

AVISTA CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)  
(Dollars in Thousands except Per Share Amounts)

	<i>Fourth Quarter</i>		<i>Year Ended December 31,</i>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Operating revenues	\$426,714	\$458,432	\$1,506,311	\$1,359,607
Operating expenses:				
Resource costs	274,725	295,433	895,783	815,590
Other operating expenses	63,800	63,830	253,707	241,131
Depreciation and amortization	21,617	21,449	87,083	86,911
Utility taxes other than income taxes	14,323	17,909	69,882	68,044
Total operating expenses	<u>374,465</u>	<u>398,621</u>	<u>1,306,455</u>	<u>1,211,676</u>
Gain on sale of utility properties	-	-	-	4,093
Income from operations	<u>52,249</u>	<u>59,811</u>	<u>199,856</u>	<u>152,024</u>
Other income (expense):				
Interest expense, net of capitalized interest	(23,136)	(22,733)	(93,233)	(91,025)
Other income - net	1,311	2,857	8,600	10,030
Total other income (expense) - net	<u>(21,825)</u>	<u>(19,876)</u>	<u>(84,633)</u>	<u>(80,995)</u>
Income before income taxes	30,424	39,935	115,223	71,029
Income taxes	<u>12,395</u>	<u>14,523</u>	<u>42,090</u>	<u>25,861</u>
Net income	<u>\$ 18,029</u>	<u>\$ 25,412</u>	<u>\$ 73,133</u>	<u>\$ 45,168</u>
Weighted-average common shares outstanding (thousands), basic	49,788	48,568	49,162	48,523
Weighted-average common shares outstanding (thousands), diluted	50,681	48,997	49,897	48,979
Total earnings per common share, basic	<u>\$0.36</u>	<u>\$0.52</u>	<u>\$1.49</u>	<u>\$0.93</u>
Total earnings per common share, diluted	<u>\$0.36</u>	<u>\$0.52</u>	<u>\$1.47</u>	<u>\$0.92</u>
Dividends paid per common share	<u>\$0.145</u>	<u>\$0.140</u>	<u>\$0.570</u>	<u>\$0.545</u>

Issued February 14, 2007