

Welcome Shareholders

2007 Annual Meeting



Gary G. Ely

*Chairman of the Board and
Chief Executive Officer*

Avista Corp. Board of Directors

Director

Scott L. Morris



Director

Erik J. Anderson

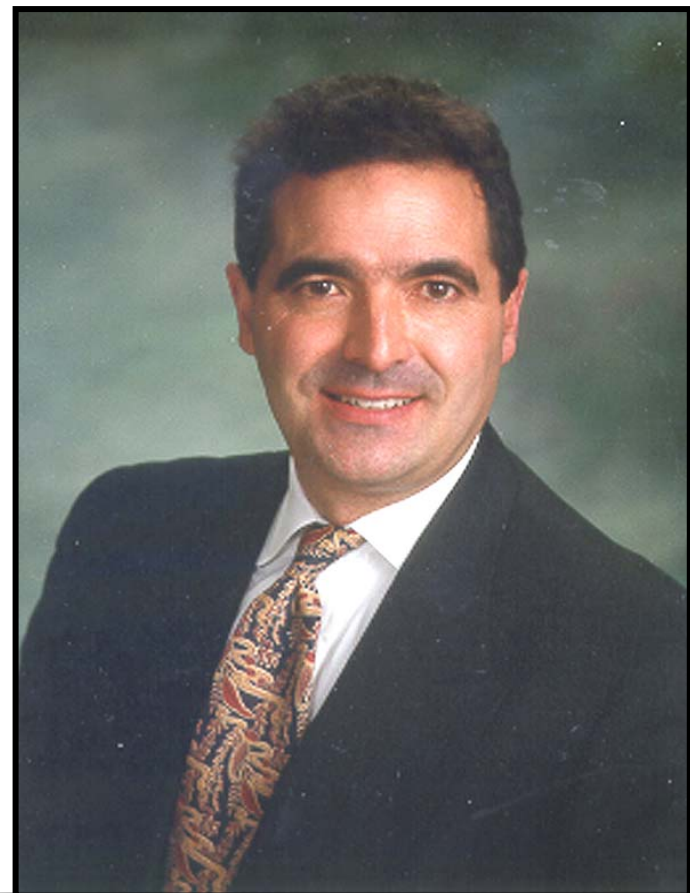


Director



Kristianne Blake

Director



Roy Lewis Eiguren

Director

Jack W. Gustavel



Director

John F. Kelly



Director

Michael L. Noël



Director



Lura J. Powell

Director



Heidi Stanley

Director

R. John Taylor



*Avista Corporate and
Subsidiary Officers*



Christy M. Burmeister-Smith



Marian Durkin



Karen S. Feltes



James M. Kensok



Don Koczynski



Malyn K. Malquist



David J. Meyer



Scott L. Morris



Kelly O. Norwood



Stu Stiles



Dennis P. Vermillion



Ann Wilson



Roger D. Woodworth

Ronald R. Peterson



Business Meeting

Proposal 1

Election of Directors



Scott L. Morris



Eric J. Anderson



Kristianne Blake



Jack W. Gustavel



Michael L. Noël

Proposal 2

Amendment of the Company's Restated Articles of Incorporation and Bylaws to provide for annual election of the Board of Directors.

Proposal 3

Ratification of the appointment of the firm of Deloitte & Touche LLP as the independent registered public account firm of the Company for 2007.

Corporate Update

Dividend Raised

- Avista Board of Directors voted to raise the quarterly dividend on common stock by ½ cent per share
- Sixth dividend increase in the past four years
- 4.4% increase
- This dividend increase reflects the progress we have made toward restoring our financial health, and is indicative of our confidence in Avista's future

Holding Company

- Approvals
 - Shareholders
 - FERC
 - Idaho Public Utilities Commission
 - Washington Utilities and Transportation Commission

- Pending
 - Oregon Public Utility Commission
 - Montana Public Service Commission

2007 Annual Meeting



Scott L. Morris
President and
Chief Operating Officer

Avista Utilities: Our Core Business



Avista Utilities: Strategic Initiatives

Diversify and Optimize Electric Resource Portfolio

Initiatives:

- Maintain generation planning reserve
- Acquire alternative generation and conservation resources

Actions to date:

- Active in state and federal conversations on climate change, and cap and trade debates
- Developed enterprise-wide energy efficiency and demand response initiative
- Continue to identify and negotiate for renewable resources



Avista Utilities: Strategic Initiatives

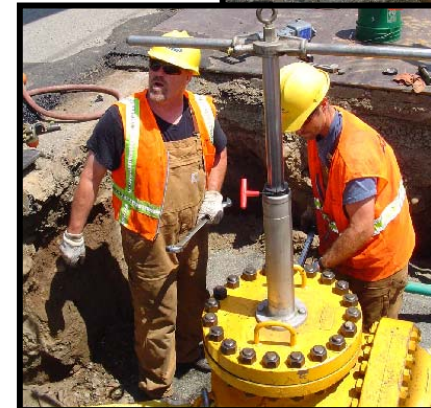
Enhance the Value of Natural Gas to Customers

Initiatives:

- Implement decoupling and innovative rate designs to increase retail price predictability and customer satisfaction
- Expand storage assets, transport capacity, supply alternatives and long-term hedging to achieve greater supply price certainty

Actions to date:

- Decoupling approved in Washington
- Recalling storage to triple capacity by 2011
- Studying natural gas opportunities



Avista Utilities: Strategic Initiatives

Optimize the Network and Assess Investment Opportunities

Initiatives:

- Implement the 230 kV upgrade project
- Assess opportunities and risks related to investments in transmission in the Pacific Northwest

Actions to date:

- 5-year transmission growth and enhancement project nearing completion
- Joined Columbia Grid
- Charged a team with looking at enhancing system efficiencies



Avista Utilities: Strategic Initiatives

Drive Sustainable Improvements in Productivity

Initiatives:

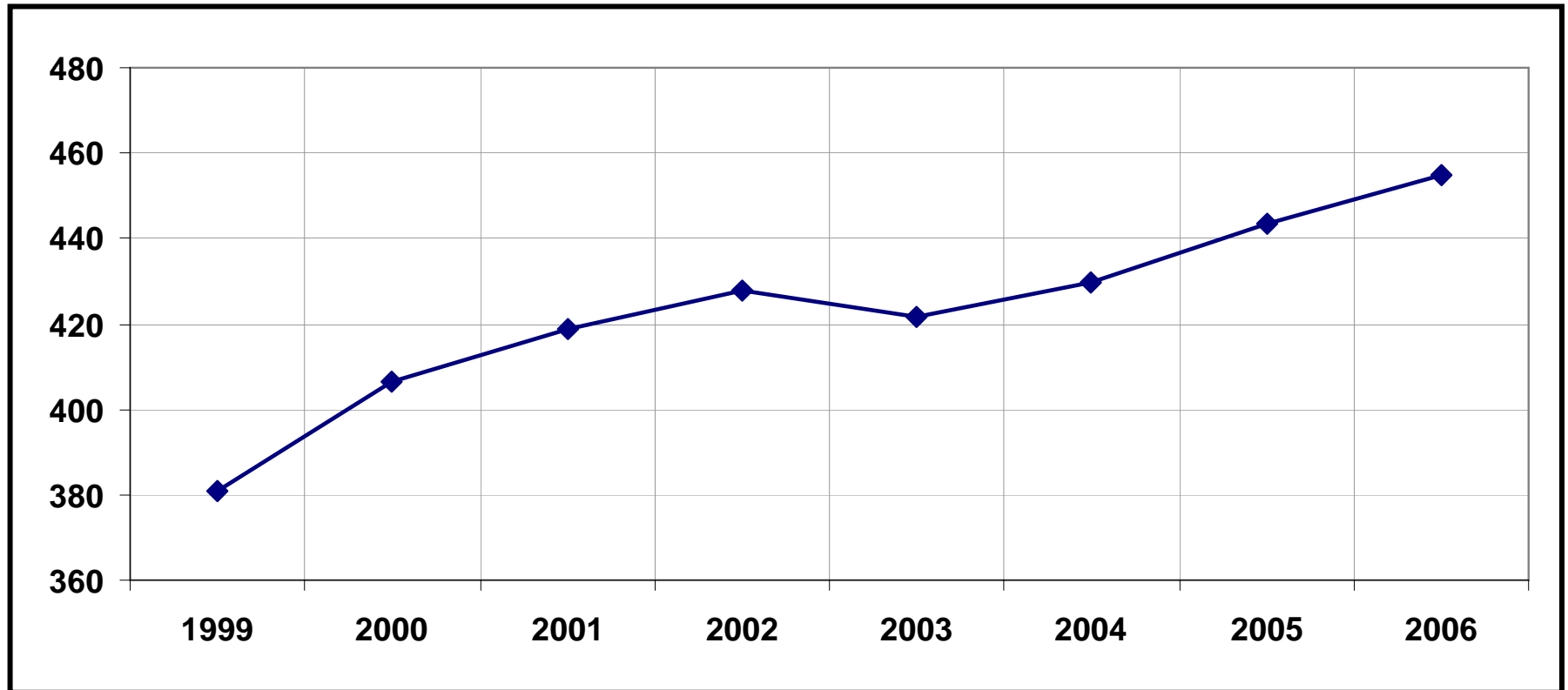
- Continue improving operating practices to measurably reduce cost/customer and remain in top quartile
- Reduce lag in regulatory recovery of costs

Actions to date:

- Implementing leading edge technology to drive process efficiency
- Implementing best practices in operating and process improvements
- Strategic rate planning and requests



*Customer Accounts Per Employee
(8-Year Trend)
Electric and Natural Gas*



Avista Utilities: Strategic Initiatives

Develop New Pathways to Bottom-Line Growth

Initiatives:

- Make strategic utility investments to support earnings growth
- Identify and support development of new product, service and business opportunities
- Leverage resources to improve economic vitality of the service territory

Actions to date:

- New strategic growth for natural gas
- Smart capital investments
- Utility capital expenditures support meaningful earnings growth



Advantage IQ: Market Leader in Utility Management



Stu Stiles

*President and
Chief Executive Officer
Advantage IQ*

Name Change and Rebranding

- Changed name and re-branded the company in July 2006
- Streamlined our presence in the marketplace
- Created a unique and innovative identity

FACILITY IQSM
by avista advantage



AVISTA[®]
Advantage



advantage IQ

What We Do...

- Advantage IQ is the leading provider of cost management solutions for utilities, telecom and waste.
 - Bill process and payment
 - Energy management programs
 - Information management and comprehensive facility reporting



Employees Are Our Greatest Asset



Advantage IQ currently employs 430+ FTEs at our 100,000 square foot site in Spokane, Wash.

2006 Highlights

- **Sales**

- **Sales** wins include:

- **Albertsons**
- **Bank One/Chase**
- **Public Storage**
- **Sears**
- **H&R Block**
- **Kohl's**

- **Retention** – retained all **Top-30** clients in 2006 (and 2005!)



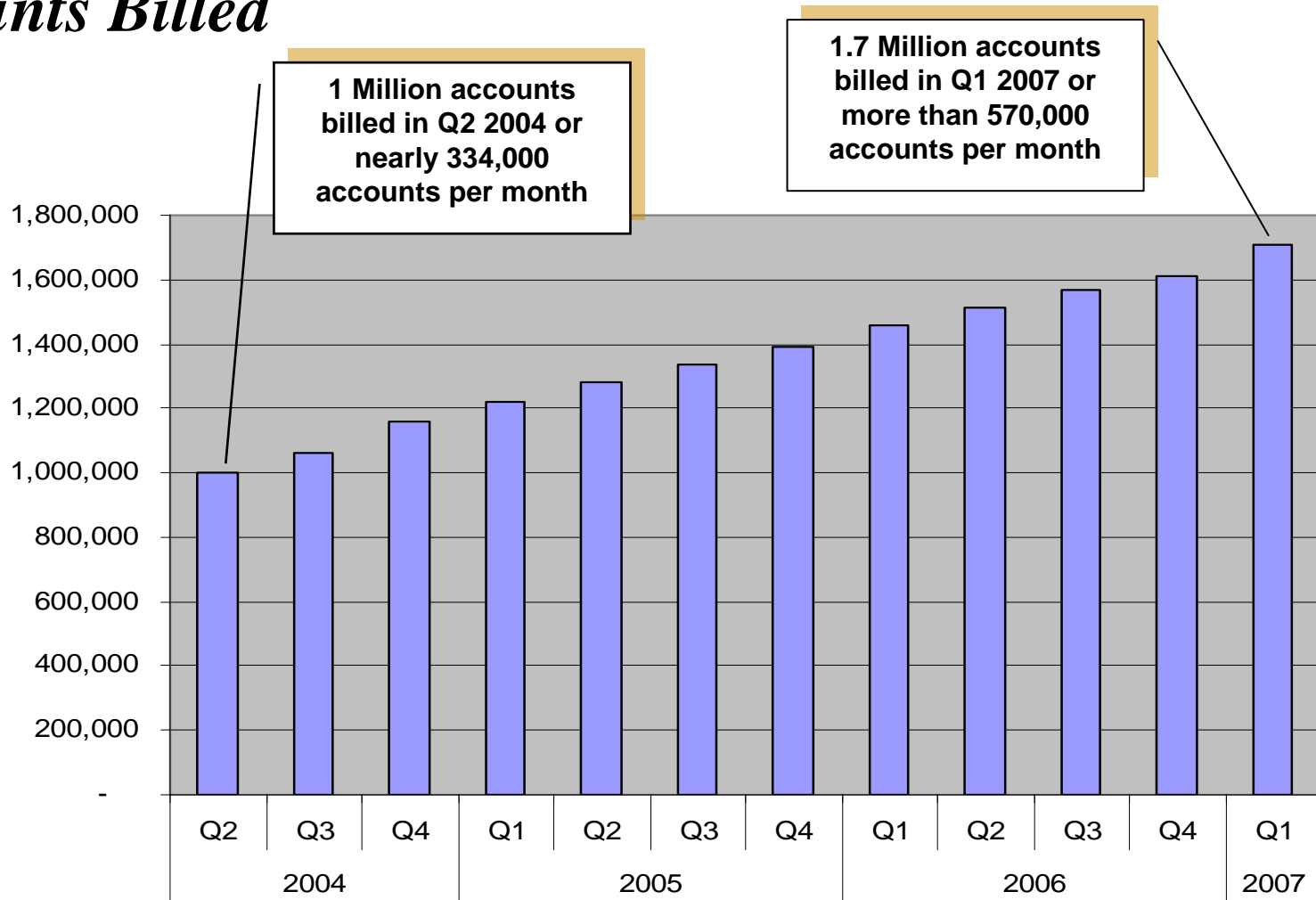
H&R BLOCK

KOHL'S

Advantage IQ maintains a 95% client retention rate, among some of the nation's most recognized brands.

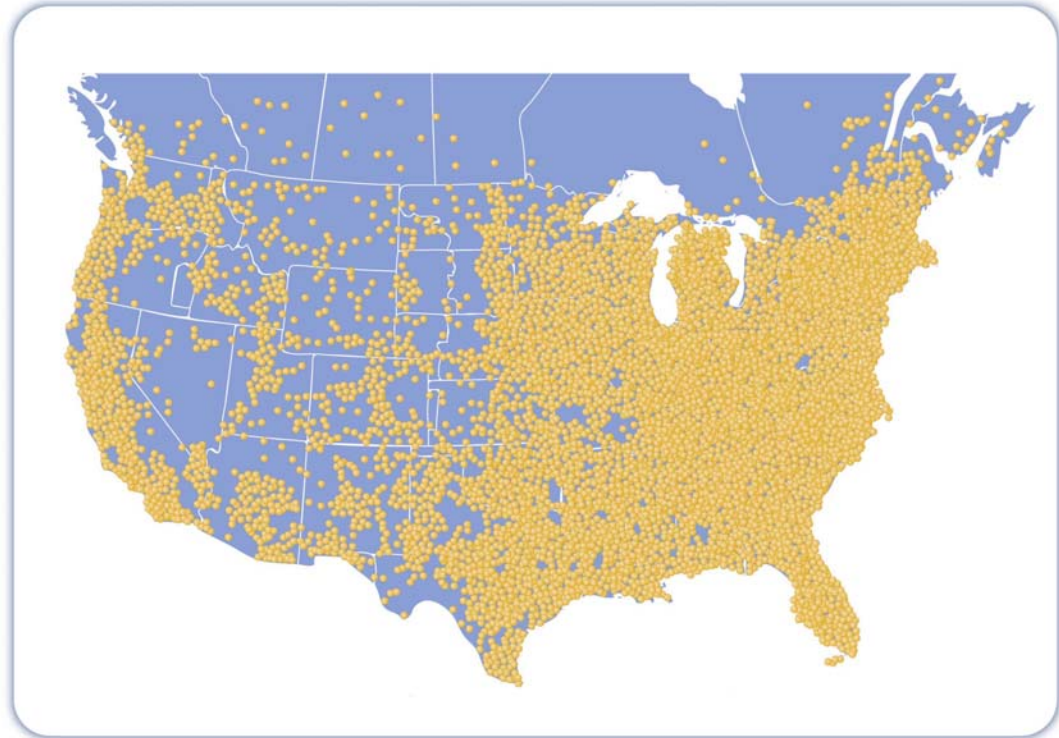


Accounts Billed

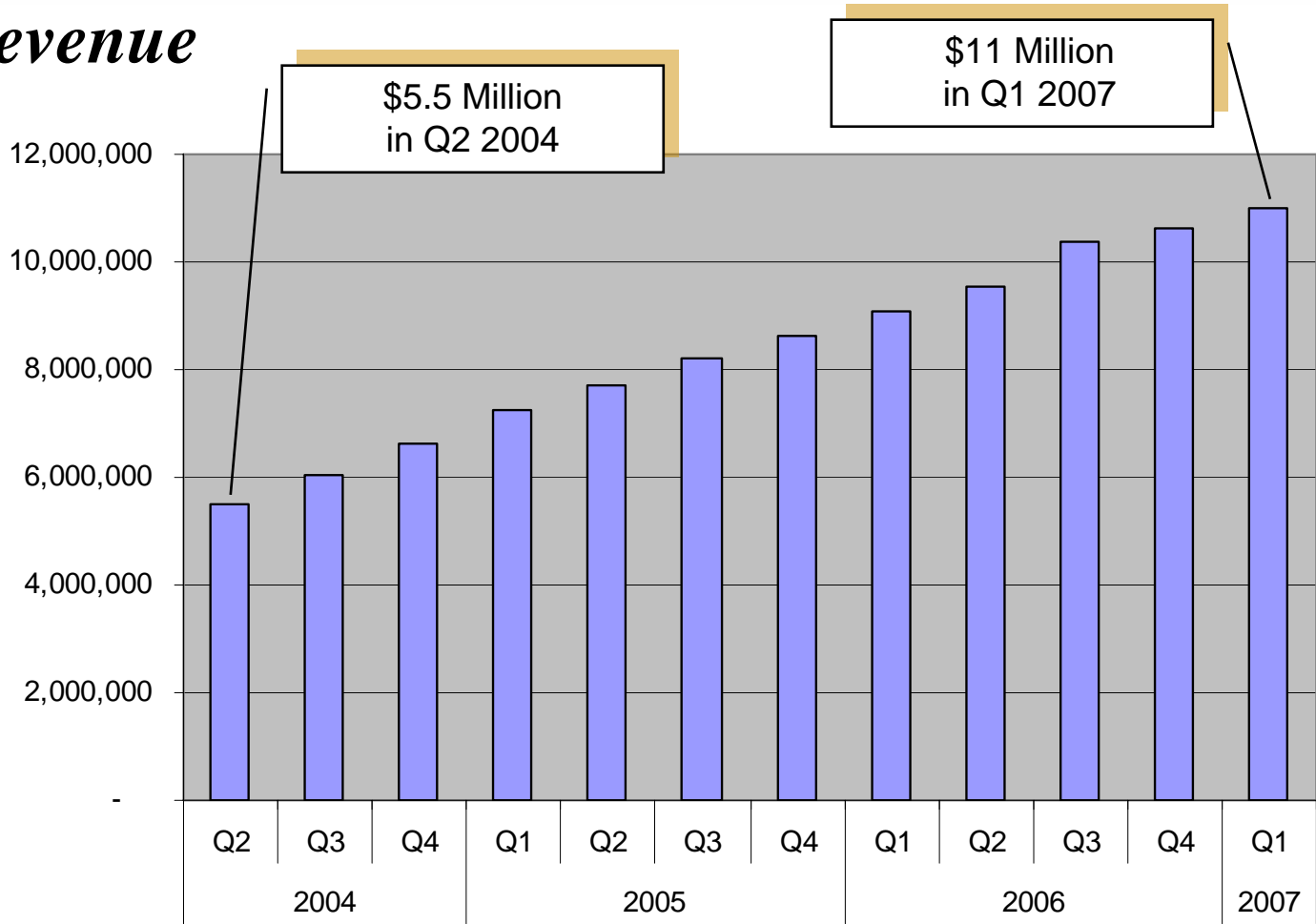


Sites Billed and Spend Managed

- Q1 2007 is an Advantage IQ first! Over **200,000 sites managed** across the United States, Canada and Puerto Rico
- **\$10.8 Billion** of spend managed in 2006
- Nearly **\$3 Billion** of spend managed in Q1 2007



Total Revenue



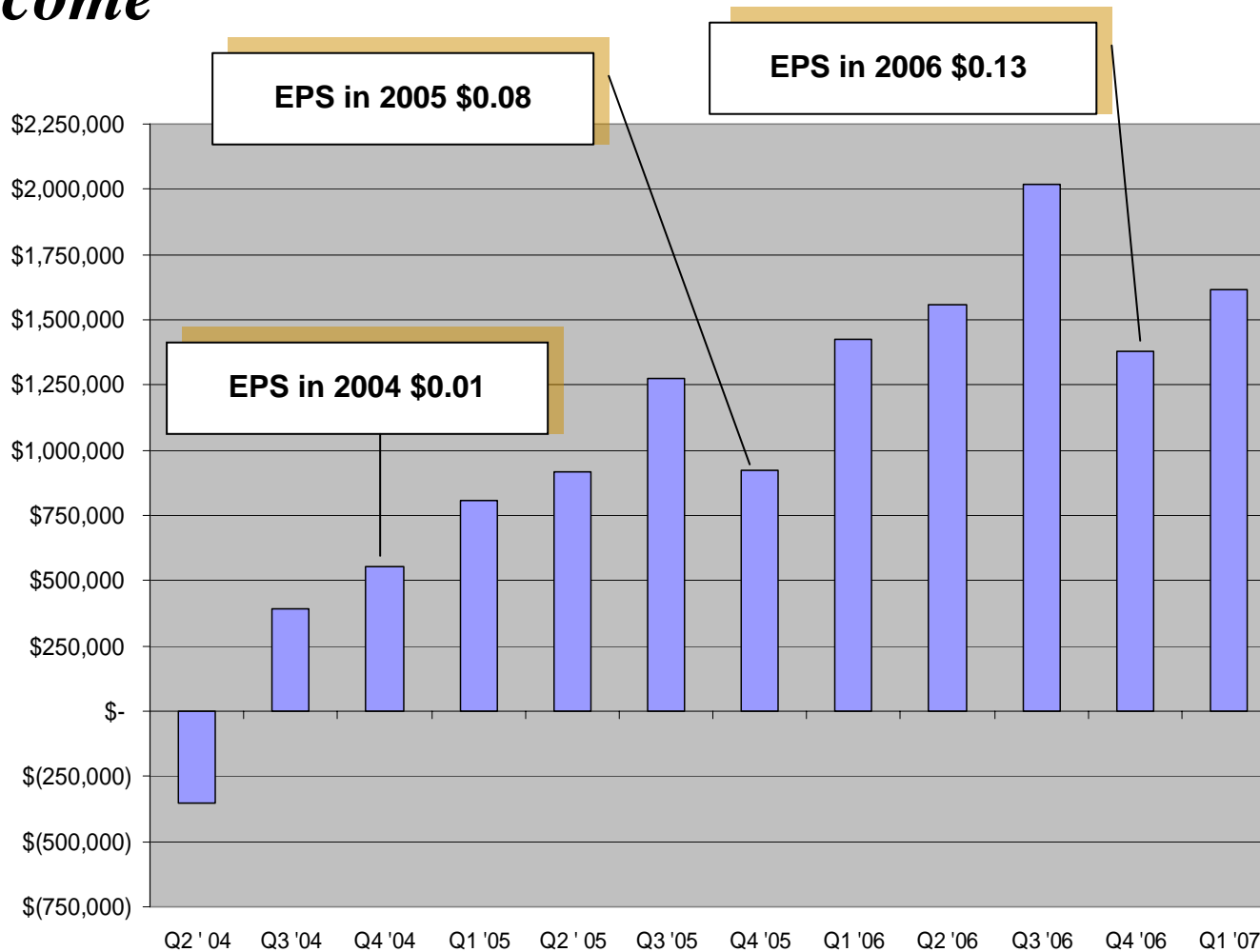
Company revenue has doubled in the last three years.

Q1 2007 Highlights

- Sales wins include:
 - Amtrak
 - Pioneer Natural Resources
 - Panda Express
 - Bealls
 - North Fork Bank
 - Chipotle Mexican Grill
 - Auto Nation



Net Income



Strategic Positioning

- Ongoing initiatives
 - Energy consulting services
 - Telecom Expense Management (TEM)
 - Technology enhancements
 - International opportunity
 - Government market space



Advantage IQ energy consulting clients

Avista Corp.: Financially Sound, Fiscally Responsible



Malyn K. Malquist
Executive Vice President and
Chief Financial Officer

Sale of Avista Energy

A definitive agreement to sell substantially all of its contracts and ongoing operations to Coral Energy Holding, L.P. and certain of its subsidiaries (Coral Energy), a subsidiary of Shell

Transaction Specifics

- ▶ All-cash transaction
- ▶ Purchase price equal to approximate book value at closing
- ▶ Expected to close late second quarter or early third quarter 2007

Financial Impact

- ▶ No significant gain or loss expected from the sale

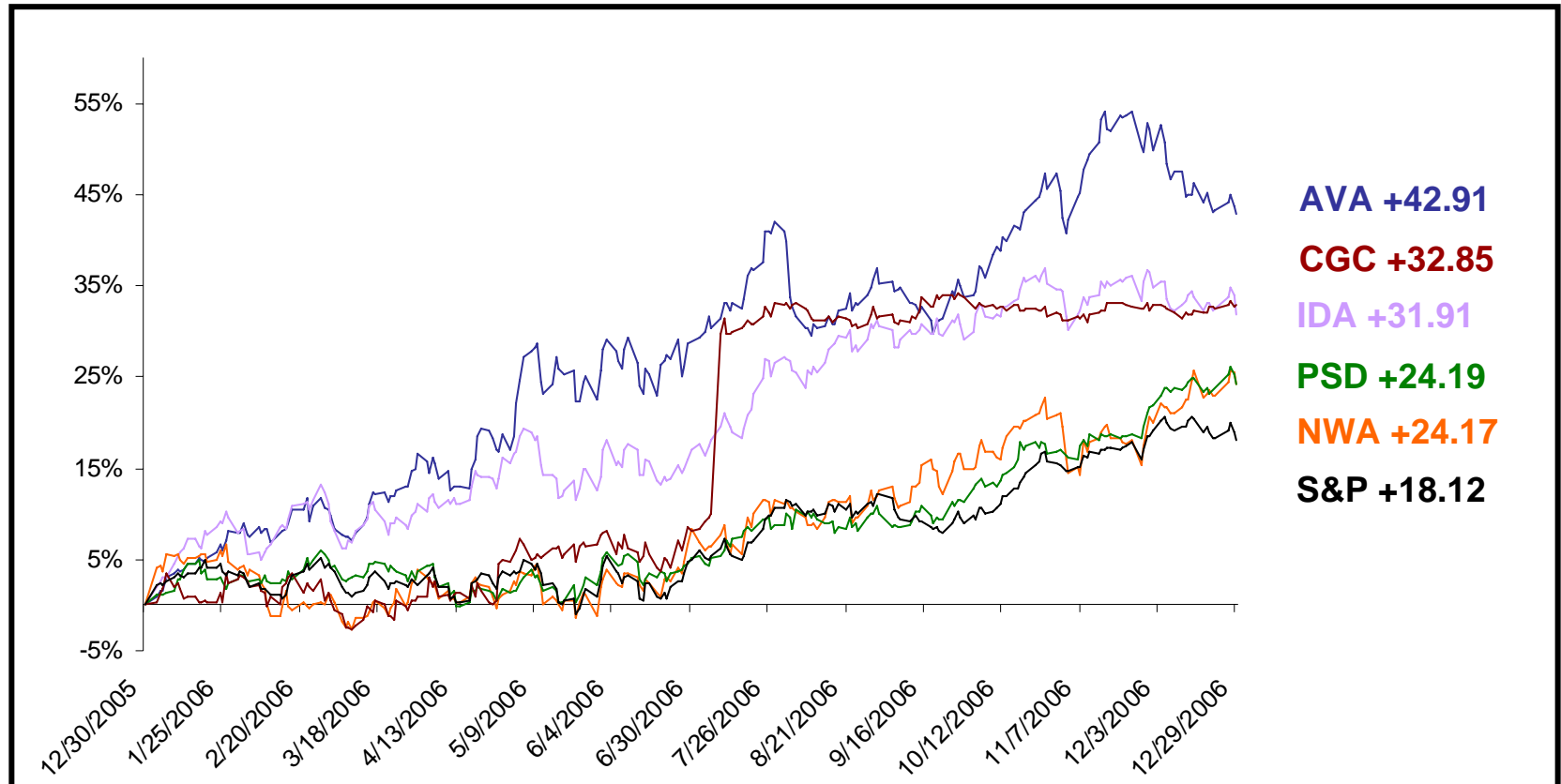
Possible Use of Proceeds

- ▶ Pay down debt
- ▶ Reinvest in utility assets

Benefit of the Sale

- ▶ Reduce earnings volatility
- ▶ Lower Avista Corp.'s risk profile
- ▶ Possible upgrade to investment grade credit rating

2006 Percent Change in Stock Price Compared to Northwest Utilities and the S&P MidCap Utilities



Financial Highlights

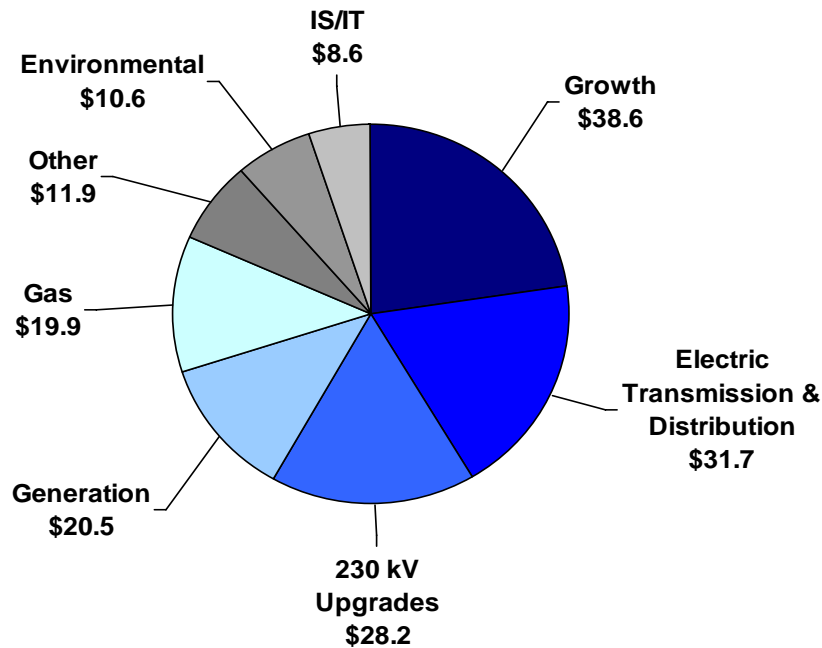
- ▶ In December 2006, completed an equity offering for 3,162,500 shares of common stock
 - Received \$77.7 million in total proceeds before expenses
- ▶ Recently refinanced \$150 million of 7.75% First Mortgage bonds at 5.70%
 - Reduced interest expense by \$4 million per year going forward
- ▶ Debt-to-capitalization ratio decreased to 53.7% at the end of 2006 compared to 60.2% at the end of 2005
- ▶ Total debt outstanding decreased approximately \$112 million in 2006

2007 Budgeted Utility Capital Expenditures

\$170 Million Total CapEx *

\$ millions

- ▶ \$170 million equates to roughly 5% rate base growth
- ▶ Capital expenditures expected to be in the range of \$180 million to \$190 million per year through 2009



* Excludes Automated Meter Reading

Avista Utilities Regulatory Update

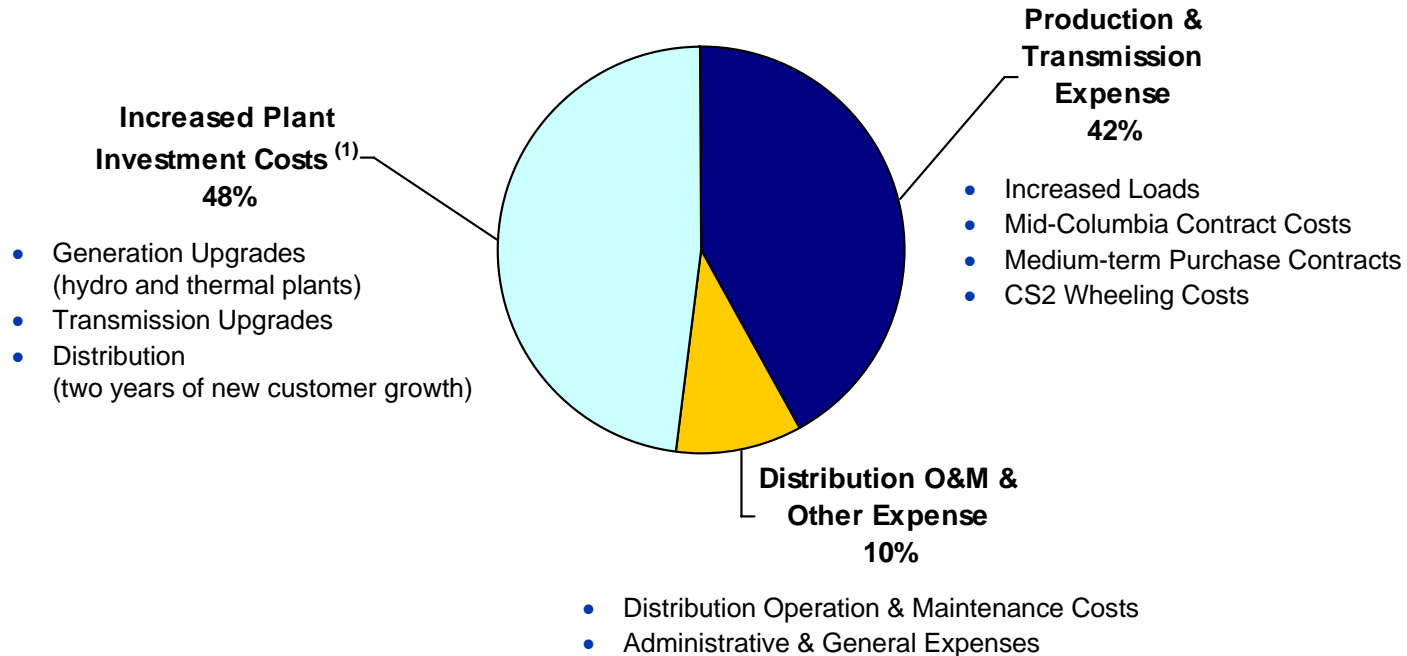
*Rate Base				
Washington		Idaho		Oregon
Electric	Gas	Electric	Gas	Gas
\$870 million	\$146 million	\$473 million	\$68 million	\$79 million

Jurisdiction and Service	Authorized		
	Rate of Return	Return on Equity	Common Equity Level
Washington Electric and Natural Gas (implemented in January 2006)	9.11%	10.40%	40.00%
Idaho Electric and Natural Gas (implemented in September 2004)	9.25%	10.40%	42.59%
Oregon Natural Gas (implemented in October 2003)	8.88%	10.25%	48.25%

* Rate base as of 12/31/06

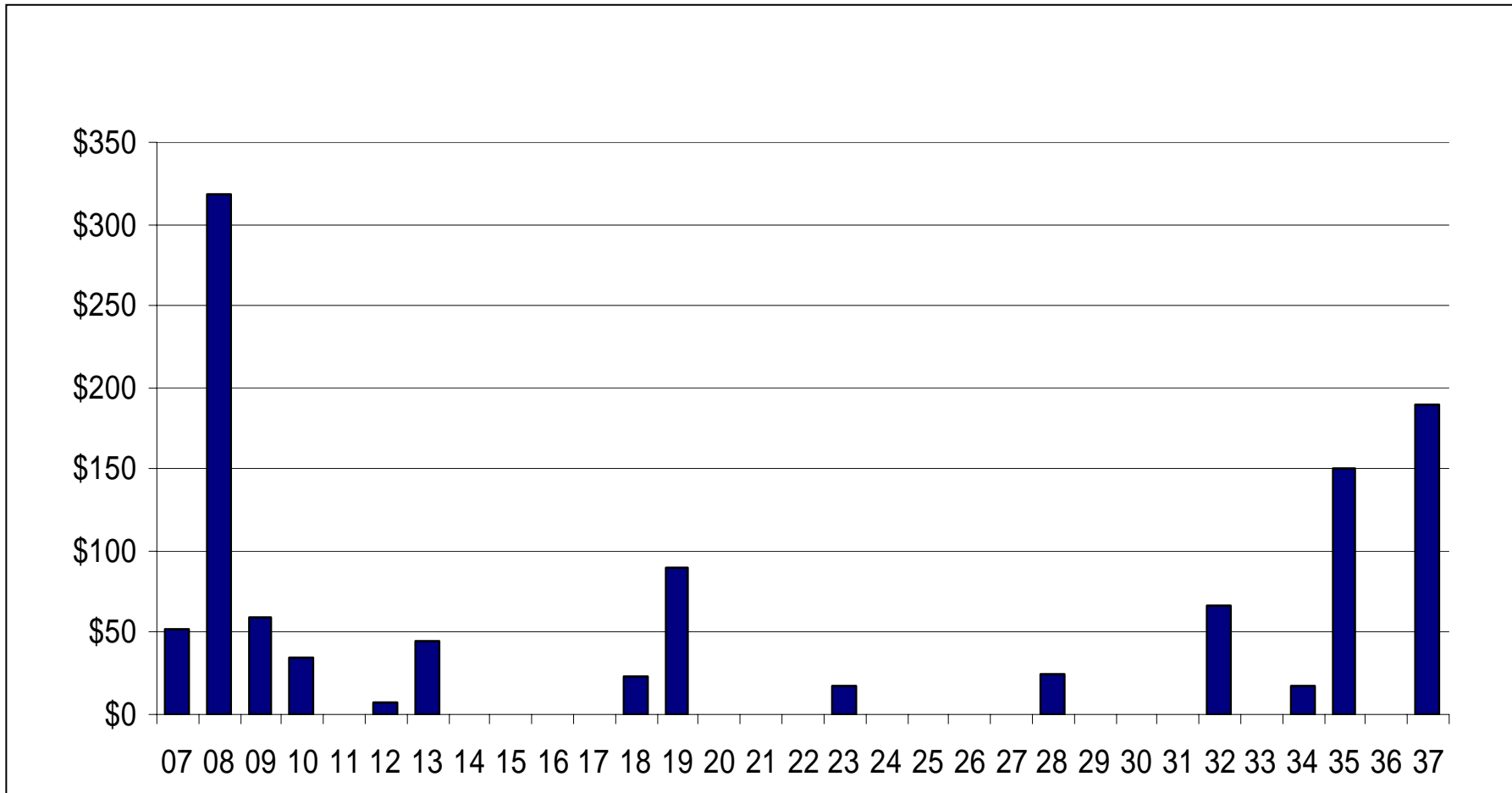
Washington Electric and Gas General Rate Case

Primary Electric Revenue Requirement Factors

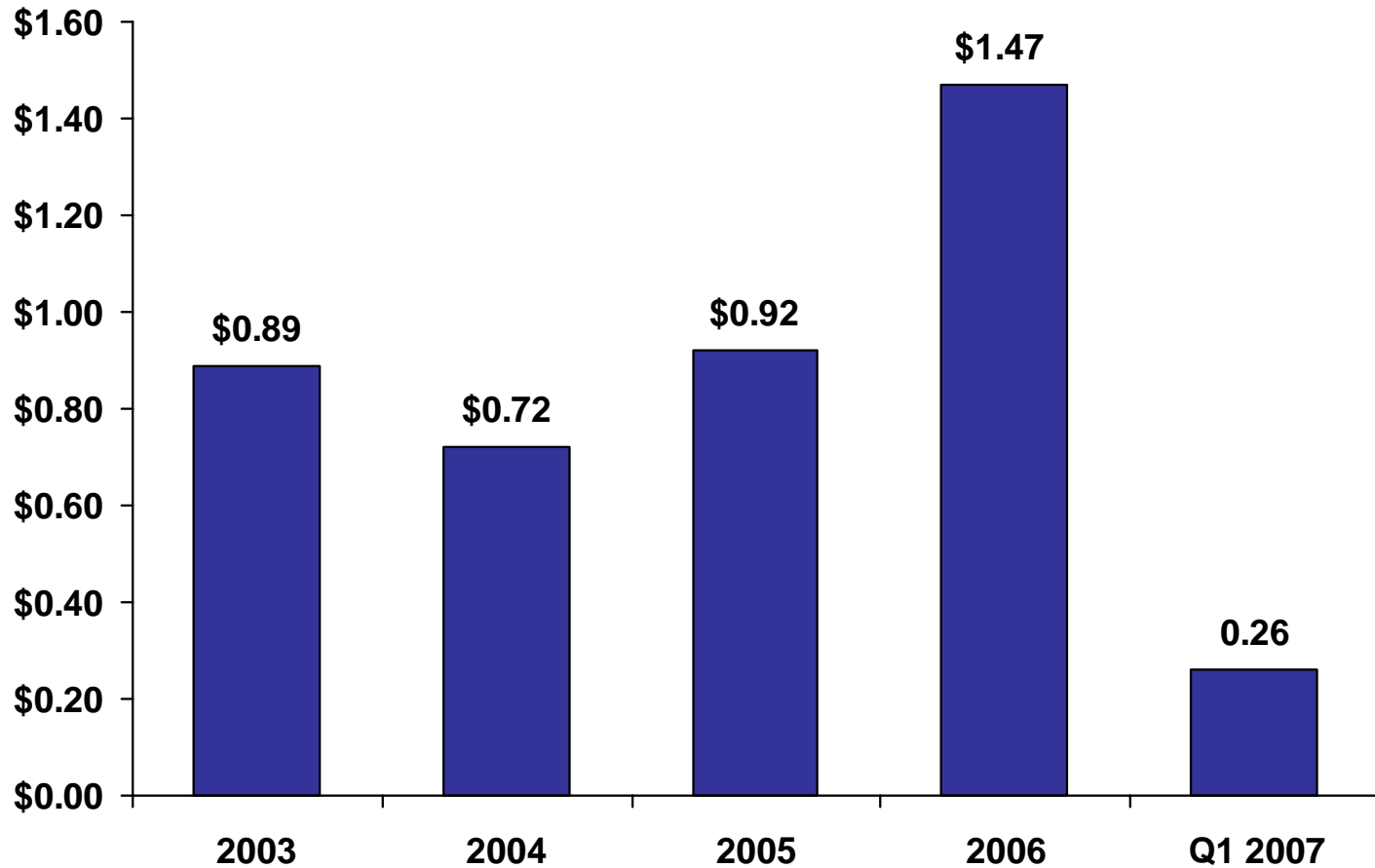


⁽¹⁾ Includes return on investment, depreciation and taxes, offset by the tax benefit of interest

Debt Maturity Profile

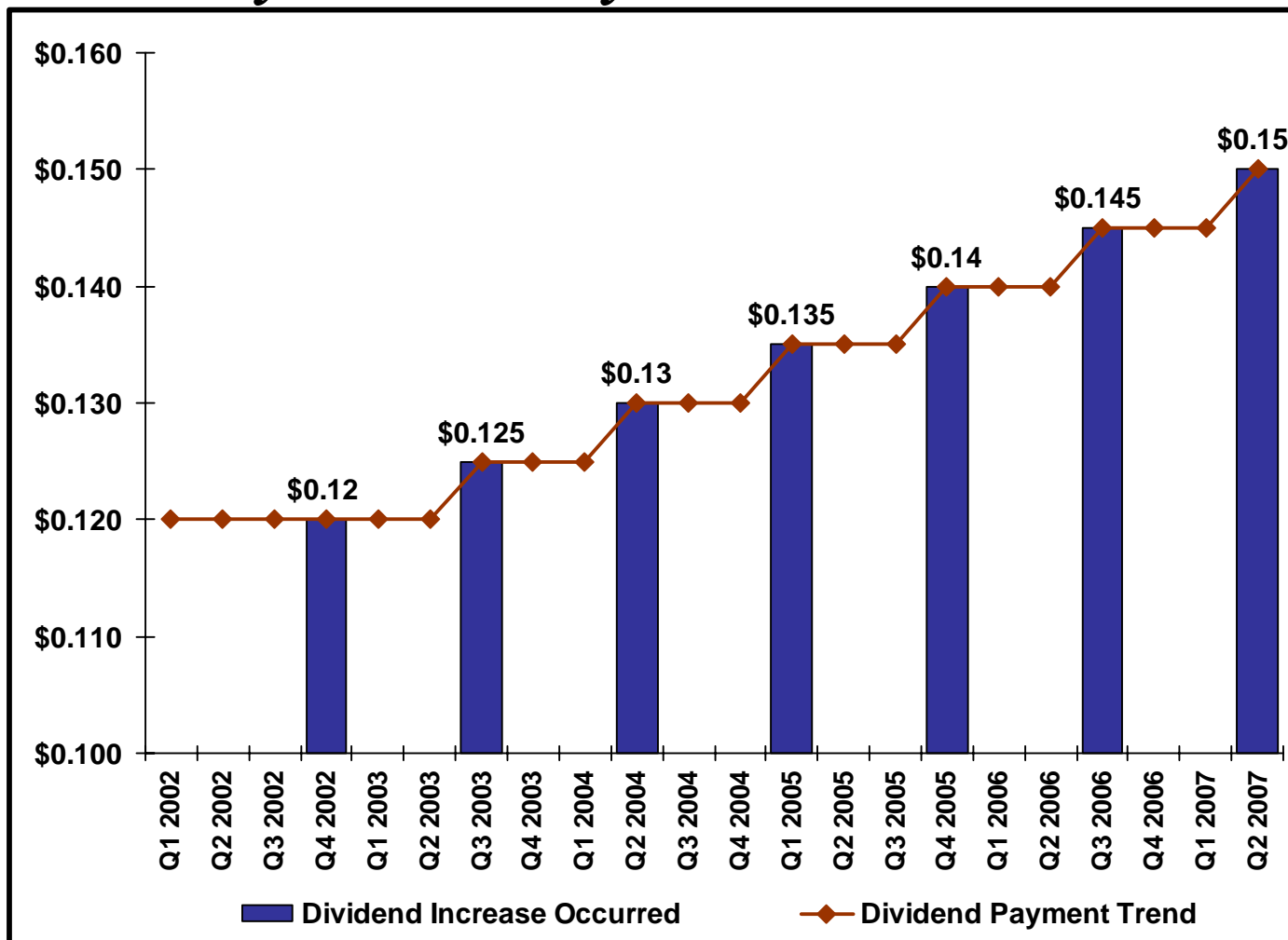


Consolidated Earnings



*\$0.12 per share
dividend initially paid
December 15, 1998*

AVA Dividend Payment History





2007 Retiring Leaders



Paul Anderson



Terry Kolb



Ron Peterson



Gary Ely

This presentation contains forward-looking statements, including statements regarding the company's current expectations for future financial performance and cash flows, capital expenditures, the company's current plans or objectives for future operations, future hydroelectric generation projections 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 the company's control and many of which could have significant impact on the company's operations, results of operations, financial condition or cash flows and could cause actual results to differ materially from the 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, including the effect of precipitation and temperatures on the availability of hydroelectric resources and the effect of temperatures on customer demand; changes in wholesale energy prices that can affect, among other things, cash requirements to purchase electricity, natural gas for retail customers and natural gas fuel for electric generation, and the value of surplus energy sold, as well as the market value of derivative assets and liabilities and unrealized gains and losses; volatility and illiquidity in wholesale energy markets, including the availability and prices of purchased energy and demand for energy sales; the effect of state and federal regulatory decisions affecting the ability of the company to recover its costs and/or earn a reasonable return, including, but not limited to, the disallowance of previously deferred costs; the outcome of pending regulatory and legal proceedings arising out of the "western energy crisis" of 2001 and 2002, and including possible retroactive price caps and resulting refunds; the outcome of legal proceedings and other contingencies concerning the company or affecting directly or indirectly its operations; the potential effects of any legislation or administrative rulemaking passed into law; the potential impact of changes to electric transmission ownership, operation and governance, such as the formation of one or more regional transmission organizations or similar entities; wholesale and retail competition including, but not limited to, electric retail wheeling and transmission costs; the ability to relicense and maintain licenses for hydroelectric generating facilities at cost-effective levels with reasonable terms and conditions; unplanned outages at any company-owned generating facilities or the inability of generating facilities to operate as intended; unanticipated delays or changes in construction costs, as well as the ability to obtain required operating permits with respect to present or prospective facilities; natural disasters that can disrupt energy production or delivery as well as the availability and costs of materials and supplies and support services; blackouts or disruptions of interconnected transmission systems; the potential for future terrorist attacks or other malicious acts, particularly with respect to utility plant assets; 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 hydroelectric resources; changes in future economic conditions in the company's service territory and the United States in general, including inflation or deflation and monetary policy; changes in industrial, commercial and residential growth and demographic patterns in the company's service territory; the loss of significant customers and/or suppliers; failure to deliver on the part of any parties from which the company purchases and/or sells capacity or energy; changes in the creditworthiness of customers and energy trading counterparties; the company's ability to obtain financing through the issuance of debt and/or equity securities, which can be affected by various factors including the company's credit ratings, interest rate fluctuations and other capital market conditions; the effect of any change in the company's credit ratings; changes in actuarial assumptions, the interest rate environment and the actual return on plan assets with respect to the company's pension plan, which can affect future funding obligations, costs and pension plan liabilities; increasing health care costs and the resulting effect on health insurance premiums paid for employees and retirees; increasing costs of insurance, changes in coverage terms and the ability to obtain insurance; employee issues, including changes in collective bargaining unit agreements, strikes, work stoppages or the loss of key executives, as well as the 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 the company's common stock price; changes in technologies, possibly making some of the current technology quickly obsolete; changes in tax rates and/or policies; changes in, and compliance with, environmental and endangered species laws, regulations, decisions and policies, including present and potential environmental remediation costs; and changes in the strategic business plans of the company and/or any of its subsidiaries, 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 the company's Annual Report on Form 10-K for the year ended Dec. 31, 2006 and Quarterly Report on Form 10-Q for the quarter ended March 30, 2007. The forward-looking statements contained in this news release speak only as of the date hereof. The company undertakes 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 any such factor on the company's 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.

