



Profits and shareholders

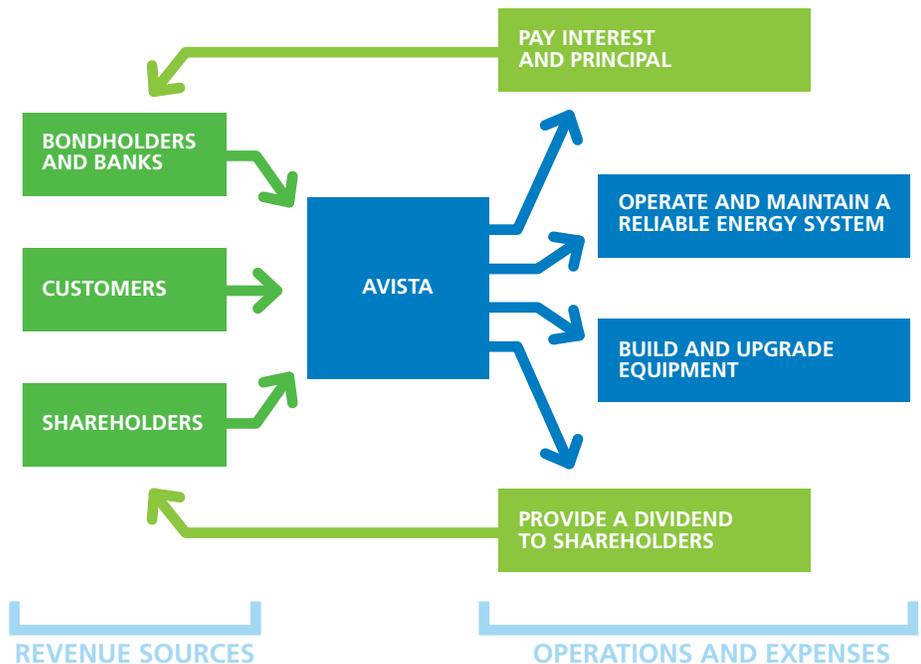


Investments and revenue

As a utility and business, Avista must bring in money to cover the expenses of providing safe, reliable energy to our customers. It's important to understand where this money comes from and how it is spent. Avista's revenue comes from a variety of sources, including customers, bondholders and banks, and shareholders.

Avista's earnings, or net income, can be calculated by subtracting expenses from revenue. This net income—a fair amount determined by state regulators—goes to shareholders so that they will continue to invest in our business. A portion of net income is paid in dividends, and the remainder stays with Avista to reinvest.

As an example, think of your personal finances. Your salary comes into your home, and you must then pay your expenses such as rent/mortgage, insurance, food, transportation, gas and more. The money that remains after paying your fixed expenses is your net income.



Shareholders and return on investment

Shareholder role

Avista's shareholders invest money that the company uses to conduct business and provide safe, reliable energy for customers. This investment is what makes Avista an investor-owned utility (IOU).

Our shareholders bear the risk of Avista's financial performance. They expect a return on their investment to offset this risk. We rely on the investments of our shareholders to run our business, so the return on their investment is an important component of our revenue.

Return on investment

Because Avista is a regulated utility, our rates are approved or set by state regulatory commissions to a level they believe is reasonable and fair. This gives Avista the opportunity to earn a profit, or return, for investors comparable to that paid by similar-sized U.S. utilities. Prior to making their decision, these regulators conduct a thorough examination which includes input from the public.

A sound investment

Being financially responsible and sound allows us to further our efforts as an energy provider and community partner. This means we can:

- provide safe, reliable energy to our customers;
- offer family-wage jobs for employees;
- support the communities we serve;
- have the opportunity to provide a fair return to our shareholders.



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