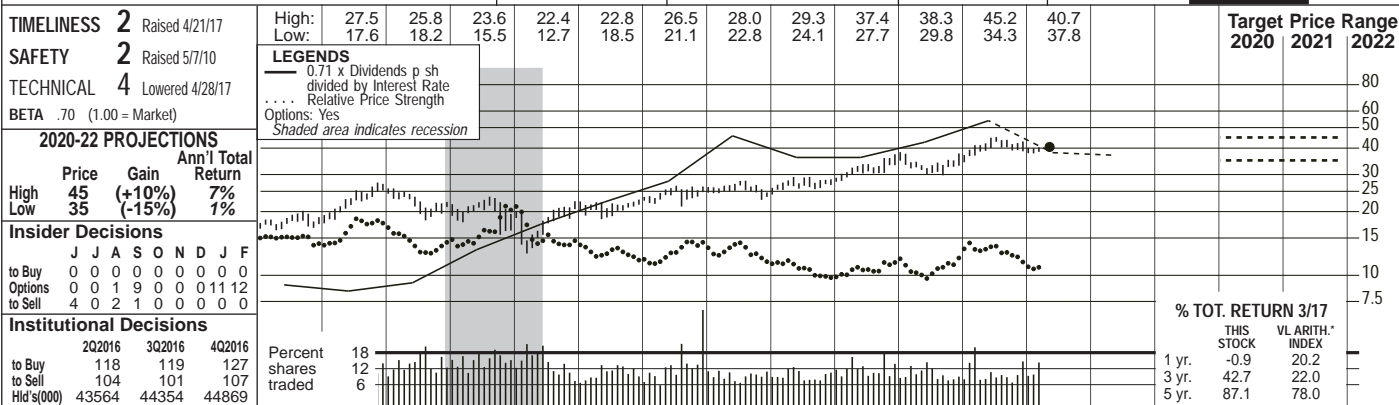


AVISTA CORP. NYSE-AVA

RECENT PRICE **40.46** P/E RATIO **20.0** (Trailing: 18.7; Median: 16.0) RELATIVE P/E RATIO **1.02** DIV'D YLD **3.6%** VALUE LINE



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
126.17	20.41	23.24	23.76	27.98	28.68	26.80	30.77	27.58	27.29	27.73	25.86	26.94	23.66	23.83	22.47	21.95	22.55	Revenues per sh	24.25
2.71	2.19	2.63	2.35	2.72	4.27	2.93	3.98	4.45	3.62	3.78	3.70	4.36	4.36	4.92	5.30	5.20	5.50	"Cash Flow" per sh	6.25
1.20	.67	1.02	.73	.92	1.47	.72	1.36	1.58	1.65	1.72	1.32	1.85	1.84	1.89	2.15	1.95	2.05	Earnings per sh ^A	2.25
.48	.48	.49	.52	.55	.57	.60	.69	.81	1.00	1.10	1.16	1.22	1.27	1.32	1.37	1.43	1.49	Div'd Decl'd per sh ^B	1.67
5.92	1.74	2.21	2.47	3.23	3.14	4.04	4.09	3.86	3.64	4.20	4.61	5.05	5.47	6.46	6.34	6.25	6.20	Cap'l Spending per sh	6.50
15.12	14.84	15.54	15.54	15.87	17.46	17.27	18.30	19.17	19.71	20.30	21.06	21.61	23.84	24.53	25.69	26.55	27.10	Book Value per sh ^C	29.00
47.63	48.04	48.34	48.47	48.59	52.51	52.91	54.49	54.84	57.12	58.42	59.81	60.08	62.24	62.31	64.19	66.00	66.50	Common Shs Outst'g ^D	68.00
13.7	19.3	13.8	24.4	19.4	15.4	30.9	15.0	11.4	12.7	14.1	19.3	14.6	17.3	17.6	18.8	18.8	18.8	Avg Ann'l P/E Ratio	17.5
.70	1.05	.79	1.29	1.03	.83	1.64	.90	.76	.81	.88	1.23	.82	.91	.89	.99	.89	.99	Relative P/E Ratio	1.10
2.9%	3.7%	3.5%	2.9%	3.0%	2.5%	2.7%	3.4%	4.5%	4.8%	4.5%	4.6%	4.5%	4.0%	4.0%	3.4%	4.0%	3.4%	Avg Ann'l Div'd Yield	4.3%

CAPITAL STRUCTURE as of 12/31/16		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	
Total Debt	\$1853.6 mill. Due in 5 Yrs \$563.7 mill.	1417.8	1676.8	1512.6	1558.7	1619.8	1547.0	1618.5	1472.6	1484.8	1442.5	1450	1500	Revenues (\$mill)	1650
LT Debt	\$1730.3 mill. LT Interest \$80.0 mill.	38.5	73.6	87.1	92.4	100.2	78.2	111.1	114.2	118.1	137.2	125	135	Net Profit (\$mill)	160
Incl.	\$51.5 mill. debt to affiliated trusts; \$62.2 mill. capitalized leases.	38.7%	38.3%	34.3%	35.0%	35.4%	34.4%	36.0%	37.6%	36.3%	36.3%	36.5%	36.5%	Income Tax Rate	36.5%
(LT interest earned: 3.5x)		22.4%	14.0%	4.2%	4.0%	5.2%	8.3%	8.8%	11.1%	10.1%	8.1%	9.0%	9.0%	AFUDC % to Net Profit	7.0%
Pension Assets-12/16	\$540.9 mill. Oblig \$666.5 mill.	41.0%	48.1%	50.9%	51.6%	51.4%	50.8%	51.4%	51.0%	50.0%	51.2%	47.0%	50.0%	Long-Term Debt Ratio	49.0%
Pfd Stock	None	59.0%	51.9%	49.1%	48.4%	48.6%	49.2%	48.6%	49.0%	50.0%	48.8%	53.0%	49.5%	Common Equity Ratio	51.0%
Common Stock	64,311,891 shs. as of 1/31/17	1548.9	1919.5	2139.0	2325.3	2439.9	2561.2	2669.7	3027.3	3060.3	3379.0	3320	3630	Total Capital (\$mill)	3875
MARKET CAP:	\$2.6 billion (Mid Cap)	2351.3	2492.2	2607.0	2714.2	2860.8	3023.7	3202.4	3620.0	3898.6	4147.5	4345	4530	Net Plant (\$mill)	5050
ELECTRIC OPERATING STATISTICS		5.2%	5.8%	5.5%	5.4%	5.5%	4.3%	5.4%	4.9%	5.1%	5.3%	5.0%	5.0%	Return on Total Cap'l	5.5%
% Change Retail Sales (KWH)	2014 +8, 2015 +2.0, 2016 +1.2	4.2%	7.4%	8.3%	8.2%	8.5%	6.2%	8.6%	7.7%	7.7%	8.3%	7.5%	7.5%	Return on Shr. Equity	8.0%
Avg. Indust. Use (MWH)	1349, 1339, 1314	4.2%	7.4%	8.3%	8.2%	8.5%	6.2%	8.6%	7.7%	7.7%	8.3%	7.5%	7.5%	Return on Com Equity ^E	8.0%
Avg. Indust. Revs. per KWH (c)	5.93, 6.17, 6.09	.8%	3.7%	4.1%	3.3%	3.1%	.8%	2.9%	2.4%	2.3%	3.0%	2.0%	2.0%	All Div'ds to Net Prof	71%
Capacity at Peak (Mw)	2594, NA, NA	82%	50%	51%	60%	64%	88%	66%	69%	70%	64%	73%	72%		
Peak Load, Winter (Mw)	2223, NA, NA														
Annual Load Factor (%)	64.0, NA, NA														
% Change Customers (yr-end)	+5.5, +1.3, NA														

BUSINESS: Avista Corporation (formerly The Washington Water Power Company) supplies electricity & gas in eastern Washington & northern Idaho. Supplies electricity to part of Alaska & gas to part of Oregon. Customers: 392,000 electric, 340,000 gas. Acq'd Alaska Electric Light and Power 7/14. Sold Ecova energy-management sub. 6/14. Electric rev. breakdown: residential, 35%; commercial, 31%; industrial, 11%; wholesale, 11%; other, 13%. Generating sources: hydro, 32%; gas & coal, 30%; purchased, 38%. Fuel costs: 38% of revs. '16 reported deprec. rate (Avista Utilities): 3.1%. Has 2,000 employees. Chairman, President & CEO: Scott L. Morris. Inc.: WA. Address: 1411 E. Mission Ave., Spokane, WA 99202-2600. Tel.: 509-489-0500. Internet: www.avistacorp.com.

Avista has been one of the worst-performing stocks in the electric utility industry so far in 2017. While most utility equities have risen at a low- to mid-single-digit pace, Avista stock has advanced just slightly. Wall Street is concerned about the lack of rate relief for the utility in Washington this year, after the state regulators rejected Avista's rate request in December. This will hurt earnings by an estimated \$0.20-\$0.30 a share this year. Accordingly, earnings will almost certainly decline this year. Our estimate is within Avista's targeted range of \$1.80-\$2.00 a share.

Despite the likelihood of disappointing earnings this year, the board of directors raised the dividend in the first quarter. The increase was \$0.06 a share (4.4%) annually, slightly higher than the growth rate last year.

Two rate cases are pending, and two are upcoming. In Oregon, Avista is seeking a gas increase of \$8.5 million (9%), based on a return of 9.9% on a common-equity ratio of 50%. The staff of the Oregon commission is proposing a \$450,000 decrease, based on a return of 9.1% on a common-equity ratio of 48.9%. An order should come in time for new tariffs to take effect at the start of October. In Alaska, the utility filed for an electric hike of \$2.8 million (8.1%), based on a return of 13.8% on a common-equity ratio of 58%. An order is due by February 8th. Avista plans to file electric and gas rate applications in Washington and Idaho in the second quarter. Any rate relief the company gets in these two states will probably come too late for the seasonally strong period in early 2018.

We forecast a partial earnings recovery in 2018. We assume that Avista's upcoming regulatory proceedings in Washington are more fruitful than those of 2016. Our estimate would produce a 5% bottom-line increase.

This stock is timely, but investors must be aware of the regulatory uncertainty. Moreover, the dividend yield is only slightly above the utility mean. Moreover, with the recent quotation near the midpoint of our 2020-2022 Target Price Range, total return potential is just modest.

Paul E. Debbas, CFA April 28, 2017

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	446.6	312.6	301.6	411.8	1472.6
2015	446.5	337.3	313.7	387.3	1484.8
2016	418.2	318.8	303.4	402.1	1442.5
2017	420	320	305	405	1450
2018	430	330	320	420	1500

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.79	.43	.16	.48	1.84
2015	.74	.40	.21	.54	1.89
2016	.92	.43	.19	.62	2.15
2017	.85	.40	.15	.55	1.95
2018	.85	.45	.15	.60	2.05

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.305	.305	.305	.305	1.22
2014	.3175	.3175	.3175	.3175	1.27
2015	.33	.33	.33	.33	1.32
2016	.3425	.3425	.3425	.3425	1.37
2017	.3575				

(A) Dil. EPS. Excl. nonrec. gain (losses): '02, (9c); '03, (3c); '14, 9c; gains (losses) on disc. ops.: '01, (\$1.00); '02, 2c; '03, (10c); '14, \$1.17; '15, 8c. '14 & '16 EPS don't sum due to rounding or change in shs. Next earnings report due early May. (B) Div'ds paid in mid-Mar., June, Sept. & Dec. (C) Div'd reinv. avail. (C) Incl. def'd chgs. In '16: \$11.33/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in WA in '16: 9.5%; in ID in '17: 9.5%; in OR in '15: 9.5%; earn. on avg. com. eq., '16: 8.6%. Regul. Clim.: WA, Avg.; ID, Above Avg.