

Welcome to the Avista Corp.

Second Quarter 2006 Earnings Webcast

August 2, 2006

Gary G. Ely

Avista Corp.

Chairman and CEO



Scott Morris

Avista Corp.

President and COO



Avista Utilities

Washington Energy Recovery Mechanism

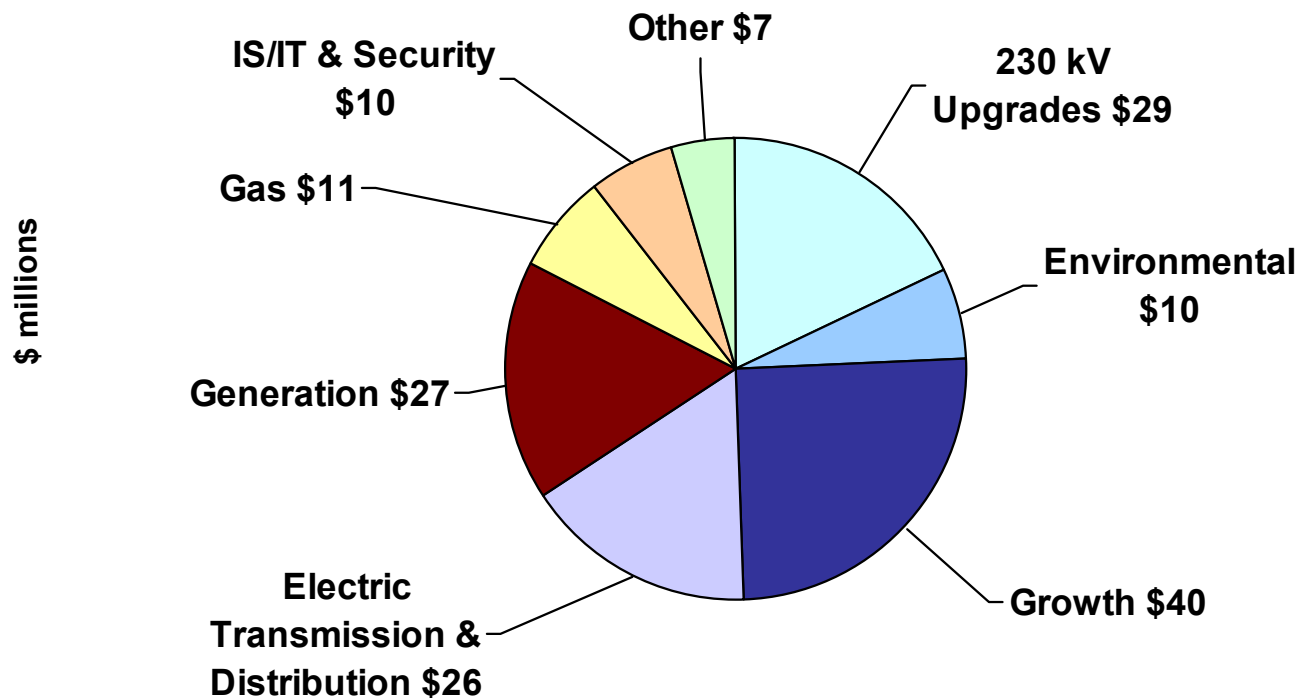
Annual Power Supply Cost Variability	Deferred for Future Surcharge or Rebate to Customers	Expense or Benefit to the Company
<i>Historical ERM:</i>		
+/- \$0-\$9 million	0%	100%
+/- excess over \$9 million	90%	10%
<i>Modified ERM:</i>		
+/- \$0-\$4 million	0%	100%
+/- between \$4 million-\$10 million	50%	50%
+/- excess over \$10 million	90%	10%

Spokane River Project Relicensing



2006 Utility Capital Expenditures

\$160 Million Total Capital Expenditures



Dennis Vermillion

Avista Energy

President and COO



Malyn Malquist

Avista Corp.

Executive Vice President
and CFO



Net Income and Diluted EPS

<i>(\$ in thousands, except per-share data)</i>	Q2 2006	Q2 2005	YTD 2006	YTD 2005
Operating Revenues	\$287,394	\$272,832	\$786,596	\$635,496
Income from Operations	\$42,578	\$49,219	\$113,516	\$87,402
Net Income	\$13,459	\$18,604	\$45,031	\$28,793

Net Income (Loss) by Business Segment:

Avista Utilities	\$16,879	\$18,407	\$43,051	\$37,393
Energy Marketing & Resource Management	\$(4,610)	\$(250)	\$436	\$(8,608)
Advantage IQ	\$1,558	\$918	\$2,985	\$1,726
Other	\$(368)	\$(471)	\$(1,441)	\$(1,718)

Contribution to Earnings per Diluted Share by Business Segment:

Avista Utilities	\$0.34	\$0.38	\$0.87	\$0.76
Energy Marketing & Resource Management	\$(0.09)	\$(0.01)	\$0.01	\$(0.18)
Advantage IQ	\$0.03	\$0.02	\$0.06	\$0.04
Other	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.03)
Total Earnings per Diluted Share	\$0.27	\$0.38	\$0.91	\$0.59

advantage The logo for 'advantage IQ' features the word 'advantage' in a blue sans-serif font. To its right is a stylized 'IQ' where the 'I' is a vertical white bar with a small orange square above it, and the 'Q' is a white circle with an orange center, all contained within a blue, rounded, teardrop-shaped background.

2006 Earnings Guidance

Consolidated	\$1.30-\$1.45
Avista Utilities	\$1.00-\$1.15
Energy Marketing & Resource Management	\$0.20-\$0.30
Advantage IQ	\$0.10-\$0.12
Other	\$(0.05)

Questions?

Thank you for your participation.

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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; volatility and illiquidity in wholesale energy markets; 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; 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 delivery as well as the availability and costs of materials and supplies and support services; blackouts or large disruptions of transmission systems; the potential for future terrorist attacks or other malicious acts; changes in the long-term climate of the Pacific Northwest; 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; the effect of any potential 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; increasing health care costs and the resulting effect on health insurance premiums paid for employees and on the obligation to provide postretirement health care benefits; 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; changes in rapidly advancing 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, 2005 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2006. The forward-looking statements contained in this presentation 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 each 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.