



Final Term Sheet

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|---------------------------------------|-----------------------------------------------------------------------------------------------|
| Issuer:                               | Avista Corporation                                                                            |
| Issue:                                | First Mortgage Bonds, 5.70% Series due 2037                                                   |
| Ratings:                              | Aaa/AAA/AAA                                                                                   |
| Insurer:                              | XL Capital Assurance                                                                          |
| Offering Size:                        | \$150,000,000                                                                                 |
| Coupon:                               | 5.70%                                                                                         |
| Trade Date:                           | December 12, 2006                                                                             |
| Settlement Date:                      | December 15, 2006 (T+3)                                                                       |
| Stated Maturity:                      | July 1, 2037                                                                                  |
| Spread to Benchmark Treasury:         | T+110                                                                                         |
| Yield to Maturity:                    | 5.71%                                                                                         |
| Benchmark Treasury Yield:             | 4.61%                                                                                         |
| Benchmark Treasury:                   | 4.50% due February 2, 2036                                                                    |
| Initial Public Offering Price:        | 99.582%                                                                                       |
| Proceeds to Issuer (before expenses): | \$148,465,500                                                                                 |
| Optional Redemption:                  | Make-Whole Call, 20 bps spread over U.S. Treasuries                                           |
| Interest Payment Dates:               | Semi-annually in arrears on January 1 and July 1 of each year, commencing on July 1, 2007     |
| Sole Bookrunner:                      | Goldman, Sachs & Co.                                                                          |
| Senior Lead Managers:                 | BNY Capital Markets, Inc.<br>KeyBanc Capital Markets, a Division of McDonald Investments Inc. |
| Co-Managers:                          | A.G. Edwards & Sons, Inc.<br>Banc of America Securities LLC                                   |

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Goldman, Sachs & Co. toll-free at 1-866-471-2526.