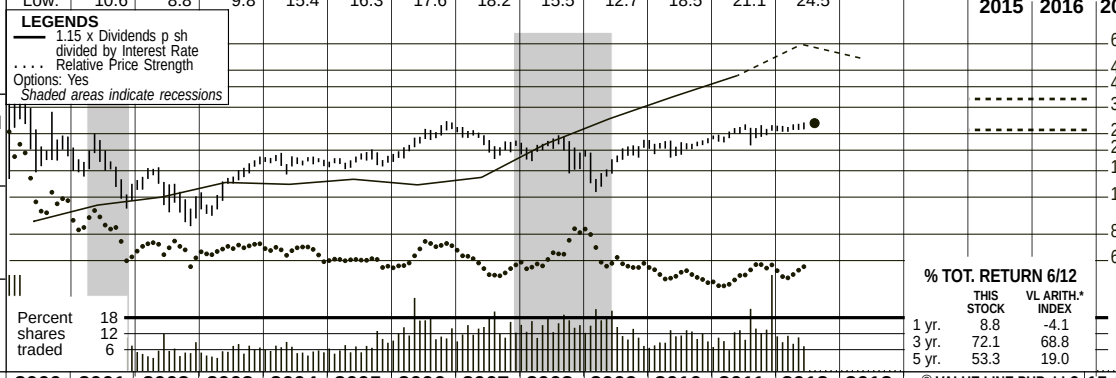
AVISTA CORP. NYSE-AVA

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
26.90	14.9	(Trailing: 16.4 Median: 16.0)	1.05	4.4%	VALUE LINE

TIMELINESS 3 Lowered 8/12/11
SAFETY 2 Raised 5/7/10
TECHNICAL 3 Raised 7/13/12
BETA .70 (1.00 = Market)

High:	24.0	16.6	18.7	19.4	20.2	27.5	25.8	23.6	22.4	22.8	26.5	27.8
Low:	10.6	8.8	9.8	15.4	16.3	17.6	18.2	15.5	12.7	18.5	21.1	24.5

Target Price Range
2015 | 2016 | 2017



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+30%)	10%
Low	25	(-5%)	3%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	1	0	0	1	0	5	1	0	0
to Sell	2	0	3	1	0	7	3	0	1

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	88	82	77
to Sell	85	93	85
Hld's(000)	40696	40895	41881

% TOT. RETURN 6/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	8.8	-4.1
3 yr.	72.1	68.8
5 yr.	53.3	19.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
16.89	23.27	91.07	221.75	167.59	126.17	20.41	23.24	23.76	27.98	28.68	26.80	30.77	27.58	27.29	27.73	*26.65*	*28.10*	Revenues per sh	*32.25*
2.64	3.20	3.47	2.28	3.31	2.71	2.19	2.63	2.35	2.72	4.27	2.93	3.98	4.45	3.62	3.78	*3.90*	*4.15*	"Cash Flow" per sh	*5.00*
1.35	1.96	1.28	.12	1.76	1.20	.67	1.02	.73	.92	1.47	.72	1.36	1.58	1.65	1.72	*1.80*	*1.90*	Earnings per sh A	*2.25*
1.24	1.24	1.05	.48	.48	.48	.48	.49	.52	.55	.57	.60	.69	.81	1.00	1.10	*1.16*	*1.22*	Div'd Decl'd per sh B ■ †	*1.40*
1.67	1.82	2.70	3.30	4.24	5.92	1.74	2.21	2.47	3.23	3.14	4.04	4.09	3.86	3.64	4.20	*4.40*	*4.25*	Cap'l Spending per sh	*4.50*
12.70	13.38	11.76	10.69	15.34	15.12	14.84	15.54	15.54	15.87	17.46	17.27	18.30	19.17	19.71	20.30	*21.10*	*21.80*	Book Value per sh C	*24.00*
55.96	55.96	40.45	35.65	47.21	47.63	48.04	48.34	48.47	48.59	52.51	52.91	54.49	54.84	57.12	58.42	*60.00*	*60.50*	Common Shs Outst'g D	*62.00*
13.8	10.0	16.5	NMF	13.6	13.7	19.3	13.8	24.4	19.4	15.4	30.9	15.0	11.4	12.7	14.1	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
.86	.58	.86	NMF	.88	.70	1.05	.79	1.29	1.03	.83	1.64	.90	.76	.81	.89	*Value Line*		Relative P/E Ratio	*.85*
6.7%	6.4%	5.0%	2.8%	2.0%	2.9%	3.7%	3.5%	2.9%	3.0%	2.5%	2.7%	3.4%	4.5%	4.8%	4.5%	*estimates*		Avg Ann'l Div'd Yield	*4.8%*

CAPITAL STRUCTURE as of 3/31/12
Total Debt $1369.3 mill. **Due in 5 Yrs** $201.0 mill.
LT Debt $1300.9 mill. **LT Interest** $68.2 mill.
Incl. $51.5 mill. debt to affiliated trusts; $29.2 mill. nonrecourse debt.
(LT interest earned: 3.2x)
Leases, Uncapitalized Annual rentals $5.0 mill.
Pension Assets-12/11 $328.2 mill. **Oblig.** $494.2 mill.
Pfd Stock None

Common Stock 58,674,851 shs.
as of 4/23/12
MARKET CAP: $1.6 billion (Mid Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
980.4	1123.4	1151.6	1359.6	1506.3	1417.8	1676.8	1512.6	1558.7	1619.8	*1600*	*1700*	Revenues ($mill)	*2000*
34.3	51.8	37.8	47.2	75.1	38.5	73.6	87.1	92.4	100.2	*110*	*120*	Net Profit ($mill)	*140*
46.6%	40.5%	36.4%	35.4%	35.9%	38.7%	38.3%	34.3%	35.0%	35.4%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
21.8%	2.1%	3.7%	3.6%	3.9%	22.4%	14.0%	4.2%	4.0%	5.2%	*5.0%*	*5.0%*	AFUDC % to Net Profit	*5.0%*
57.3%	57.1%	56.5%	58.0%	53.7%	41.0%	48.1%	50.9%	51.6%	51.4%	*50.5%*	*50.5%*	Long-Term Debt Ratio	*52.0%*
40.8%	41.3%	41.9%	40.6%	46.3%	59.0%	51.9%	49.1%	48.4%	48.6%	*49.5%*	*49.5%*	Common Equity Ratio	*48.0%*
1748.7	1819.4	1796.2	1900.8	1980.1	1548.9	1919.5	2139.0	2325.3	2439.9	*2550*	*2665*	Total Capital ($mill)	*3100*
1563.7	1944.6	1956.1	2126.4	2215.0	2351.3	2492.2	2607.0	2714.2	2860.8	*3000*	*3120*	Net Plant ($mill)	*3475*
4.8%	5.2%	4.3%	4.8%	6.1%	5.2%	5.8%	5.5%	5.4%	5.5%	*5.5%*	*6.0%*	Return on Total Cap'l	*6.0%*
4.6%	6.6%	4.8%	5.9%	8.2%	4.2%	7.4%	8.3%	8.2%	8.5%	*8.5%*	*9.0%*	Return on Shr. Equity	*9.0%*
4.5%	6.6%	4.7%	5.9%	8.0%	4.2%	7.4%	8.3%	8.2%	8.5%	*8.5%*	*9.0%*	Return on Com Equity E	*9.0%*
1.2%	3.4%	1.4%	2.4%	4.9%	.8%	3.7%	4.1%	3.3%	3.1%	*3.0%*	*3.5%*	Retained to Com Eq	*3.5%*
74%	50%	72%	60%	40%	82%	50%	51%	60%	64%	*63%*	*62%*	All Div'ds to Net Prof	*62%*

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-.8	-1.1	+2.0
Avg. Indust. Use (MWH)	1397	1525	1556
Avg. Indust. Revs. per KWH (¢)	5.53	5.47	5.71
Capacity at Peak (Mw)	2514	2905	2923
Peak Load, Winter (Mw)	2371	2507	2381
Annual Load Factor (%)	61.0	60.0	61.0
% Change Customers (yr-end)	+.5	+.7	+.4
Fixed Charge Cov. (%)	299	301	318

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	-16.5%	.5%	*2.5%*
"Cash Flow"	3.5%	5.0%	*4.0%*
Earnings	5.0%	9.5%	*5.5%*
Dividends	7.5%	12.5%	*6.5%*
Book Value	3.5%	4.0%	*3.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	487.5	307.1	314.7	403.3	1512.6
2010	456.4	360.7	367.2	374.4	1558.7
2011	476.6	360.6	343.7	438.9	1619.8
2012	452.3	*350*	*350*	*447.7*	*1600*
2013	*475*	*375*	*375*	*475*	*1700*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.57	.47	.15	.40	1.58
2010	.52	.46	.22	.45	1.65
2011	.73	.39	.18	.42	1.72
2012	.65	*.45*	*.20*	*.50*	*1.80*
2013	*.70*	*.48*	*.22*	*.50*	*1.90*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.165	.165	.18	.18	.69
2009	.18	.21	.21	.21	.81
2010	.25	.25	.25	.25	1.00
2011	.275	.275	.275	.275	1.10
2012	.29	.29			

BUSINESS: Avista Corporation (formerly The Washington Water Power Company) supplies electricity & gas in eastern Washington & northern Idaho. Supplies gas to part of Oregon. Customers: 360,000 electric, 321,000 gas. Has nonutility subsidiary (Ecova) involved in energy-management services. Electric revenue breakdown: residential, 33%; commercial, 28%; industrial, 12%; wholesale, 8%; other, 19%. Generating sources: hydro, 37%; coal, 11%; gas, 6%; wood waste, 2%; purchased, 44%. Fuel costs: 49% of revenues. '11 reported deprec. rate (utility): 2.9%. Has 2,800 employees. Chairman, President & CEO: Scott L. Morris. Inc.: Washington. Address: 1411 E. Mission Ave., Spokane, Washington 99202-2600. Tel.: 509-489-0500. Internet: www.avistacorp.com.

Avista has a general rate case pending in Washington. The utility requested an electric tariff hike of $41.0 million (8.8%) and a gas rate increase of $10.1 million (6.8%). Avista based its application on a 10.9% return on a 48.4% common-equity ratio. Unless the utility is able to reach a settlement, new rates will go into effect in early March.

Avista plans to file a rate case in Idaho, as well. Tariffs there are frozen until April 1, 2013. We expect the utility to put forth its petition in September, so that any rate hike can go into effect as soon as possible.

There is a good reason for all of this regulatory activity. Due to the effects of regulatory lag, Avista has not earned an adequate return on equity for many years. In fact, the utility's petition in Washington occurred just three months after electric and gas rate increases took effect in the state. At least, earned ROEs are showing signs of improvement. These have exceeded 8% in each of the past three years, and we figure that they will continue to get better.

Earnings should increase this year and next. The aforementioned rate hike in Washington ($20 million electric, $3.75 million gas) is a key reason. Our 2012 profit estimate is within Avista's targeted range of $1.65-$1.85 a share. Rate relief should help boost the bottom line in 2013, as well. On the nonregulated side of the business, the Ecova energy-services subsidiary should continue to benefit from acquisitions that are enabling it to provide a new array of services to its customers. Avista's guidance includes $0.16-$0.19 a share of income from Ecova, at least as much as the $0.16 a share it contributed in 2011.

Financing needs are modest. Avista entered into a purchase agreement to issue $80 million of bonds in November. This will probably be the company's only long-term debt financing this year. The company also expects to issue up to $45 million of common equity in 2012 through its "dribble" program.

We regard this stock as an average utility selection. The dividend yield and 3- to 5-year total return potential are comparable with the industry averages.

Paul E. Debbas, CFA *August 3, 2012*

(A) Dil. EPS. Excl. nonrec. losses: '00, 27¢; '02, 9¢; '03, 3¢; gain (losses) on disc. ops.: '01, ($1.00); '02, 2¢; '03, (10¢). '09 EPS don't add due to rounding. Next egs. report due early Aug. (B) Div'ds historically paid in mid-Mar., June, Sept. & Dec. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. def'd chgs. In '11: $9.69/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in WA in '12: none specified; in ID in '10: none specified; earned on avg. com. eq., '11: 8.7%. Regulatory Climate: WA, Avg.; ID, Above Avg.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	75
Earnings Predictability	65

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