



Welcome

Second Quarter 2019 Earnings Webcast

August 7, 2019

Call Participants



Scott Morris
Chairman and CEO



Dennis Vermillion
President



Mark Thies
Sr. VP and CFO



Ryan Krasselt
VP, Controller and
Principal Accounting Officer



Kevin Christie
VP, External Affairs,
and Chief Customer 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 our statements.

For a further discussion of these factors and other important factors please refer to the appendix herein and in our Annual Report on Form 10-K for the year ended Dec. 31, 2018 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. 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>	Q2 2019	Q2 2018	YTD 2019	YTD 2018
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Net Income (Loss) by Business Segment attributable to Avista Corp. Shareholders

Avista Utilities	\$21,219	\$24,252	\$133,120	\$79,792
Alaska Electric Light and Power Company	\$1,076	\$1,282	\$4,628	\$5,054
Other	\$3,024	\$43	\$3,365	\$(4,379)
Total Net Income attributable to Avista Corp. Shareholders	\$25,319	\$25,577	\$141,113	\$80,467

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

Avista Utilities	\$0.32	\$0.37	\$2.02	\$1.21
Alaska Electric Light and Power Company	\$0.02	\$0.02	\$0.07	\$0.08
Other	\$0.04	-	\$0.05	\$(0.07)
Total Earnings per diluted share attributable to Avista Corp. Shareholders	\$0.38	\$0.39	\$2.14	\$1.22

Commitment to Local Communities

Our Commitment

- \$7 million to fund initiatives that strengthen our local communities
- Over three years to focus on three initiatives: homelessness, small town pride and youth success



*Long tradition of commitment
to our local communities*

Photo: Huntington Park, Spokane, Wash.

Driving Effective Regulatory Outcomes

Timely and adequate recovery of costs and capital investments

Washington



- Apr. 30, 2019, filed two-year rate plan designed to increase annual base electric revenues by \$45.8 million or 9.1% effective Apr. 1, 2020 and \$18.9 million or 3.5% effective Apr. 1, 2021.
- For natural gas, designed to increase annual base revenues by \$12.9 million or 13.8% effective Apr. 1, 2020 and \$6.5 million or 6.1% effective Apr. 1, 2021.
- Based on 50% equity ratio and 9.9% return on equity.
- Energy Recovery Mechanism rebate consolidated into rate case proceeding.

Idaho



- On Jan. 1, 2019 base rate increases of \$4.5 million for electric and \$1.1 million for natural gas as part of previous two-year rate plan approved by IPUC.
- June 10, 2019, filed request designed to increase annual base electric revenues by \$5.3 million or 2.1 percent.
- Did not file request for natural gas base rate increase.
- Based on 50% equity ratio and 9.9% return on equity.

Oregon



- March 15, 2019, filed request designed to increase annual base revenues by \$6.7 million or 7.8 percent. Based on 50% equity ratio and 9.9% return on equity.
- In July 2019, reached partial settlement, primarily related to cost of capital.
- In July 2019, reached settlement-in-principle resolving all remaining issues.
- Based on 50% equity ratio and 9.4% return on equity.

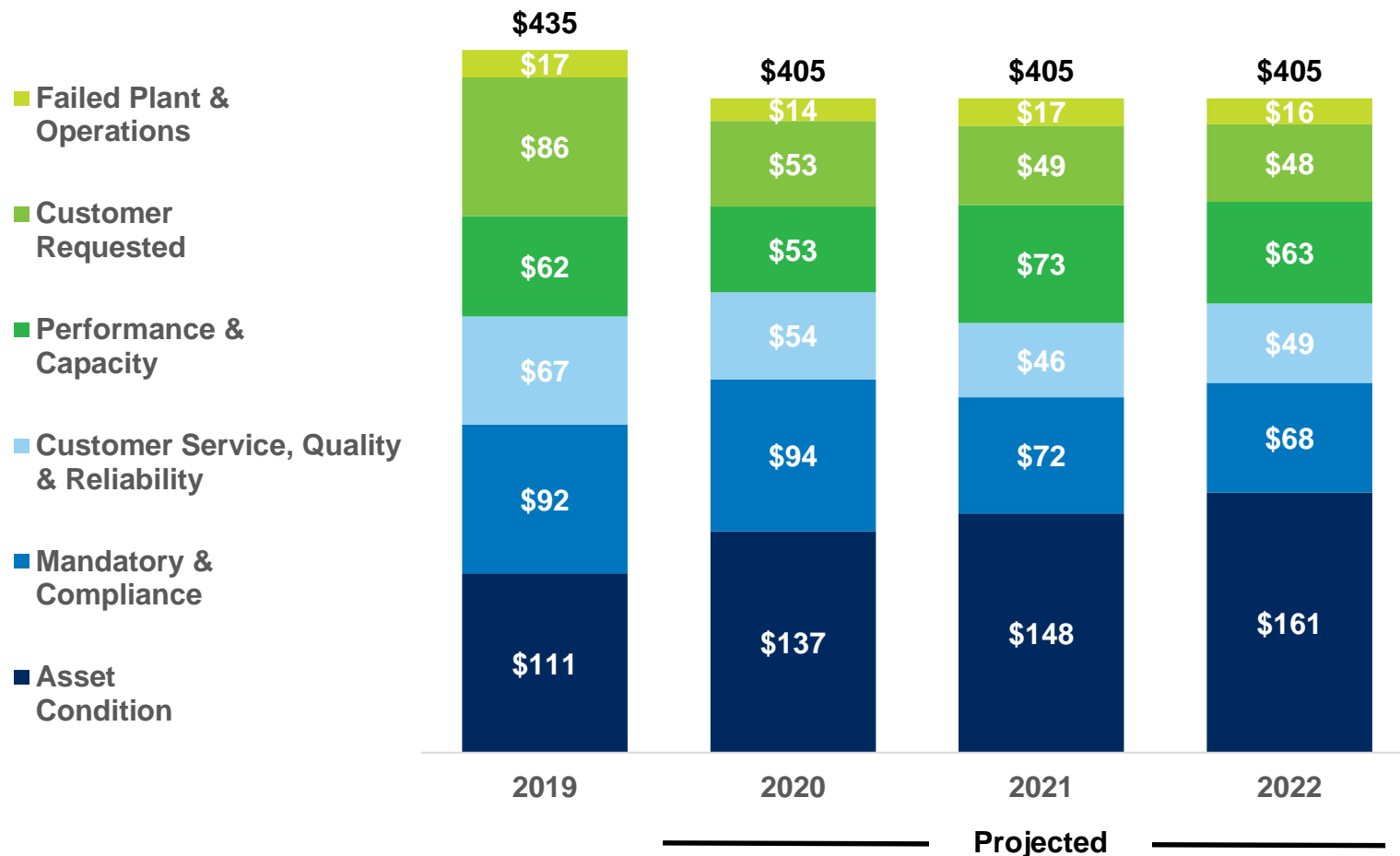
Alaska



- Nov. 15, 2017, all-party settlement agreement approved by Regulatory Commission of Alaska designed to increase base revenues by 3.86% or \$1.3 million, the level of interim rates that went into effect Nov. 23, 2016.
- Based on a 58.18% equity ratio and an 11.95% return on equity.
- No plan to file general rate case until 2021.

Investments to upgrade our systems

5% to 6% rate base growth



Actual capital expenditures were \$196 million for the first half of 2019. Estimate increased \$30 million in the second quarter primarily related to renewable integration and customer growth.

Excludes projected capital expenditures at AEL&P of \$9 million in 2019, \$7 million in 2020 and 2021, \$14 million in 2022.

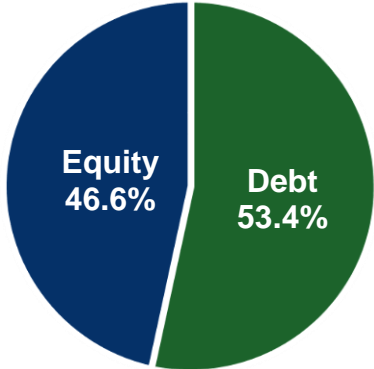
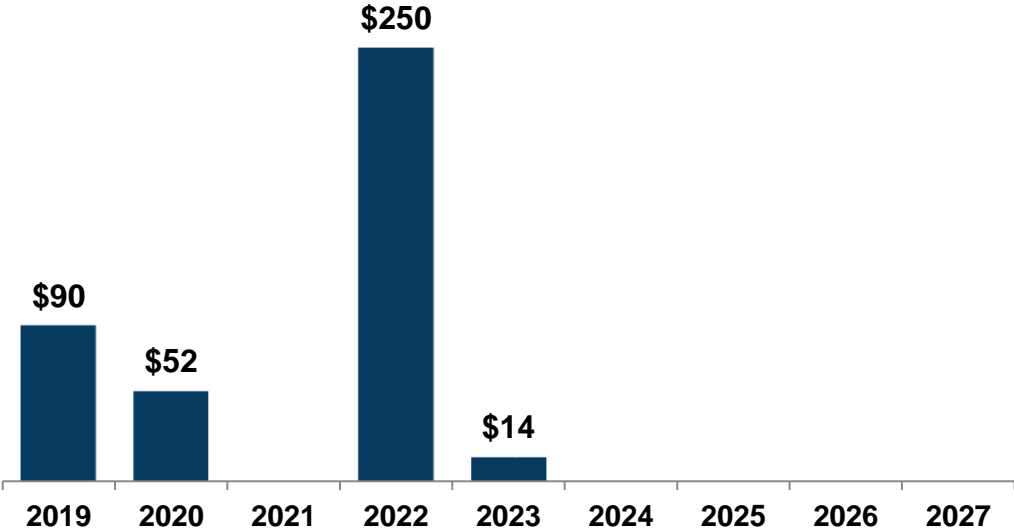
Prudent Balance Sheet and Liquidity

\$212.4 million of available liquidity at Avista Corp. as of June 30, 2019

- In 2019, we expect to issue approximately \$180 million of long-term debt and up to \$65 million of common stock**

Upcoming debt maturities
(\$ millions)

Consolidated Capital Structure
June 30, 2019



Additional long-term debt maturities beyond 2027 not shown
 *Excludes debt maturities of \$15 million at Alaska Energy and Resources Company in 2019
 ** Issued \$14.7 million through June 30, 2019
 ** An increase of \$15 million of both long-term and common stock in the second quarter due to increased capital expenditure estimates.



2019 Earnings Guidance

2019 Earnings Guidance	
Avista Utilities	\$2.72 – \$2.86
AEL&P	\$0.09 – \$0.13
Other	\$0.02 – \$0.04
Consolidated	\$2.83 – \$3.03

Guidance Assumptions

- Guidance range increased on a consolidated basis and for Other by \$0.05 per diluted share in the second quarter due to the gain on the sale of METALfx and other investment gains.
- Our guidance for Avista Utilities includes \$1.01 per diluted share for the termination fee received from Hydro One and the payment of remaining transaction costs.
- The midpoint of our guidance range for Avista Utilities does not include any benefit or expense under the Energy Recovery Mechanism (ERM). We expect to be in a benefit position under the ERM within the 75 percent customers/25 percent shareholders sharing band, which is expected to add approximately \$0.05 per diluted share.
- Our outlook for Avista Utilities and AEL&P assumes, among other variables, normal precipitation, temperatures and below hydroelectric generation for the remainder of the year.

Questions?



***Our Customers | Our People
Perform | Invent***

Photo: Long Lake Dam

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Appendix

Risks, Uncertainties and Other Factors That Could Affect Future Results

Forward-looking statements are subject to a variety of risks, uncertainties and other factors. Most of these factors are beyond our control and may have a significant effect on our operations, results of operations, financial condition or cash flows, which could cause actual results to differ materially from those anticipated in our statements. Such risks, uncertainties and other factors include, among others:

Financial Risk

weather conditions, which affect both energy demand and electric generating capability, including the impact of precipitation and temperature on hydroelectric resources, the impact of wind patterns on wind-generated power, weather-sensitive customer demand, and similar impacts on supply and demand in the wholesale energy markets; our ability to obtain financing through the issuance of debt and/or equity securities, which can be affected by various factors including our credit ratings, interest rates, other capital market conditions and global economic conditions; changes in interest rates that affect borrowing costs, our ability to effectively hedge interest rates for anticipated debt issuances, variable interest rate borrowing and the extent to which we recover interest costs through retail rates collected from customers; changes in actuarial assumptions, interest rates and the actual return on plan assets for our pension and other postretirement benefit plans, which can affect future funding obligations, pension and other postretirement benefit expense and the related liabilities; deterioration in the creditworthiness of our customers; the outcome of legal proceedings and other contingencies; economic conditions in our service areas, including the economy's effects on customer demand for utility services; declining energy demand related to customer energy efficiency, conservation measures and/or increased distributed generation; changes in the long-term climate and weather may materially affect, among other things, customer demand, the volume and timing of streamflows required for hydroelectric generation, costs of generation, transmission and distribution. Increased or new risks may arise from severe weather or natural disasters, including wildfires; industry and geographic concentrations which may increase our exposure to credit risks due to counterparties, suppliers and customers being similarly affected by changing conditions;

Utility Regulatory Risk

state and federal regulatory decisions or related judicial decisions that affect our ability to recover costs and earn a reasonable return including, but not limited to, disallowance or delay in the recovery of capital investments, operating costs, commodity costs, interest rate swap derivatives, the ordering of refunds to customers and discretion over allowed return on investment; the loss of regulatory accounting treatment, which could require the write-off of regulatory assets and the loss of regulatory deferral and recovery mechanisms;

Energy Commodity Risk

volatility and illiquidity in wholesale energy markets, including exchanges, the availability of willing buyers and sellers, changes in wholesale energy prices that can affect operating income, cash requirements to purchase electricity and natural gas, value received for wholesale sales, collateral required of us by individual counterparties and/or exchanges in wholesale energy transactions and credit risk to us from such transactions, and the market value of derivative assets and liabilities; default or nonperformance on the part of any parties from whom we purchase and/or sell capacity or energy; potential environmental regulations or lawsuits affecting our ability to utilize or resulting in the obsolescence of our power supply resources; explosions, fires, accidents, pipeline ruptures or other incidents that may limit energy supply to our facilities or our surrounding territory, which could result in a shortage of commodities in the market that could increase the cost of replacement commodities from other sources;

Operational Risk

severe weather or natural disasters, including, but not limited to, avalanches, wind storms, wildfires, earthquakes, snow and ice storms, that can disrupt energy generation, transmission and distribution, as well as the availability and costs of fuel, materials, equipment, supplies and support services; explosions, fires, accidents, mechanical breakdowns or other incidents that may impair assets and may disrupt operations of any of our generation facilities, transmission, and electric and natural gas distribution systems or other operations and may require us to purchase replacement power; explosions, fires, accidents or other incidents arising from or allegedly arising from our operations that may cause wildfires, injuries to the public or property damage; blackouts or disruptions of interconnected transmission systems (the regional power grid); terrorist attacks, cyberattacks or other malicious acts that may disrupt or cause damage to our utility assets or to the national or regional economy in general, including any effects of terrorism, cyberattacks or vandalism that damage or disrupt information technology systems; work force issues, including changes in collective bargaining unit agreements, strikes, work stoppages, the loss of key executives, availability of workers in a variety of skill areas, and our ability to recruit and retain employees; increasing costs of insurance, more restrictive coverage terms and our ability to obtain insurance; delays or changes in construction costs, and/or our ability to obtain required permits and materials for present or prospective facilities;

Risks, Uncertainties and Other Factors That Could Affect Future Results

increasing health care costs and cost of health insurance provided to our employees and retirees; third party construction of buildings, billboard signs, towers or other structures within our rights of way, or placement of fuel containers within close proximity to our transformers or other equipment, including overbuild atop natural gas distribution lines; the loss of key suppliers for materials or services or other disruptions to the supply chain; adverse impacts to our Alaska electric utility that could result from an extended outage of its hydroelectric generating resources or their inability to deliver energy, due to their lack of interconnectivity to any other electrical grids and the cost of replacement power (diesel); changing river regulation or operations at hydroelectric facilities not owned by us, which could impact our hydroelectric facilities downstream; change in the use, availability or abundance of water resources and/or rights needed for operation of our hydroelectric facilities;

Compliance Risk

changes in laws, regulations, decisions and policies at the federal, state or local levels, which could materially impact both our electric and gas operations and costs of operations; the ability to comply with the terms of the licenses and permits for our hydroelectric or thermal generating facilities at cost-effective levels;

Cyber and Technology Risk

cyberattacks on the operating systems that are used in the operation of our electric generation, transmission and distribution facilities and our natural gas distribution facilities, and cyberattacks on such systems of other energy companies with which we are interconnected, which could damage or destroy facilities or systems or disrupt operations for extended periods of time and result in the incurrence of liabilities and costs; cyberattacks on the administrative systems that are used in the administration of our business, including customer billing and customer service, accounting, communications, compliance and other administrative functions, and cyberattacks on such systems of our vendors and other companies with which we do business, which could result in the disruption of business operations, the release of private information and the incurrence of liabilities and costs; changes in costs that impede our ability to effectively implement new information technology systems or to operate and maintain current production technology; changes in technologies, possibly making some of the current technology we utilize obsolete or introducing new cyber security risks; insufficient technology skills, which could lead to the inability to develop, modify or maintain our information systems;

Strategic Risk

growth or decline of our customer base and the extent to which new uses for our services may materialize or existing uses may decline, including, but not limited to, the effect of the trend toward distributed generation at customer sites; the potential effects of negative publicity regarding our business practices, whether true or not, which could hurt our reputation and result in litigation or a decline in our common stock price; changes in our strategic business plans, which may be affected by any or all of the foregoing, including the entry into new businesses and/or the exit from existing businesses and the extent of our business development efforts where potential future business is uncertain; entering into or growth of non-regulated activities may increase earnings volatility; potential legal proceedings arising from the termination of the proposed acquisition of the Company by Hydro One;

External Mandates Risk

changes in environmental laws, regulations, decisions and policies, including present and potential environmental remediation costs and our compliance with these matters; the potential effects of initiatives, legislation or administrative rulemaking at the federal, state or local levels, including possible effects on our generating resources or restrictions on greenhouse gas emissions to mitigate concerns over global climate changes; political pressures or regulatory practices that could constrain or place additional cost burdens on our distribution systems through accelerated adoption of distributed generation or electric-powered transportation or on our energy supply sources, such as campaigns to halt coal-fired power generation and opposition to other thermal generation, wind turbines or hydroelectric facilities; wholesale and retail competition including alternative energy sources, growth in customer-owned power resource technologies that displace utility-supplied energy or that may be sold back to the utility, and alternative energy suppliers and delivery arrangements; failure to identify changes in legislation, taxation and regulatory issues that are detrimental or beneficial to our overall business; policy and/or legislative changes in various regulated areas, including, but not limited to, environmental regulation, healthcare regulations and import/export regulations; and the risk of municipalization in any of our service territories.