



Welcome

Third Quarter 2017 Earnings Webcast

November 1, 2017

Call Participants



Scott Morris
Chairman, President
and CEO



Mark Thies
Sr. VP and CFO



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



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 Sept. 30, 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>	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Operating Revenues	\$297,096	\$303,349	\$1,048,067	\$1,040,360
Income from Operations	\$31,042	\$39,594	\$202,525	\$207,270
Total Net Income attributable to Avista Corp. Shareholders	\$4,451	\$12,234	\$88,338	\$97,137

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

Avista Utilities	\$5,419	\$12,673	\$85,623	\$94,431
Alaska Electric Light and Power Company	\$427	\$866	\$5,961	\$4,885
Other	\$(1,395)	\$(1,305)	\$(3,246)	\$(2,179)

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

Avista Utilities	\$0.08	\$0.20	\$1.33	\$1.49
Alaska Electric Light and Power Company	\$0.01	\$0.01	\$0.09	\$0.08
Other	\$(0.02)	\$(0.02)	\$(0.05)	\$(0.04)
Total Earnings per diluted share attributable to Avista Corp. Shareholders	\$0.07	\$0.19	\$1.37	\$1.53

Avista to be acquired by Hydro One

Key Transaction Terms

- Offer price of US\$53.00 per Avista common share in cash
 - Represents a 24% premium to Avista's closing price on July 18, 2017 of US\$42.74
- Equity purchase price of US\$3.4 billion (C\$4.4 billion)
- Total enterprise value of US\$5.3 billion (C\$6.7 billion), including Avista debt assumed
- Avista preserves corporate identity and maintains headquarters in Spokane

Timing and Approvals

- Distributed definitive proxy statement to shareholders on October 11, 2017
 - Special meeting of shareholders will be held on November 21, 2017 to vote on transaction
- Filed for approval with all five state regulators and FERC
 - Requested regulatory decisions by August 2018
 - Proposed customer rate credit of \$31.5 million over 10 years
- Expect to file other regulatory approvals in 2018
- Expected closing date in the second half of 2018

Driving Effective Regulatory Outcomes

Recovery of costs and capital investments

Washington

May 26, 2017, filed request with the Washington Utilities and Transportation Commission.



GENERAL RATE CASE FILING

- Designed to increase annual electric revenues by \$61.4 million and annual natural gas revenues by \$8.3 million, effective May 1, 2018
- Requests based on a 9.9% return on equity with a 50% common equity ratio

Three-Year Rate Plan

- New rates will take effect May 1, 2018, with annual increases in May 2019 and May 2020
- Power supply costs would be updated each year
- No new general rate cases would be filed with new rates effective prior to May 1, 2021

	ELECTRIC		NATURAL GAS	
	Proposed Revenue Increase	Base % Increase	Proposed Revenue Increase	Base % Increase
May 1, 2018	\$61.4M	12.5%	\$8.3M	9.3%
May 1, 2019	\$14.0M*	2.5%	\$4.2M	4.4%
May 1, 2020	\$14.4M*	2.5%	\$4.4M	4.4%

*Excludes power supply adjustment

Driving Effective Regulatory Outcomes

Recovery of costs and capital investments

Alaska

- Oct. 17, 2017, filed all-party settlement agreement designed to increase base revenues by 3.86% or \$1.3 million, the current level of interim rates that went into effect Nov. 23, 2016.
- Previously approved additional \$2.9 million annually from interruptible service will be decreased to \$2.06 million annually; a one-time \$0.9 million credit will be credited back to customers through the Cost of Power Adjustment (COPA).
- Based on a 58.18% equity ratio and an 11.95% return on equity.
- Settlement agreement is dependent on Regulatory Commission of Alaska approval.



Idaho

- Oct. 19, 2017, filed multi-party settlement agreement designed to increase annual electric base revenues by \$12.9 million, or 5.2 percent, effective Jan. 1, 2018, and by \$4.5 million, or 1.9 percent, effective Jan. 1, 2019.
- For natural gas, the settlement agreement is designed to increase annual base revenues by \$1.2 million, or 2.9 percent, effective Jan. 1, 2018, and by \$1.1 million, or 2.7 percent on Jan. 1, 2019.
- Based on 50% equity ratio and 9.5% return on equity.
- Settlement agreement is dependent on Idaho Public Utility Commission approval.



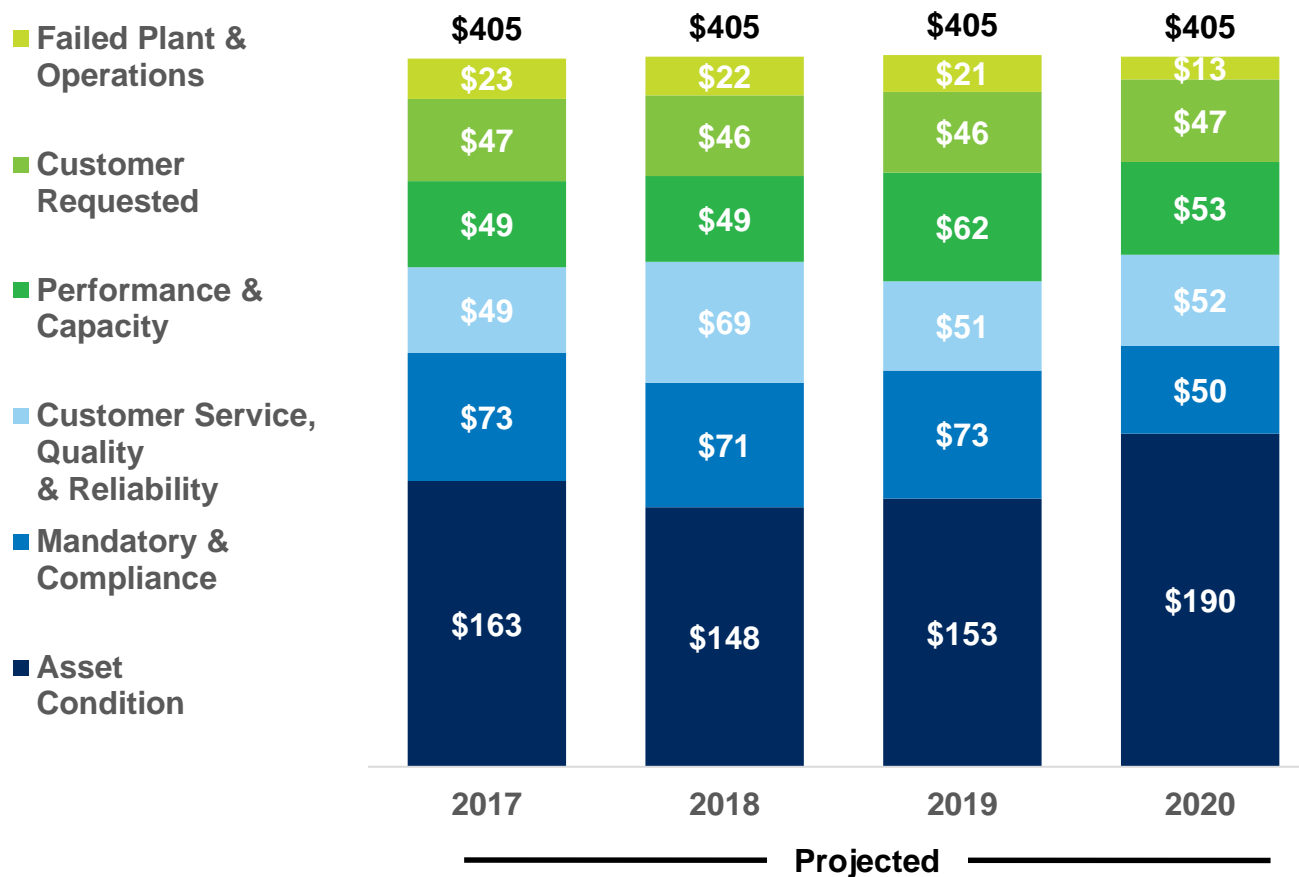
Oregon

- Sept. 13, 2017, received Commission approval of an all-party settlement agreement designed to increase annual natural gas base revenues by 5.9% or \$3.5 million.
- Rate adjustment of \$2.6 million was effective Oct. 1, 2017, and a second adjustment of \$0.9 million was effective Nov. 1, 2017.
- Based on 50% equity ratio and 9.4% return on equity.



Investments to upgrade our systems

5% to 6% rate base growth



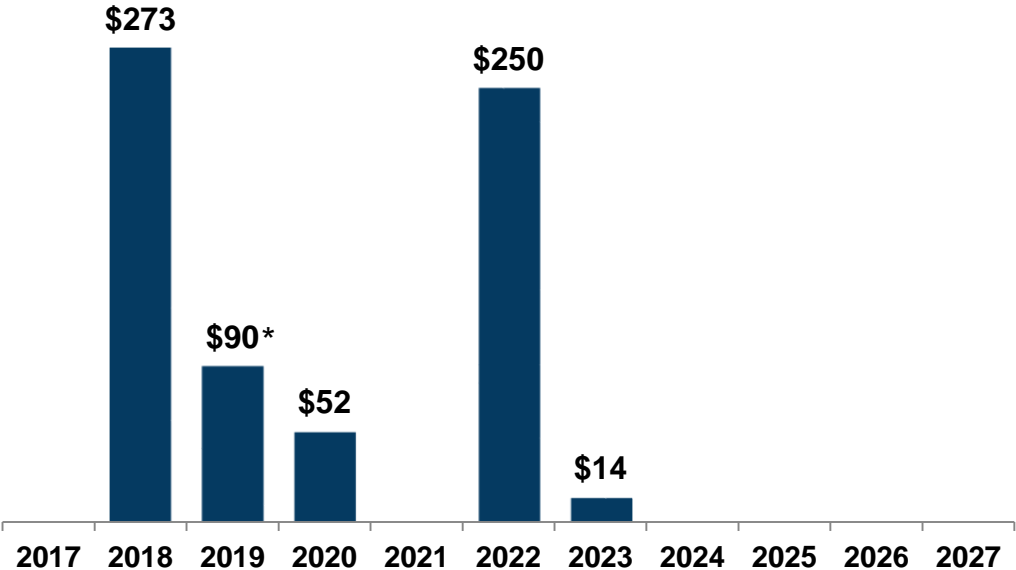
*Excludes projected capital expenditures at AEL&P of \$7 million in 2017, \$7 million 2018 and \$13 million in 2019

Prudent Balance Sheet and Liquidity

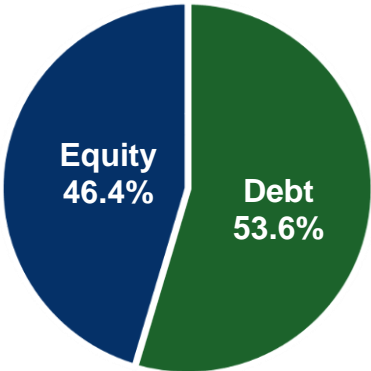
\$161.1 million of available liquidity at Avista Corp. as of September 30, 2017

- In August, priced \$90 million of Avista Corp. first mortgage bonds with a coupon of 3.91% and maturity date of December 2047. Expect to issue in December 2017.
- In the fourth quarter, expect to issue up to \$70 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
Sept. 30, 2017



Additional long-term debt maturities beyond 2027 not shown

*Excludes debt maturities of \$15 million at Alaska Energy and Resources Company in 2019



Revised 2017 Guidance

2017 Earnings Guidance		
	Original	Revised*
Avista Utilities	\$1.71 – \$1.85	\$1.71 – \$1.80
AEL&P	\$0.10 – \$0.14	\$0.10 – \$0.14
Other	\$(0.01) – \$0.01	\$(0.06) – \$(0.04)
Consolidated	\$1.80 – \$2.00	\$1.75 – \$1.90

*Avista Utilities guidance was revised to include expected acquisition costs of \$0.20-\$0.25 per diluted share, partially offset by lower resources costs, operating expenses, and net financing expenses. Other businesses guidance was revised due to renovation expenses at one of our subsidiaries and the recognition of our portion of net losses from our equity investments.

Guidance Assumptions

- Our outlook for Avista Utilities assumes, among other variables, normal precipitation, temperatures and 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 original guidance range for Avista Utilities included \$0.07 of expense under the ERM; which was within the 90 percent customers/10 percent shareholders sharing band. Our current expectation for the ERM is a benefit position within the \$4 million deadband, an improvement of \$0.07 to \$0.09 per diluted share from our original guidance.

Questions?



Upper Falls, Spokane, Wash.

Contact Information

Analysts and Investors ----- Lauren Pendergraft
Investor Relations Manager
(509) 495-2998
lauren.pendergraft@avistacorp.com

Media ----- Casey Fielder
External Communications Manager
(509) 495-4916
casey.fielder@avistacorp.com

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