

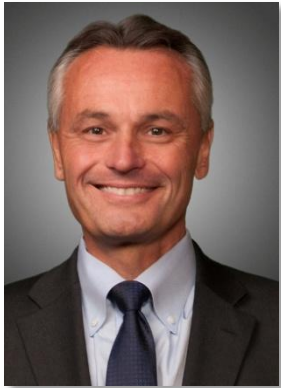


**Welcome**

**Fourth Quarter 2015 Earnings Webcast**

**February 24, 2016**

# Call Participants



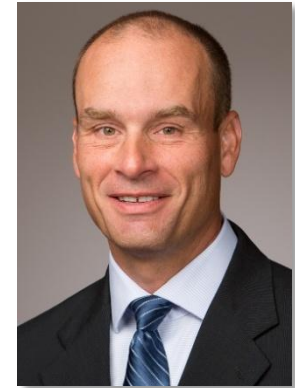
**Scott Morris**  
Chairman, President  
and CEO



**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, 2015. 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>	<b>Q4 2015</b>	<b>Q4 2014</b>	<b>Year 2015</b>	<b>Year 2014</b>
Operating Revenues (continuing operations)	\$387,305	\$411,846	\$1,484,776	\$1,472,562
Income from Operations (continuing operations)	\$70,367	\$66,753	\$253,214	\$252,588
Net Income from continuing operations attributable to Avista Corp. Shareholders	\$33,859	\$30,581	\$118,080	\$119,817
Net Income from discontinued operations attributable to Avista Corp. Shareholders	\$4,662	\$1,639	\$5,147	\$72,224
<b>Total Net Income attributable to Avista Corp. Shareholders</b>	<b>\$38,521</b>	<b>\$32,220</b>	<b>\$123,227</b>	<b>\$192,041</b>

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

Avista Utilities	\$31,973	\$28,233	\$113,360	\$113,263
Alaska Electric Light and Power Company	\$2,688	\$2,641	\$6,641	\$3,152
Ecova (discontinued operations)	\$4,662	\$1,638	\$5,147	\$72,390
Other	\$(802)	\$(292)	\$(1,921)	\$3,236

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

Avista Utilities	\$0.51	\$0.45	\$1.81	\$1.83
Alaska Electric Light and Power Company	\$0.04	\$0.04	\$0.11	\$0.05
Ecova (discontinued operations)	\$0.07	\$0.03	\$0.08	\$1.17
Other	\$(0.01)	\$(0.01)	\$(0.03)	\$0.05
<b>Total Earnings per diluted share attributable to Avista Corp. Shareholders</b>	<b>\$0.61</b>	<b>\$0.51</b>	<b>\$1.97</b>	<b>\$3.10</b>
Earnings per diluted share from continuing operations	\$0.54	\$0.48	\$1.89	\$1.93
Earnings per diluted share from discontinued operations	\$0.07	\$0.03	\$0.08	\$1.17
<b>Total Earnings per diluted share attributable to Avista Corp. Shareholders</b>	<b>\$0.61</b>	<b>\$0.51</b>	<b>\$1.97</b>	<b>\$3.10</b>

# Strategic opportunities in Alaska



# Driving effective regulatory outcomes

## Continued recovery of costs and capital investments

### Washington



- Feb. 19, 2016, filed an electric and natural gas rate request with a proposed 18-month rate plan designed for new rates effective Jan. 1, 2017 and Jan. 1, 2018. Under this plan, we would not file a rate case for new rates to be effective prior to July 1, 2018.
- Request designed to increase annual electric revenues by 7.6 percent or \$38.6 million, and annual natural gas revenues by 2.8 percent or \$4.4 million on Jan. 1, 2017.
- The request also includes a second-step increase designed to increase annual electric revenues by 1.6 percent or \$10.3 million, and annual natural gas revenues by 1.0 percent or \$0.9 million on Jan. 1, 2018.
- Request based on 48.5% equity ratio and a 9.9% return on equity.

### Idaho



- Expect to file electric and natural gas general rate cases in Idaho during the first half of 2016.

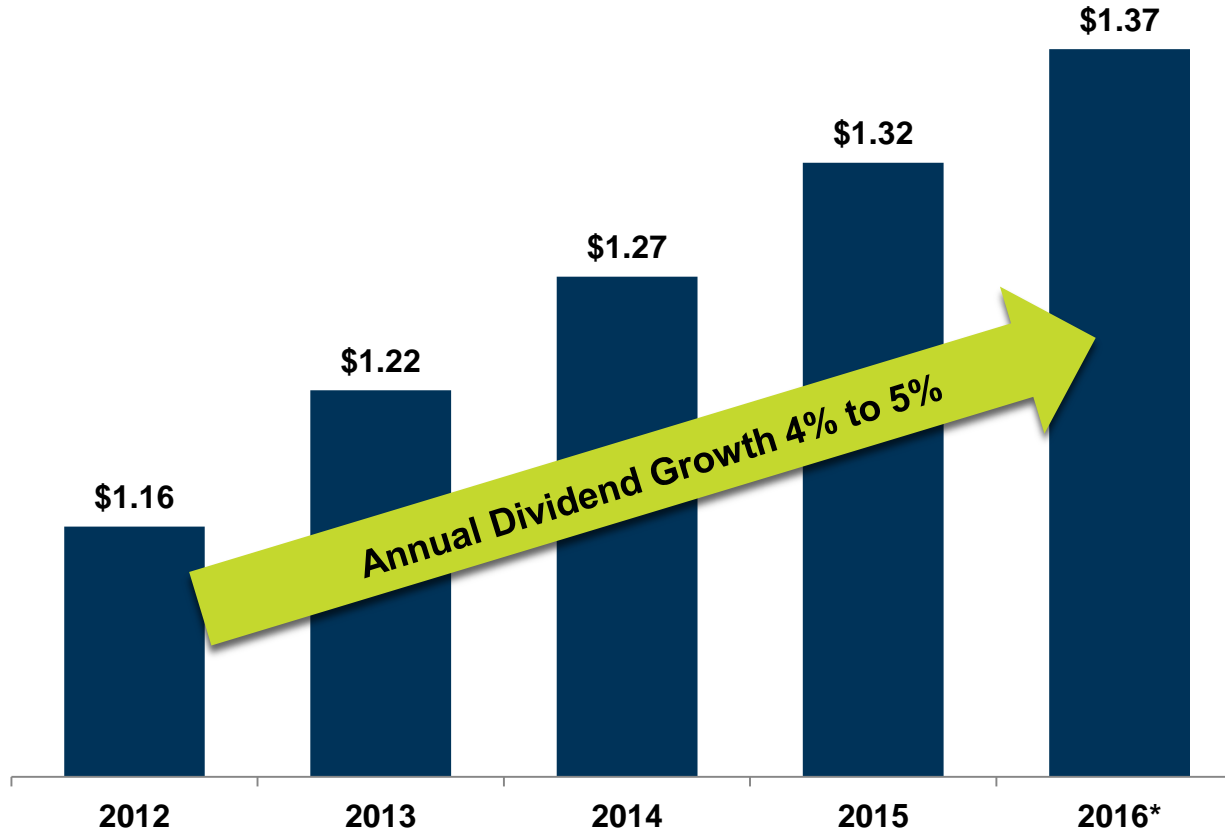
### Oregon



- We entered into all-party partial settlement agreements which includes the implementation of a natural gas decoupling mechanism. The agreements reduces the natural gas revenue request from \$8.6 million to \$6.1 million.
- Unsettled issues include return on equity and capital structure, appropriate level of additions to rate base and appropriate level of expenses.
- Request based on 50% equity ratio and 9.9% return on equity.
- Decision expected by Feb. 29, 2016.

# Attractive and growing dividend

Dividend growth expected to keep pace with long-term earnings growth

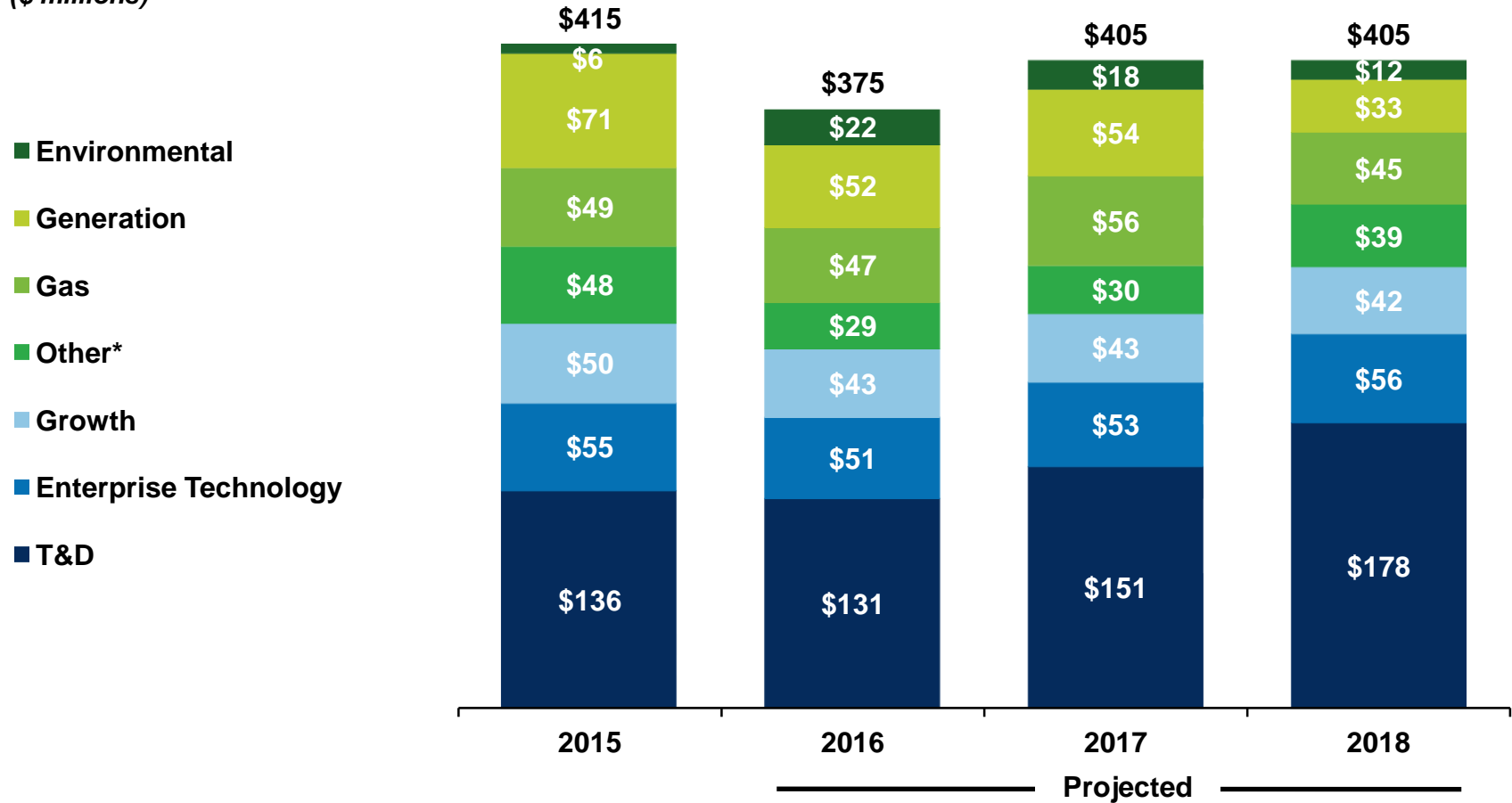


\*Current quarterly dividend of \$0.3425 annualized

# Significant investments to upgrade all systems

## 5% to 6% rate base growth

**Avista Utilities Capital Expenditures\*\***  
(\$ millions)



\* Other includes Facilities and Fleet

\*\* Excludes capital expenditures at AEL&P of \$13 million in 2015, and projected capital expenditures of \$17 million in 2016, \$13 million in 2017 and \$18 million in 2018

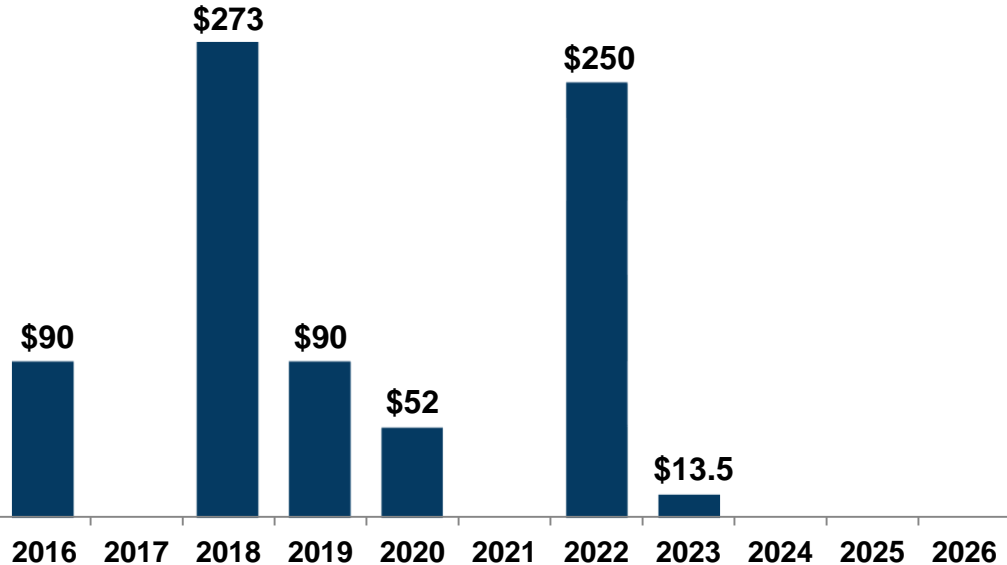


# Prudent balance sheet and liquidity

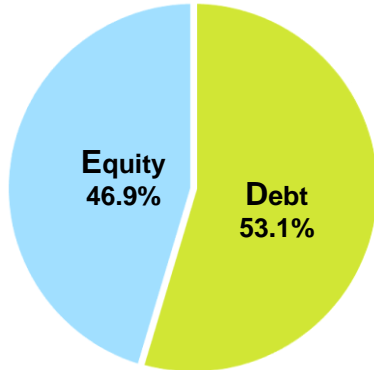
## \$250.4 million of available liquidity at Avista Corp. as of Dec. 31, 2015

- In December 2015, issued \$100 million of 4.37 percent\* Avista Corp. first mortgage bonds with a maturity date of December 2045
- In 2016, expect to issue about \$155 million of long-term debt and about \$55 million of common stock

### No significant maturities until 2018 (\$ millions)



### Consolidated Capital Structure December 31, 2015



Additional long-term debt maturities beyond 2026 not shown

\*In connection with this pricing, we cash-settled five interest rate swap contracts (notional aggregate amount of \$75 million) and paid a total of \$9.3 million.



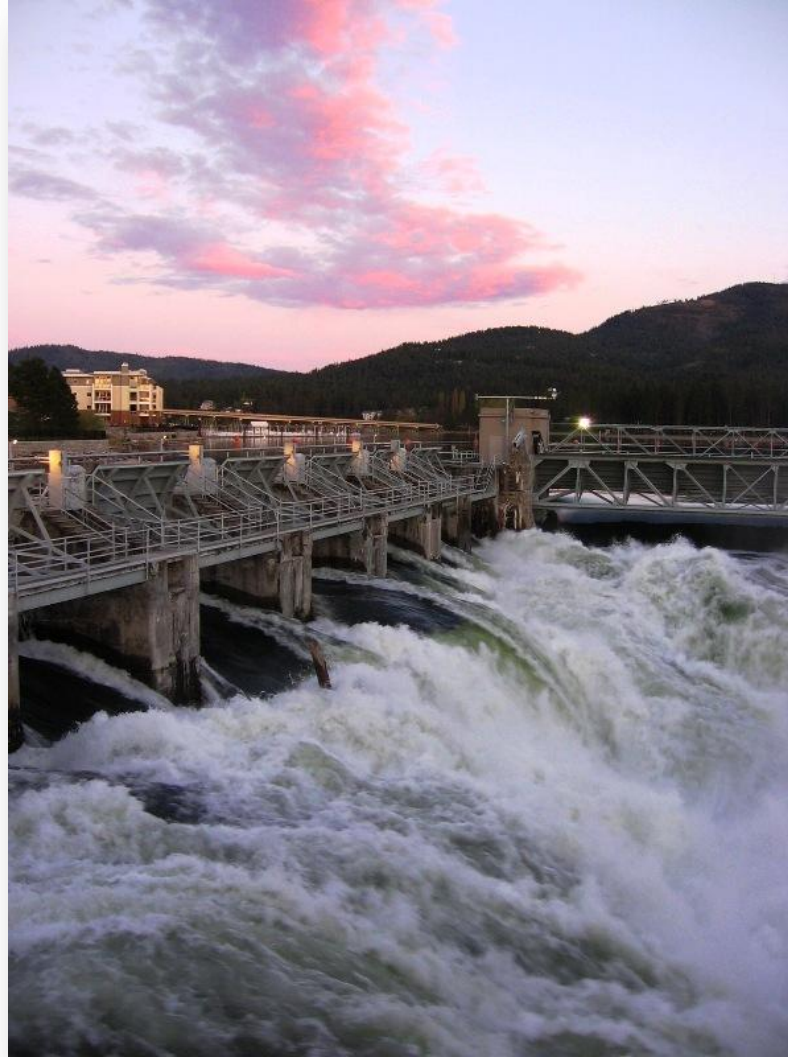
# Growth for 2016

2016 Earnings Guidance	
Avista Utilities	\$1.91 - \$2.05
AEL&P	\$0.09 - \$0.13
Other	\$(0.04) - \$(0.02)
<b>Consolidated</b>	<b>\$1.96 - \$2.16</b>

## Guidance Assumptions

- Our outlook for Avista Utilities assumes, among other variables, normal precipitation, temperatures and hydroelectric generation for the remainder of the year and includes the expected impact from decoupling.
- 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 does not include any benefit or expense under the ERM. In 2016 we expect to be in a benefit position under the ERM within the \$4.0 million band.

# Questions?



*Post Falls Dam, Post Falls, Idaho*

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