefits of our, and

our partners', aquatic management. We also stock Lake Spokane and other sections of the Spokane River with more than 165,000 rainbow trout each year. Stocking with sterile trout provides excellent fishing opportunities while reducing pressure on native stocks.

For those customers, local community members or new visitors to our backyard, we invite you to explore the abundance of recreational opportunities that Avista has the honor of providing and supporting along our Clark Fork River and Spokane River projects. Plan your next adventure by visiting our recreational facility and amenity interactive maps:

Clark Fork Project Recreation Amenities:

5,000 acres open to the public
57 public recreation sites
Campgrounds and day use areas
11,140 surface acres of water
14 boat launches

[View Clark Fork River interactive map](#)

Running through the heart of downtown Spokane is the upper falls section of the Spokane River. Long ago, the upper falls section was modified by early settlers to Spokane in order to divert water to flour and lumber mills being constructed on the banks of the river back in the late 1800s. Long after those pioneering uses stopped, the modifications continued to alter the river's flow, reducing the beauty and sound of the natural falls that existed before. Avista undertook a project to

Spokane River Project Recreation Amenities:

3,000 acres open to the public
101 public recreation sites
Campgrounds and day use areas
5,655 surface acres of water
4 boat launches

[View Spokane River interactive map](#)

restore the upper falls by strategically installing weirs constructed to look like the natural bedrock. Collectively, the weirs spread water more evenly through the two channels of the river, and across the full face of the falls, just as nature did originally. The result of the completed project, along with operational changes to provide aesthetic flows is a more picturesque falls that can be viewed and enjoyed by our customers and community all year long, and that sounds beautiful too.

Located on the south back of the Spokane River next to Spokane's city hall and bordering Riverfront Park, we developed the Spokane Tribal Gathering Place as a gift to Spokane in celebration of our Company's 125th anniversary. This urban plaza features views and access from downtown to the Spokane River, amphitheater seating, water features and several terraced gathering spaces. The Spokane Tribal Gathering Place also connects the public to our Huntington Park that underwent significant renovations in conjunction with the development of the plaza. Avista's Huntington Park frames the amazing power of the Spokane River for visitors as the River plunges down the lower falls and incorporates themed structures, hydroelectric dam

artifacts, and period light fixtures to highlight the history of our River City.

We are continuing our legacy of enhancing public access and recreational opportunities among our natural resources with our planned development for Upriver Park. This new park will provide additional public access to the Spokane River, and a revitalized and safer section of the Centennial Trail and will include a launch area for paddlers. Upriver Park will include additional amenities such as park benches, interpretive signage, picnic tables, bike racks, lighting and a grass amphitheater seating area, along with the plantings of native trees and shrubs. Upriver Park is expected to be completed in 2021.



Forward-Looking Statement

This report contains forward-looking statements, including statements regarding our current expectations, 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 our statements.

For a further discussion of these factors and other important factors please refer to our most recent Annual Report on Form 10-K, or Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission. Those reports are also available on our website at www.avistacorp.com. The forward-looking statements contained in this report is current as of December 31, 2020, and should not be relied upon as being current as of any subsequent date. 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 risks, uncertainties and other 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.