



**\$60,000,000 First Mortgage Bonds due 2044  
Traditional Private Placement**

October 9, 2014

Dear Investor,

On behalf of Avista Corporation (the "Company"), KeyBanc Capital Markets Inc. ("KeyBanc") is pleased to confirm the following circles of the Company's \$60 million of First Mortgage Bonds (the "Bonds").

The following table provides terms of the offering:

Offering Summary	
Size	\$60,000,000
Maturity	December 1, 2044
Interest Pay Dates	June 1 and December 1, beginning June 1, 2015
Treasury	T 3 3/8 05/15/44
Treasury Yield <sup>(1)</sup>	3.06%
Credit Spread	+ 105 bps
<b>Final Coupon</b>	<b>4.11%</b>
Price	Par
Optional Prepayment	Make whole at T+50 bps anytime prior to 6/1/2044; Callable at par thereafter

(1) Sourced from Bloomberg's PX1 screen shown on the following page

The table below highlights the circles for each investor:

Investor	Allocation (\$ millions)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
<b>Total</b>	<b>\$60.0</b>

**Transaction Details**

Investors Counsel:

Neil R. Mann  
 Chapman & Cutler LLP  
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Investor Due Diligence:

To Be Determined

Targeted Closing & Funding:

December 18, 2014

Please contact your KeyBanc representative if you have any additional questions or due diligence requests prior to closing. Thanks again for participating in this offering.

Regards,

**KeyBanc Capital Markets Inc.**

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GRAB

United States | Actions | Tools | Settings | Fixed Income Trading

12:46

Actives | Bills | Notes | TIPS | Strips | Sprds

5) Bills				6) Bonds			
31) 11/06/14	0.010/0.005	0.005	--	49) 3 <sup>3</sup> / <sub>8</sub> 544	106-00 / 01	3.064	-04+
32) 01/08/15	0.010/0.005	0.005	+0.005	50) 3 <sup>1</sup> / <sub>8</sub> 844 30YR	101-03+ / 04	3.067	-04+
33) 04/09/15	0.045/0.035	0.035	--	51) WI 30YR	3.070 / 3.065		+0.005
34) 09/17/15	0.085/0.080	0.081	--	7) TIPS			
6) Notes				52) 0 <sup>1</sup> / <sub>2</sub> 419	101-02 <sup>1</sup> / <sub>4</sub> / 101-04	-0.123	-03 <sup>3</sup> / <sub>4</sub>
35) 0 <sup>1</sup> / <sub>2</sub> 716	100-07 <sup>3</sup> / <sub>8</sub> / 07 <sup>7</sup> / <sub>8</sub>	0.363	+00 <sup>1</sup> / <sub>4</sub>	53) 0 <sup>1</sup> / <sub>2</sub> 724	97-20 <sup>3</sup> / <sub>4</sub> / 97-24 <sup>1</sup> / <sub>4</sub>	0.359	-03 <sup>1</sup> / <sub>4</sub>
36) 0 <sup>1</sup> / <sub>2</sub> 816	100-04 <sup>3</sup> / <sub>4</sub> / 05 <sup>1</sup> / <sub>8</sub>	0.415	+00 <sup>1</sup> / <sub>8</sub>	54) 1 <sup>3</sup> / <sub>8</sub> 244	110-18 <sup>3</sup> / <sub>4</sub> / 110-25 <sup>1</sup> / <sub>4</sub>	0.953	05+
37) 0 <sup>1</sup> / <sub>2</sub> 916 2YR	100-03 / 03 <sup>1</sup> / <sub>4</sub>	0.448	--	10) Curve Trades			
38) 0 <sup>7</sup> / <sub>8</sub> 817	100-01 / 01+	0.858	-00 <sup>3</sup> / <sub>4</sub>	55) 2yr vs 5yr	111.417 / -111.979	+1.629	
39) 1 917	100-11 / 11 <sup>1</sup> / <sub>4</sub>	0.878	-00 <sup>3</sup> / <sub>4</sub>	56) 2yr vs 10yr	187.802 / -188.378	+0.898	
40) 0 <sup>7</sup> / <sub>8</sub> 017 3YR	99-28 <sup>1</sup> / <sub>4</sub> / 28+	0.912	-01	57) 5yr vs 10yr	76.221 / -76.562	-0.731	
41) 1 <sup>5</sup> / <sub>8</sub> 719	100-11 / 11+	1.547	-02+	Other Markets			
42) 1 <sup>5</sup> / <sub>8</sub> 819	100-09+ / 10	1.558	-03	58) US Long(CBT)	12:36 d	+140-26	+0.05
43) 1 <sup>3</sup> / <sub>4</sub> 919 5YR	100-27 <sup>3</sup> / <sub>4</sub> / 28	1.566	-02+	59) 10yr Fut (CBT)	12:35 d	+126-15+	+0-03+
44) 2 821	99-31 / 31+	2.002	-02+	60) 5Yr Fut(CBT)	12:35 d	+119-13	
45) 2 <sup>1</sup> / <sub>8</sub> 921 7YR	100-23+ / 24	2.002	-02+	61) Dow Jones Ind	12:46	+16727.320	
46) 2 <sup>3</sup> / <sub>4</sub> 224	103-28+ / 29	2.283	-02+	62) S&P 500 Ind	12:31 d	+1934.660	-34.130
47) 2 <sup>1</sup> / <sub>2</sub> 524	101-19 / 19+	2.312	-03	63) NYM WTI Crd	12:36 d	+85.740	-1.570
48) 2 <sup>3</sup> / <sub>8</sub> 824 10YR	100-12 / 12+	2.330	-02+	64) Gold	12:46	+1224.415	+3.295

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