



Welcome

First Quarter 2017 Earnings Webcast

May 3, 2017

Call Participants



Scott Morris
Chairman, President
and CEO



Mark Thies
Sr. VP and CFO



Dennis Vermillion
Sr. VP, Avista Corp.
President, Avista Utilities



Kelly Norwood
VP, State and
Federal Regulation



Ryan Krasselt
VP, Controller and
Principal Accounting Officer

Forward-Looking Statements

This presentation contains forward-looking statements, including statements regarding our current expectations for future financial performance and cash flows, capital expenditures, financing plans, our current plans or objectives for future operations and other factors, which may affect the company in the future. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond our control and many of which could have significant impact on our operations, results of operations, financial condition or cash flows and could cause actual results to differ materially from those anticipated in such statements.

For a further discussion of these factors and other important factors, please refer to our Annual Report on Form 10-K for the year ended Dec. 31, 2016 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2017. The forward-looking statements contained in this presentation speak only as of the date hereof. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New risks, uncertainties and other factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on our business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Net Income (Loss) and Diluted EPS

<i>(\$ in thousands, except per-share data)</i>	Q1 2017	Q1 2016
Operating Revenues	\$436,470	\$418,173
Income from Operations	\$115,386	\$106,085
Total Net Income attributable to Avista Corp. Shareholders	\$62,116	\$57,649

Net Income (Loss) per diluted share by Business Segment attributable to Avista Corp. Shareholders

Avista Utilities	\$58,439	\$54,987
Alaska Electric Light and Power Company	\$3,853	\$2,961
Other	\$(176)	\$(299)

Earnings (Loss) per diluted share by Business Segment attributable to Avista Corp. Shareholders

Avista Utilities	\$0.90	\$0.88
Alaska Electric Light and Power Company	\$0.06	\$0.05
Other	-	\$(0.01)
Total Earnings per diluted share attributable to Avista Corp. Shareholders	\$0.96	\$0.92

Driving Effective Regulatory Outcomes

Recovery of costs and capital investments

Washington



- May 1, 2017, filed a petition with the Commission requesting deferred accounting treatment for investment costs associated with the Washington Advanced Metering Infrastructure (AMI) project.
- Expect to file a revenue increase request to update power supply costs to obtain partial rate relief during 2017. This separate filing will request a revenue increase of approximately \$15.0 million (just under 3% of revenue) to occur in the third quarter of 2017.
- Expect to file a new electric and natural gas general rate case in the second quarter of 2017. Our filing will include a three-year rate plan.

Idaho



- Dec. 28, 2016, received approval of all-party settlement agreement designed to increase annual electric base revenues by 2.6% or \$6.3 million, plus continued recovery of \$4.1 million of costs related to Palouse Wind Project through the PCA mechanism.
- Based on a 9.5% return on equity with a 50.0% common equity ratio.
- New rates took effect Jan. 1, 2017.
- Plan to file electric and natural gas general rate case in Q2 2017.

Oregon



- Nov. 30, 2016, filed a natural gas rate request to increase base revenues by 14.5% or \$8.5M.
- Request based on 50% equity ratio and 9.9% return on equity.
- April 25, 2017, all parties reached an agreement in principle resolving all issues in the case. Settlement stipulation to be filed in the next few weeks.

Alaska

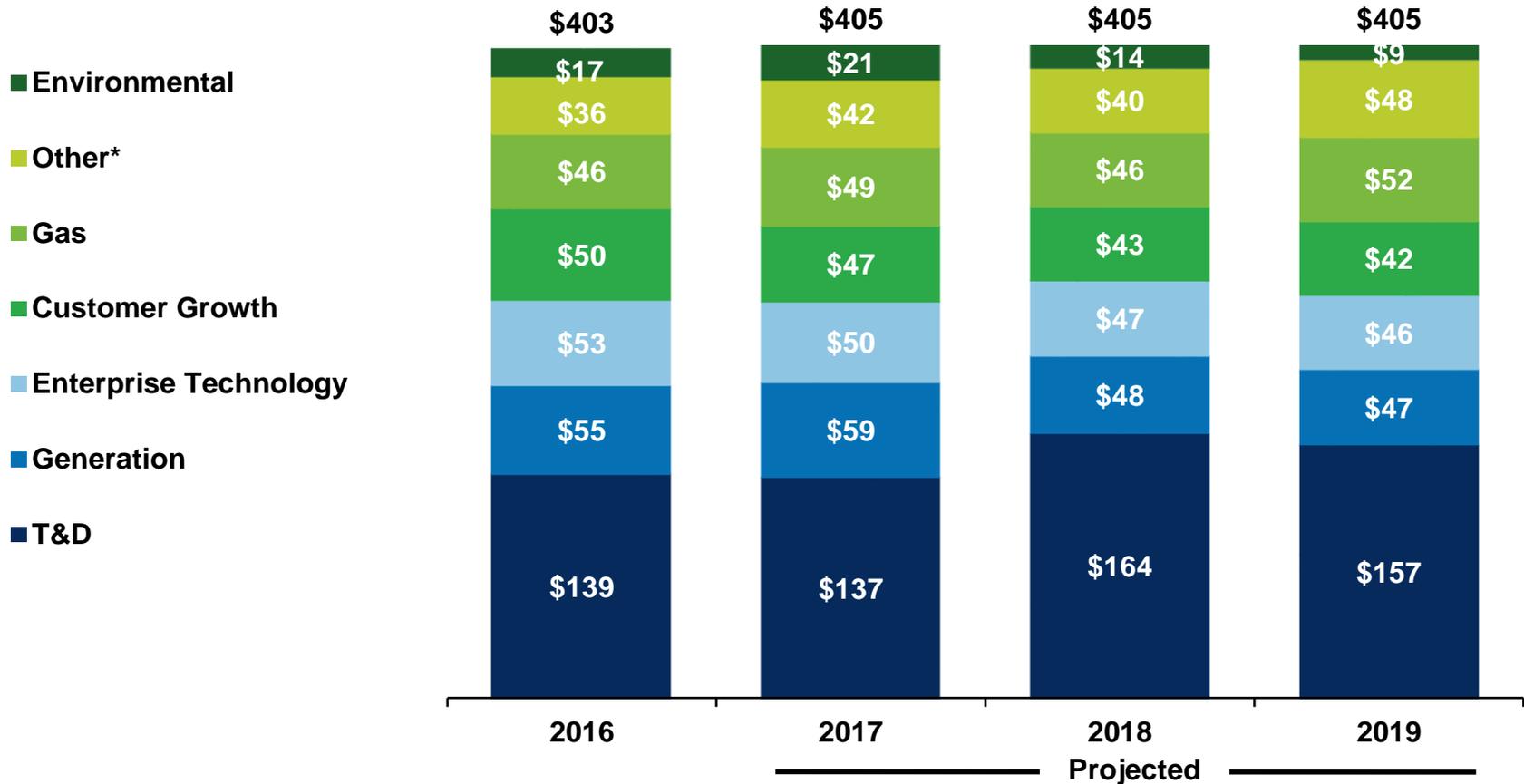


- Sept. 16, 2016, filed an electric general rate request to increase revenues by 8.1% or \$2.8 million.
- An interim rate increase of 3.86% or \$1.3 million was effective Nov. 23, 2016.
- An additional \$2.9 million annually from interruptible service was approved to reduce overall revenue requirement from \$5.7 million to \$2.8 million.
- Request based on a 58% equity ratio and a 13.8% return on equity.
- The RCA has approximately 15 months to rule on the permanent rate increase.
- The statutory timeline for the AEL&P GRC, with the consent of the parties, has been extended to Feb. 8, 2018.

Investments to Upgrade Our Systems

5% to 6% rate base growth

Avista Utilities Capital Expenditures** (\$ millions)



* Other includes Facilities and Fleet

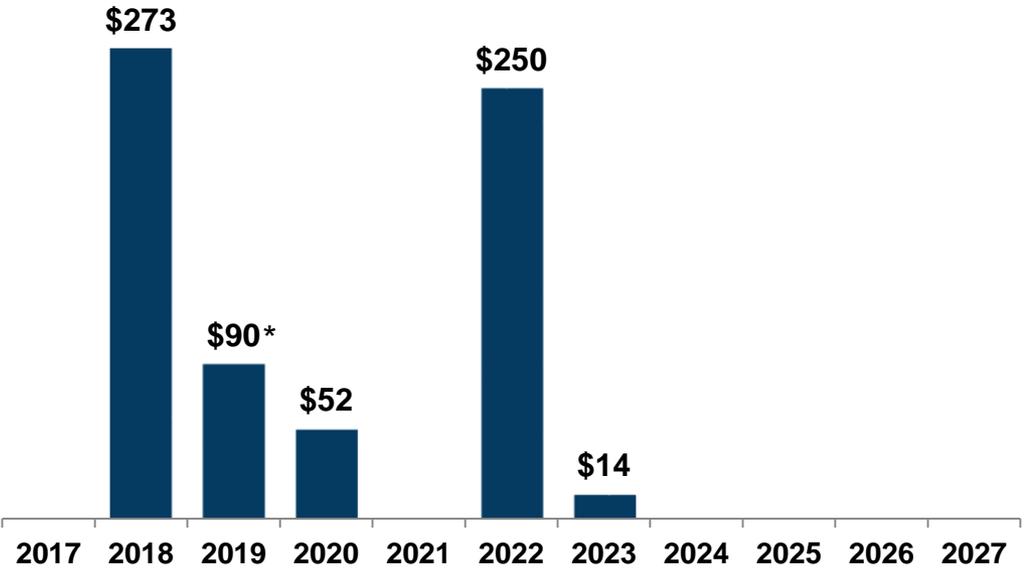
** Excludes capital expenditures at AEL&P of \$16 million in 2016, and projected capital expenditures of \$7 million in 2017; \$7 million in 2018 and \$13 million in 2019

Prudent Balance Sheet and Liquidity

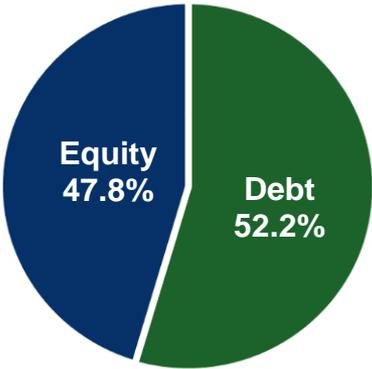
\$252.9 million of available liquidity at Avista Corp. as of March 31, 2017

- In second half of 2017, expect to issue up to \$110.0 million of long-term debt and up to \$70.0 million of common stock in order to fund planned capital expenditures and maintain an appropriate capital structure

No significant maturities until 2018
(\$ millions)



Consolidated Capital Structure
March 31, 2017



Additional long-term debt maturities beyond 2027 not shown
*Excludes debt maturities of \$15 million at Alaska Energy and Resources Company in 2019

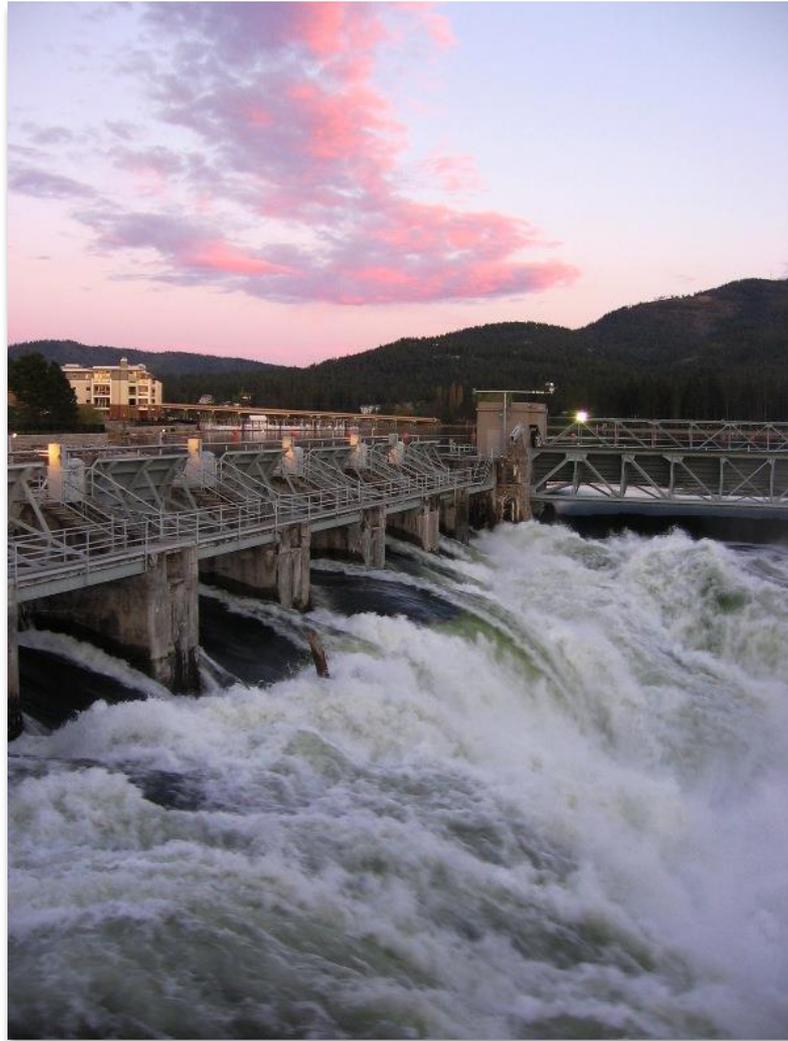
2017 Earnings Negatively Impacted by Washington Order

2017 Earnings Guidance	
Avista Utilities	\$1.71 – \$1.85
AEL&P	\$0.10 – \$0.14
Other	\$(0.01) – \$0.01
Consolidated	\$1.80 – \$2.00

Guidance Assumptions

- Our outlook for Avista Utilities assumes, among other variables, normal precipitation and temperatures and slightly higher than normal hydroelectric generation for the remainder of the year.
- Our outlook for AEL&P assumes, among other variables, normal precipitation, temperatures and hydroelectric generation for the remainder of the year.
- Our guidance range for Avista Utilities encompasses expected variability in power supply costs and the application of the ERM to that power supply cost variability.
- The midpoint of our guidance range for Avista Utilities includes \$.07 of expense under the ERM; which is within the 90 percent customers/10 percent shareholders sharing band. The impacts of the ERM are included in the midpoint of our guidance for 2017 as power supply costs were not reset in the Washington order for 2017. Our current expectation for the ERM is an expense position within the 50 percent customers/50 percent shareholders sharing band, an improvement of \$0.01 to \$0.02 per diluted share from our original guidance. Our guidance does not include any amounts related to our potential power supply update request for 2017.

Questions?



*Post Falls Dam
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