

Code of Business Conduct and Ethics

Core Policy



Policy Statement:

Avista Corp. and its subsidiaries/affiliates (Avista) are committed to conducting business ethically and with the highest level of integrity.

Guiding Principles:

Our Enduring Purpose:

Avista's purpose is to improve life's quality by providing energy and energy-related services, as well as certain non-energy related services. We do this by safely and reliably delivering these services at a competitive price and by helping our customers get the most value from their dollar, while providing our investors a fair return.

Lasting Principles:

Certain principles have stood the test of time and remain deeply rooted in our Company. Every aspect of what we do will continue to be aligned with these principles:

Trust – Our word is reliable.

Integrity – We do what is right.

Innovation – We find ways to get things done.

Relationships – We are respectful of all people at all times.

Collaboration – We are at our best when working together.

General Guidelines:

It is important that Avista's **customer** relationships should be founded in mutual respect and trust.

The **employees** of Avista demonstrate mutual faith, trust, commitment and confidence in who we are, what we do and what Avista stands for.

One of Avista's objectives is to operate from a position of **financial** strength on all fronts, providing consistent and reasonable investment returns.

Avista's goal is to be a valued and trusted corporate neighbor, integral to the fabric of the **communities** we serve and a contributor in mutually beneficial ways.

If you have any questions about this or other corporate policies, please contact your supervisor, department head or Human Resources business partner or you may use the confidential message hotline. For more information about corporate policies and other guidelines, go to the Human Resources site on [AVAnet](#) or the AVAnet home page at <http://avanet/> or check your departmental bulletin board. Employees are encouraged to use the message hotline when uncomfortable or uncertain about working through the normal channels described above. The message hotline number provides an alternate point of access for serious concerns regarding possible breeches of policies, business ethics, or environmental practices (except environmental spills). For the message hotline number call: 1-877-861-6690.

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Our goal at Avista and its subsidiaries/affiliates (Avista) is to provide competitively priced, reliably delivered energy and energy related services, as well as certain non-energy related services, and to also provide excellent service to our customers more efficiently and with an ever-lessening impact on our environment. In pursuit of our goal, we strive to achieve the highest business and personal ethical standards, as well as compliance with the laws and regulations that apply to our business. Adherence to the standards contained in this Code will help to ensure decisions that reflect care for all of our stakeholders. This Code of Business Conduct and Ethics is intended as an overview of the Company's guiding principles and not as a restatement of Company policies and procedures.

This Code cannot and is not intended to cover every applicable law or provide answers to all questions that might arise. The examples in this Code are guidelines. The guidelines cannot cover every circumstance, nor can they substitute for good judgment; they only illustrate what is acceptable conduct at Avista.

Because our business depends upon the reputation of the Company and its members of the Board of Directors, officers and employees for integrity and principled business conduct, in many instances this Code goes beyond the requirements of the law.

This Code is a statement of goals and expectations for individual and business conduct. It is not intended to and does not in any way constitute an employment contract or assurance of continued employment or promise of specific treatment, and does not create any rights in any employee, client, supplier, competitor, shareholder or any other person or entity. Employees may be terminated at-will. Both the employee and Avista may terminate employment with or without cause or notice.

It is the obligation of each and every member of the Board of Directors, officer and employee of Avista to become familiar with the goals and policies of the Company and integrate them into every aspect of our business. Our standard has been, and will continue to be, that of the highest ethical conduct.

Compliance with Laws, Rules and Regulations:

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All members of the Board of Directors, officers and employees must respect and obey the laws of the cities, states and countries in which we operate. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

Particular attention is paid to self-governance by the Company to monitor compliance with Federal procurement laws and to adopt procedures for voluntary disclosure of violations and of corrective actions taken. Officers, employees, representatives, agents and consultants (whether engaged in bid and proposal activity, marketing, research and development, engineering, or other tasks) are prohibited from performing illegal marketing practices. Nothing of value can be given,

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taken, or promised for information obtained illegally, nor may it be used to the disadvantage of our competitors.

Strict compliance with the law is mandatory. Laws and regulations sometimes may be ambiguous and difficult to interpret. In such instances, contact the Office of the General Counsel for guidance so that we can ensure our compliance with applicable laws and regulations.

Conflicts of Interest:

Members of the Board of Directors, officers and employees of Avista have a duty of loyalty to the Company and must therefore avoid any actual or apparent conflict of interest with the Company or its interests. A conflict situation can arise when an employee, officer or member of the Board of Directors takes actions or has interests that may make it difficult to perform his or her work objectively and effectively.

The Company requires its members of the Board of Directors, officers, employees, consultants, representatives, and agents to avoid conflicts of interest, or even the appearance of such, between their obligations to the Company and their personal affairs. None of these persons shall have an interest, position or relationship with any person, firm or corporation with whom the Company does business or competes, if such interest, position or relationship would influence or might be likely to influence the actions of such individual in the performance of his or her duties. A conflict of interest generally exists when a member of the Board of Directors, officer, employee, consultant, representative, or agent has a direct or indirect personal interest in a transaction or situation that affects or appears to affect his or her judgment and divides his or her loyalties between two or more competing interests. A conflict can arise when one takes action or has an interest that may make it difficult to perform his or her Company work objectively and effectively.

All employees are required to disclose to their supervisor any situation that may be, or appear to be, a conflict of interest. When in doubt, it is best to disclose. As an example, the appropriate manager or Vice President must approve rentals and leases of an employee's personal equipment for Company use or for use by contractors doing work for the Company. Supervisors should assign employees duties that help avoid conflicts of interest. All conflicts of interest should be reported by the supervisor to the appropriate business unit Vice President/President and Avista Corp.'s Vice President and Controller. Avista Corp.'s Vice-President and Controller will report material employee conflicts to Avista Corp.'s Board Audit Committee.

Officers and members of the Board of Directors should avoid conflicts of interest whenever possible. However if a conflict is identified, the conflict needs to be immediately reported to Avista Corp.'s Director of Internal Audit and to the Corporate Secretary for review by Avista Corp.'s Board Audit Committee. Any waiver of conflicts of interest by the Audit Committee will be promptly disclosed to shareholders.

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Corporate Opportunities:

No member of the Board of Directors, officer or employee may: (a) take for himself or herself personally opportunities that are discovered through the use of Company property, information or position; (b) use Company property, information or position for personal gain; or (c) compete with the Company. Employees, officers and members of the Board of Directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Gifts and Gratuities:

Employees are expected to be fair, impartial and objective when making recommendations and decisions for the Company. Employees shall avoid solicitation or acceptance of any gifts or personal favors, which may create or appear to create an obligation by the employee or Company to provide preferential treatment to the donor. Loans or other special favors that may appear to influence impartial judgment or that may create an obligation in any business transaction should not be accepted by Avista employees or offered to employees of other organizations.

Personal Conduct:

The Company is committed to operating safely and to promoting employee health and efficiency. During normal work time, employees are expected to devote their efforts in a courteous and professional manner to Company business. No employee should hinder another employee from the opportunity to perform his or her job efficiently. To support these commitments and expectations:

- The Company has established a Fitness for Duty policy to reinforce our goal of establishing, maintaining and supporting a work environment that is free from the effects of alcohol and substance abuse. Employees are expected to be familiar with and adhere to the Fitness for Duty policy.
- Avista's employees are a key source of our competitive edge. The Company strongly supports and recognizes its responsibility to provide equal employment opportunities to all qualified individuals. The Company places a high value on diversity. The Company strongly believes that all people are unique and valuable and should be respected for their individual abilities. The workplace should allow employees to be free from harassment based on sex, color, national origin, age, handicap, veteran status, religious or political choices and other personal matters. Avista strives to maintain a work environment that is free from intimidation, threats or violent acts.
- The Company requires all officers and employees to treat each other, customers, and all other persons encountered in the course of business with respect. Employees are expected to be aware of and abide by the Company's anti-sexual harassment policy and equal employment opportunity and affirmative action policies. These policies apply to all personnel relationships including, but not limited to: promotions, transfers, training, job assignments, job stations, hours of work, rates of pay, working conditions, terminations, and all terms and conditions of employment.

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- Public misconduct detrimental to the Company is not acceptable. Each employee is expected to uphold publicly acceptable standards of conduct during the course of normal work, while participating in civic or charitable causes, and while on personal time. Employees should keep in mind the intense public awareness and concerns in areas related to sexual harassment, public nuisances and actions around children. Employees should conduct themselves properly and avoid actions that may give the appearance of misconduct.

Insider Trading:

Members of the Board of Directors, officers and employees are expected to comply fully with Federal and state securities laws with respect to the disclosure of “material” corporate information and with respect to “insider” trading in the Company’s securities. These laws provide substantial civil and criminal penalties for individuals who fail to comply. Any questions about compliance with these laws should be referred to the Office of General Counsel. Information is considered “material” if there is a substantial likelihood that a reasonable investor would attach importance to it in determining whether to buy or sell securities. Such information may include (but is not limited to) financial and key business data; merger, acquisition, or divestiture discussions; award or cancellation of a major contract; changes in key management; forecasts of unanticipated financial results; significant litigation; and gain or loss of a substantial customer or supplier.

An “insider” includes not only members of the Board of Directors and officers of a corporation but also anyone who possesses material information on a corporation’s affairs that has not been disclosed to the general public.

In addition, insider trading is not limited to trading in Avista securities. It also includes trading in the securities of other firms, such as those that are customers or suppliers of Avista and those with which Avista may be negotiating a major transaction. Information that is not material to Avista may nevertheless be material to one of those other firms.

Both positive and negative information can be material. Should your securities transactions become the subject of scrutiny at some future date, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction, you should carefully consider how regulators, investors, and others might view your transaction in hindsight.

Any purchase or sale of securities under such circumstances would not only be a violation of Avista’s policy, but also would also be a potential violation of Federal and state securities laws.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise funds for a personal emergency expenditure) are no exception to the policy. Members of the Board of Directors and executive officers must pre-clear purchases, sales and all other transactions of Avista securities with the Corporate Secretary’s office and file the appropriate disclosure forms with the Securities and Exchange Commission.

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Fair Dealing:

Each member of the Board of Directors, officer and employee shall endeavor to deal fairly and in good faith with Avista customers, shareholders, employees, suppliers, regulators, business partners, competitors and others. No member of the Board of Directors, officer or employee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation, fraudulent behavior or any other unfair dealing practice.

Employees shall promote positive supplier relationships through courtesy and impartiality in all phases of the contracting and procurement cycle. Suppliers shall be selected on the basis of price, quality, performance and suitability of the product or service.

Conduct Involving Inter-Affiliate Matters:

Avista's members of the Board of Directors, officers and employees will comply with all laws, rules, regulations and tariffs pertaining to conduct involving inter-affiliate and inter-business unit matters. Avista's utility operations are subject to state and Federal codes of conduct designed to ensure that Avista's utility operations do not subsidize or otherwise grant an undue preference or advantage to their affiliate companies or non-regulated marketing functions. All members of the Board of Directors, officers and employees of the Company are required to know of these restrictions and ensure that their actions are in compliance with these safeguards against affiliate abuse.

Confidentiality:

All members of the Board of Directors, officers and employees should maintain the confidentiality of information entrusted to them by the Company, its business partners, suppliers, customers or others related to Avista's business. Such information must not be disclosed to others, except when disclosure is authorized by Avista or legally mandated. Confidential information includes all non-public information that might be of use to competitors or harmful to Avista, or its customers, if disclosed.

The Company has a strategic need and often a legal duty to keep certain information confidential. Competitive business information and most customer financial and management information should be considered confidential or privileged. Employees must exercise reasonable care to avoid disclosure of confidential information, including taking due care of Company records and being mindful that casual discussions may be overheard.

Through the course of their duties, employees occasionally have access to information about the community or proposed projects in advance of such information being made public. No employee should use non-public information for personal profit or to profit a family member or close friend.

The obligation to preserve confidential information continues even after employment ends.

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Accounting Practices:

It is the policy of Avista to fully and fairly disclose the financial condition of the Company in compliance with applicable accounting principles, laws, rules and regulations. All books and records of Avista shall be kept in such a way as to fully and fairly reflect all Company transactions.

The Company's Board Audit Committee shall be comprised of at least one member who is a financial expert, as the Securities and Exchange Commission defines such term.

Protection and Use of Company Assets:

Company assets, such as information, materials, supplies, time, intellectual property, software, hardware, and facilities, among other property, are valuable resources owned, licensed, or otherwise belonging to the Company. Safeguarding Company assets is the responsibility of all directors, officers and employees. All Company assets should be used for legitimate business purposes. The personal use of Company assets without permission is prohibited.

Records Retention:

Accurate and complete information is required of any business and is of strategic importance to its success. Certain record keeping is required by law. Employees are expected to record, maintain and report business information in a conscientious and orderly manner. It is unacceptable to prepare records or reports that intentionally mislead or to omit or delete important information from the record.

The following are additional guidelines regarding Company information:

- Each employee should prepare or approve entries to Company records only as authorized. Computer access should be used only as authorized.
- Company records should be kept according to approved retention and disposal procedures as defined by the department or as prescribed by policy or law.
- An employee should not record transactions or maintain Company records involving his or her own personal affairs or those of relatives or close friends.
- Lists or other information about employees, customers, shareholders, or business transactions should not be released except as required by governmental agencies or with the approval of the appropriate officer.

Environmental Compliance and Stewardship:

Avista's commitment to the communities we serve requires environmental stewardship. Avista believes that the environment includes human health and safety as well as natural and cultural resources. Avista and all of its enterprises will conduct business in an environmentally responsible manner. Avista, its officers, employees and agents will comply with all applicable

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environmental laws and regulations. Each member of the Board of Directors, officer and employee of Avista will work with respect for the environment and in accordance with this environmental pledge.

Our Environmental Guidelines describe how Avista will be environmentally responsible in the areas of business planning: compliance, pollution prevention, emergency preparedness and response, natural and cultural resources, communication, employee training, resources, community relations, and continual improvement. Please see our Environment Guidelines for additional detail in each of the above-listed areas.

Communication with the Public:

The Company provides information to the public through designated individuals and official communication vehicles. If contacted by the media or public groups, an employee should refer them to the appropriate Company spokesperson. Employees should be careful not to make casual comments in public that may be misinterpreted.

Civic and Political Participation:

Avista is an active participant in the democratic process at the national, state and local levels, within the parameters of the law. Avista also encourages all employees to participate in our political system by voting, speaking out on public issues, and becoming active in civic and political activities.

Employees are encouraged to take active roles in governmental processes, including holding public offices where compatible with work assignments, but no employee is authorized to speak for the Company in such a role. Employees should speak and vote their own views in political matters.

Political Contributions:

Laws of certain jurisdictions (including the U.S. Federal government) govern Avista's actions in contributing, directly or indirectly, to any candidate for public office, political parties, or other political organizations. The Company is legally prohibited from making contributions in support of candidates for Federal office. Members of the Board of Directors, officers and employees are free to contribute to candidates or otherwise partake in the political process in their individual capacity. In fact, the Company highly encourages its members of the Board of Directors, officers and employees to take part in the political process, but employees may not be given time off with pay for political activity and may not use Company funds or assets for contributions of any kind to a political party or candidate for elected public office. The Company and its employees or agents will not offer any gift, loan, favor or special service with the intent to influence the independent judgment of any government official.

The Company supports legally formed political action committees to receive political contributions from employees and disburse such funds. Political action committee contributions must be reported in accordance with public disclosure laws. Personal political contributions are made as an individual choice of each employee. Applying pressure on employees about offering

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personal political contributions or personal campaign services is not acceptable. Information about an employee's personal political contributions will not be asked for or kept by the Company.

Lobbying:

Avista recognizes the right of any member of the Board of Directors, officer and employee, as a citizen, to communicate with his or her elected public officials, and the Company encourages members of the Board of Directors, officers and employees to do so. However, if requested to make such contact on behalf of the Company, such persons must be cognizant of state and/or Federal laws regarding lobbying activities and strictly follow the applicable guidelines and reporting requirements.

Contact with Courts and State or Federal Agencies:

All employees must avoid discussing with decision-makers any matters pending before courts or agencies affecting the Company unless the employee is part of the Company's legal counsel or authorized by the Company to do so.

Charitable Contributions and Community Activities:

Avista is a valued and trusted corporate neighbor, integral to the fabric of the communities we serve and a contributor in mutually beneficial ways. At Avista, we pride ourselves in the fact that through many years of change and growth, we've kept our commitment to the same values that have been at our Company's core for over 114 years. We believe that our value as a corporation is based on not just providing outstanding service and value to our customers, shareholders and employees, but also on our commitment to being a responsible corporate citizen.

Members of the Board of Directors, officers and employees are encouraged to serve on nonprofit boards and in other volunteer capacities. However, if a member of the Board of Directors, officer or employee serves in any capacity with a not-for-profit organization, such person may not represent either the Company or the organization in any transactions between them.

Duty to Report and Consequences:

Every member of the Board of Directors, officer and employee has a duty to adhere to this Code of Business Conduct and Ethics and all existing Company policies, and to report to the Company any suspected violations in accordance with applicable procedures. Any member of the Board of Directors, officer or employee that reasonably believes they know of actions that involves a violation of any laws including the Federal Securities laws, the rules of the Securities and Exchange Commission or any Federal law relating to fraud against shareholders has a duty to report the violation to their supervisor, or their department head, or their Human Resources business partner, or to the confidential message hotline. The Company will promptly investigate any matter so reported and may take appropriate disciplinary and corrective action, up to and including termination. All material violations will be reported to Avista Corp.'s Board Audit Committee. The Company forbids retaliation against employees who report in good faith instances of corporate misconduct or infractions of this Code.

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Scope:

This Code compliments other more specific Company policies and procedures already in place and communicated to employees. No Company policy can provide definitive answers to all questions. If employees have questions regarding any of the goals, or standards discussed or policies referenced in this Code or are in doubt about the best course of action in a particular situation, the employee should refer to the reporting requirements for that goal or standard as stated in this Code or contact your supervisor, department head or Human Resources business partner.

Any waivers of this Code for executive officers or members of the Board of Directors may be made only by the Board of Directors or a Board committee to which such responsibility has been delegated, and must be promptly disclosed to shareholders.

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