



Positioned for performance: An overview of Q3 2017 and beyond

EEI Financial Forum
Lake Buena Vista, Florida
November 2017

Disclaimer

All forward-looking statements are Avista management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

For more information on such factors and uncertainties, consult Avista's most recent form 10-K and 10-Q, which are available on our website at www.avistacorp.com

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 Oct. 11, 2017
 - Special meeting of shareholders will be held on Nov. 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

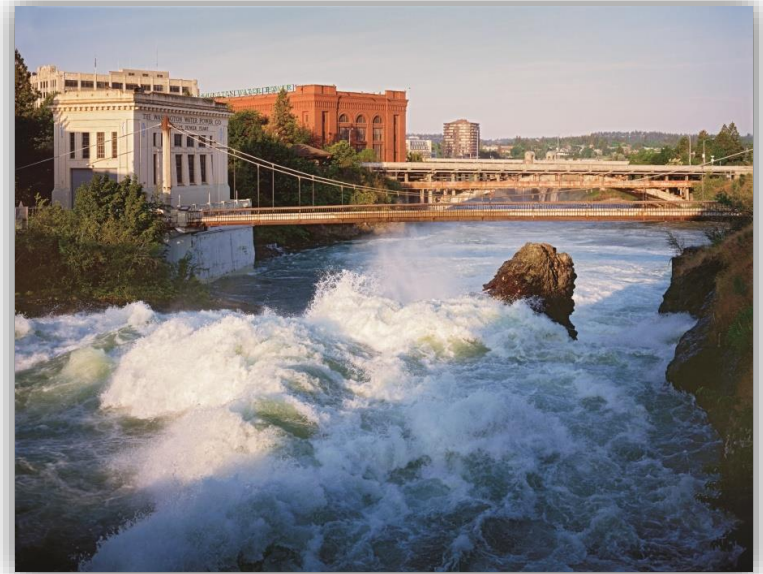
Strong and stable utility core

Avista Utilities

- Regulated electric and natural gas operations
- Serves customers in Washington, Idaho and Oregon
- Contributes about 95% of earnings

Alaska Electric Light & Power Company (AEL&P)

- Regulated electric operations
- Serves customers in City and Borough of Juneau



***Long history of service, trust,
innovation and collaboration***

Photo: Spokane River Upper Falls

Steadily building long-term value

Projecting long-term earnings and dividend growth of 4% to 5%

Avista Utilities

- 5% to 6% rate base growth through utility capital investments
 - Upgrading infrastructure; grid modernization
- Customer growth ~1%
- Near-term earnings are challenged due to 2016 Washington rate order
 - Committed to reducing timing lag and aligning our earned returns with those authorized

AEL&P

- Moderate rate base growth through utility capital investments
- Customer and load growth less than 1%

Strategic Investments

- Developing platforms for future growth
 - Exploring data science and advanced analytics
 - Investing in emerging technologies
 - Current economics impact LNG opportunities

*Reliably building value for our customers,
investors, communities and employees*

*LNG: Liquefied natural gas

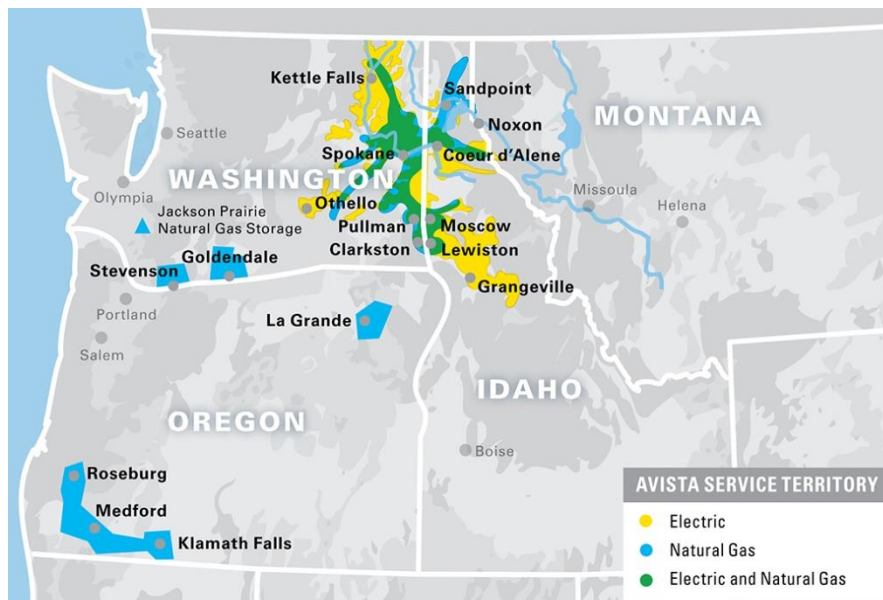
Avista Utilities

Significant investments in utility infrastructure

Solid foundation and continued commitment to innovation

Providing safe and reliable service for 128 years

- Diverse customer base
 - 30,000 square mile service territory
 - Service area population 1.6 million
 - 377,000 electric customers
 - 340,000 natural gas customers
- Strong customer focus
 - 90% percent or better customer satisfaction ratings every year since 1999
 - Developing key customer initiatives
- Invested in our communities
 - More than \$2 million per year in charitable donations and over 48,000 volunteer hours from our employees



Information as of Dec. 31, 2016

A responsible mix of generation

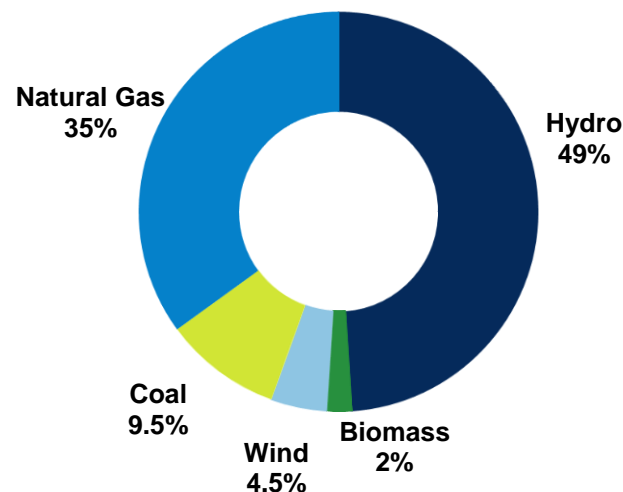
Founded on clean, renewable hydropower

- Strategy is to control a portfolio of resources that responsibly meet our long-term energy needs
- Filed electric Integrated Resource Plan in August; long resources until 2026
 - 2026 resource acquisitions include a mix of upgrades to our thermal fleet, demand response, energy efficiency and a natural gas-fired peaker
- Exceeds Washington state's 15% Renewable Portfolio Standard for the next 20 years



Post Falls Dam, Idaho

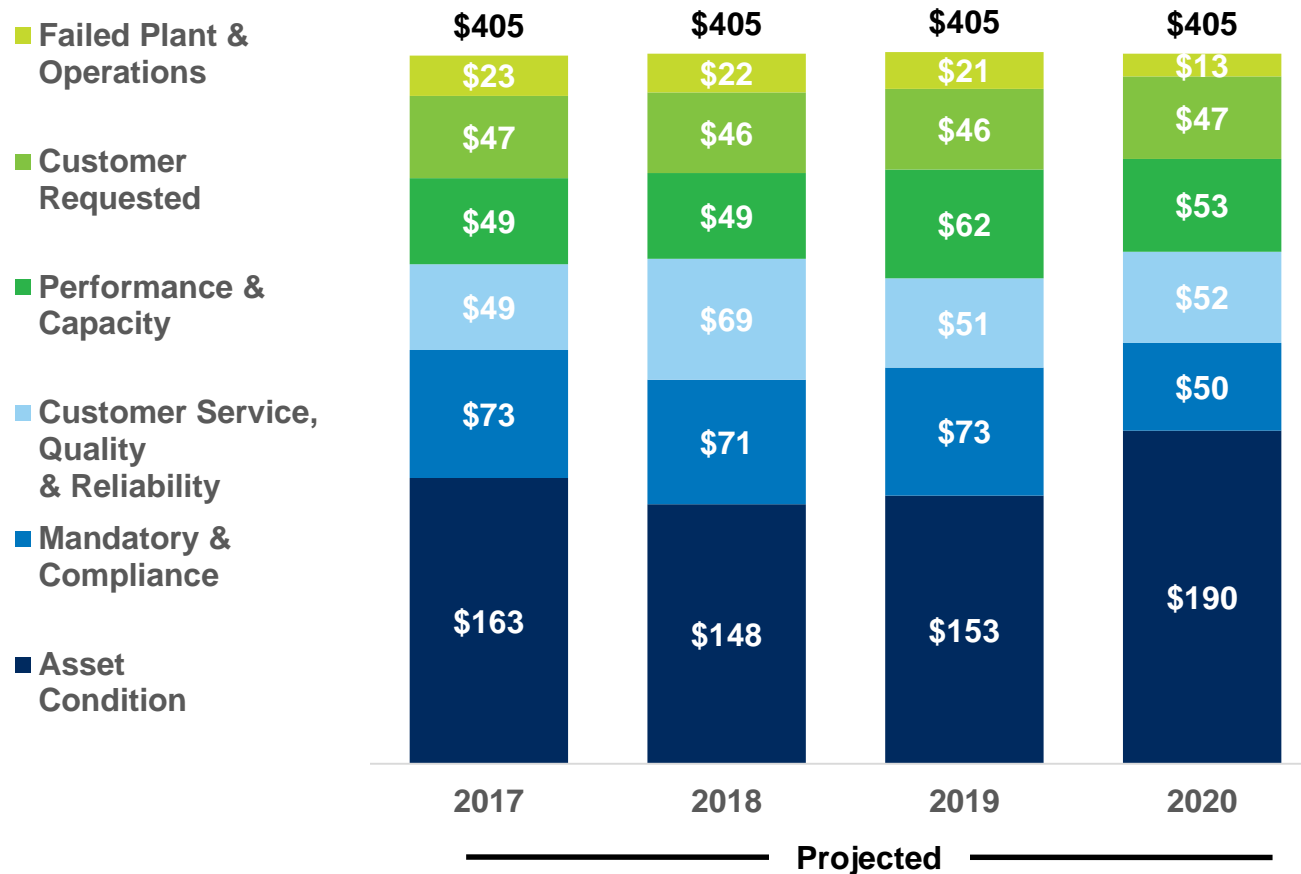
Avista Utilities Electricity Generation Resource Mix*
Dec. 31, 2016



*Based on maximum capacity
Excludes AEL&P

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

Investing in our utility

Preserving and enhancing service reliability



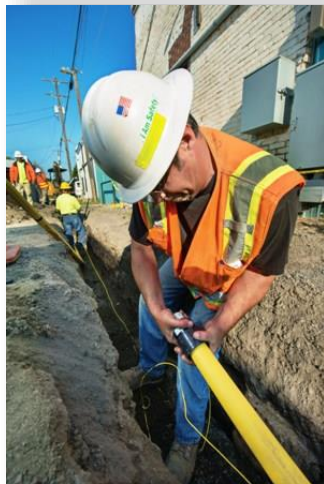
Advanced Metering Infrastructure (AMI)



Customer Facing Technology



Grid Modernization



Aldyl A Natural Gas Pipe Replacement



Electric Vehicle Pilot Program



Little Falls Plant Upgrade

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 (RCA) 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 2.3 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.

Alaska Electric Light & Power Company (AEL&P)

Growing the utility core

Diversifying our utility footprint



Oldest regulated electric utility in Alaska, founded in 1893

- Serves 17,000 electric customers in the City and Borough of Juneau, meeting nearly all of its energy needs with hydropower
- One of the lowest-cost electric utilities in the state
- Settlement agreement pending RCA approval for 2016 case has a 58.18% equity ratio and an 11.95% return on equity
 - Current approved capital structure of 53.8% equity and an authorized return on equity of 12.875%



Juneau, Alaska



Strategic Investments

Developing platforms for future growth

Creating new growth platforms

- LNG opportunities continue to be impacted by current market economics
 - Salix (subsidiary)
 - Generation – substitution for diesel
 - Marine and rail fueling
 - Plum Energy
 - Small LNG project investments
- Targeted investments
 - Energy Impact Partners
 - Private equity fund that invests in emerging technologies, services, and business models throughout electric supply chain with a collaborative, strategic investment approach
 - TROVE
 - Leverage AMI, consumer and other data through predictive analytics to create utility value
 - Spirae
 - Microgrid and distributed energy resource management platform



Financial

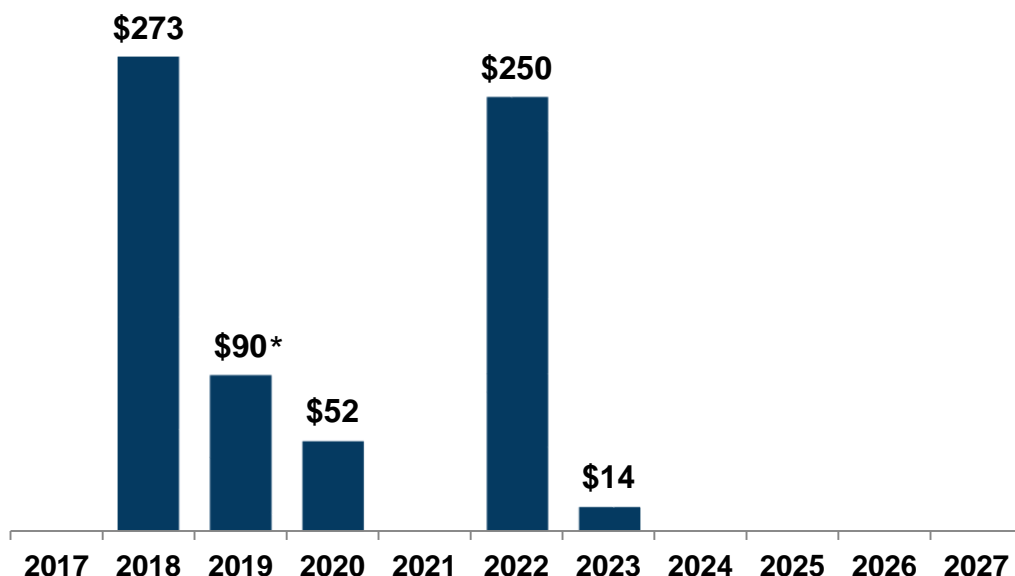
Performance Metrics

Prudent Balance Sheet and Liquidity

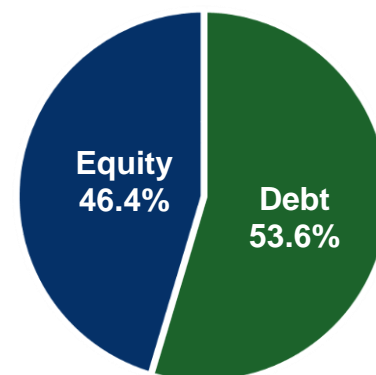
\$161.1 million of available liquidity at Avista Corp. as of Sept. 30, 2017

- 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



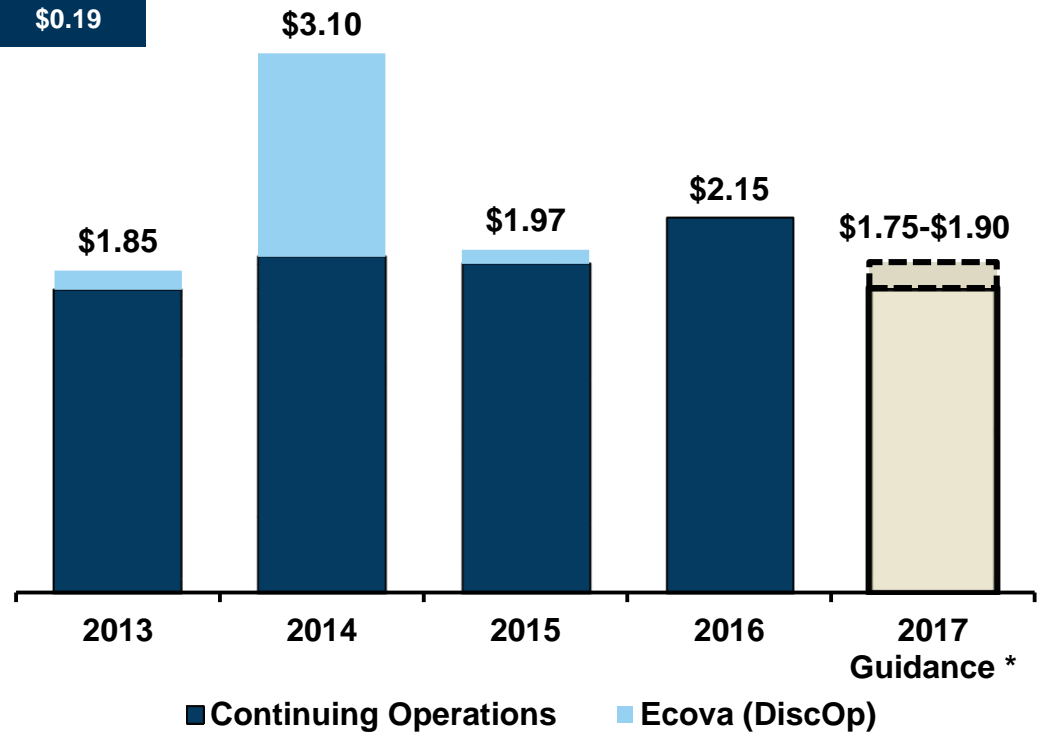
Additional long-term debt maturities beyond 2027 not shown

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

Continued long-term earnings growth

Total Earnings per Diluted Share Attributable to Avista Corporation

Business Segments	Q3 2017	Q3 2016
Avista Utilities	\$0.08	\$0.20
AEL&P	\$0.01	\$0.01
Other	\$(0.02)	\$(0.02)
Diluted EPS	\$0.07	\$0.19



* 2017 earnings negatively impacted by Washington order

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

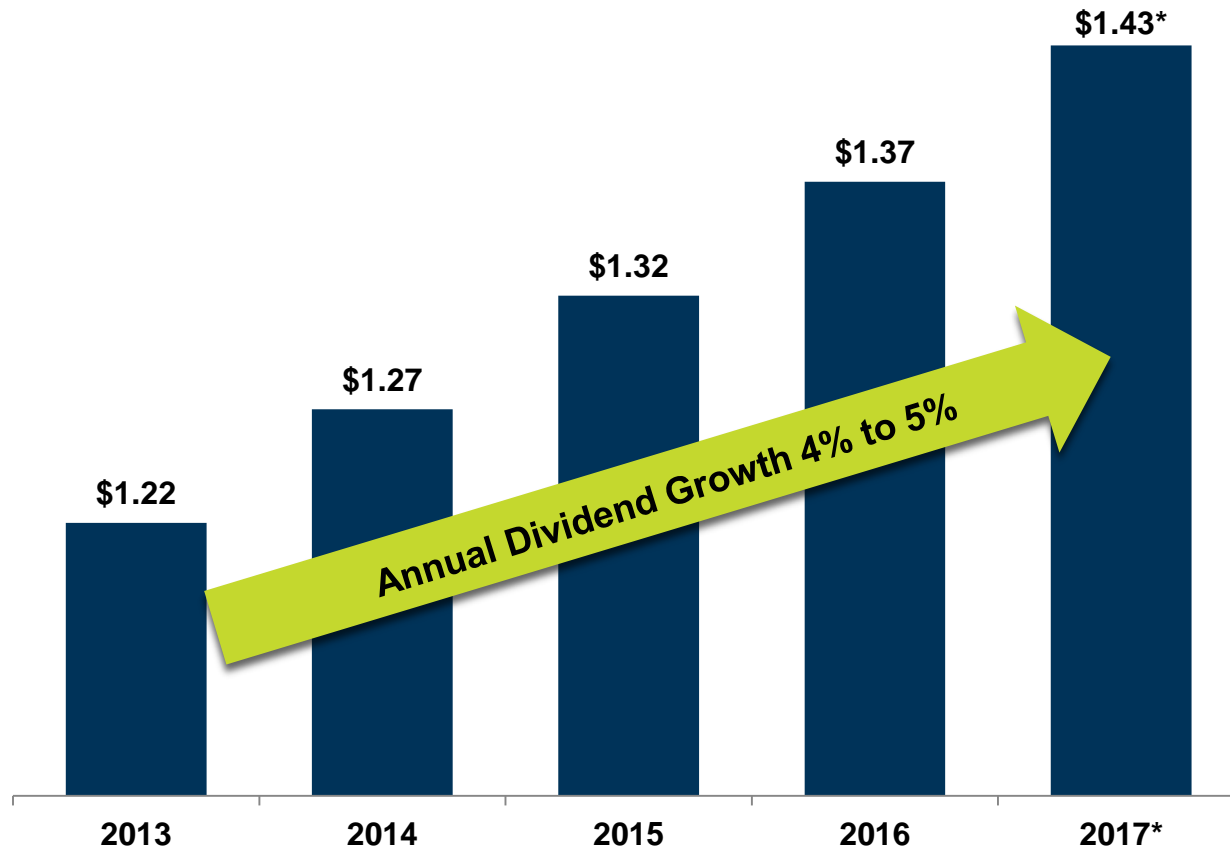
*Avista Utilities guidance was revised to include expected acquisition transaction costs of \$0.20-\$0.25 per diluted share, partially offset by lower resources costs, operating expenses and net financing expenses. Other businesses guidance was revised due to renovation expenses at one of our subsidiaries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

Attractive and growing dividend

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



*Current quarterly dividend of \$0.3575 annualized

A solid investment

- Strong and responsible core utility
 - Investing substantially to modernize infrastructure and upgrade systems
 - Steady returns and attractive dividend yield
 - One of the greenest utilities in the U.S.*
 - Committed to reducing current regulatory timing lag
- Focus on utility growth
 - Selective acquisitions
 - Developing new products and services and supporting economic development throughout service area
- Positioning for the future
 - Leverage AMI data through applied analytics, gain insight into leading-edge energy solutions
 - Track record of innovation (e.g. Itron, ReliOn, Ecova)



***Reliably building value for
our customers, investors,
communities and employees***

Photo: Cabinet Gorge Dam

*Source: *Benchmarking Air Emissions of the 100 Largest Power Producers in the United States*,
NRDC, July 2016

We welcome your questions

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Photo: Huntington Park, Spokane, Wash.