Welcome

Fourth Quarter 2018 Earnings Webcast

February 8, 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 such 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, 2017 and Quarterly Report on Form 10-Q for the quarter ended September 30, 2018. 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

($ in thousands, except per-share data)	**Q4 2018**	**Q4 2017**	**2018**	**2017**
Net Income (Loss) by Business Segment attributable to Avista Corp. Shareholders				
Avista Utilities	$43,147	$29,093	$134,874	$114,716
Alaska Electric Light and Power Company	$2,414	$3,093	$8,292	$9,054
Other	$282	$(4,608)	$(6,737)	$(7,854)
Total Net Income attributable to Avista Corp. Shareholders	**$45,843**	**$27,578**	**$136,429**	**$115,916**
Earnings (Loss) per diluted share by Business Segment attributable to Avista Corp. Shareholders				
Avista Utilities	$0.66	$0.44	$2.04	$1.77
Alaska Electric Light and Power Company	$0.04	$0.05	$0.13	$0.14
Other	$0.00	$(0.07)	$(0.10)	$(0.12)
Total Earnings per diluted share attributable to Avista Corp. Shareholders	**$0.70**	**$0.42**	**$2.07**	**$1.79**

Driving Effective Regulatory Outcomes

Recovery of costs and capital investments

Washington

- Apr. 26, 2018, received Commission approval for rate adjustments effective May 1, 2018.
- Rates are designed to increase annual electric revenues by $10.8 million, or 2.19%, and decrease annual natural gas revenues by $2.1 million, or 2.41%.
- Based on 48.5% equity ratio and 9.5% return on equity.
- Aug. 7, 2018 the Court of Appeals issued a “Published Opinion” which concluded that the Washington Utilities and Transportation Commission’s (WUTC) use of an attrition allowance to calculate rate base in our 2015 Washington General Rate case violated Washington law. The Court struck all portions of the attrition allowance and reversed and remanded the case for the WUTC to recalculate rates without including an attrition allowance in the calculation of rate base. The Company cannot predict the outcome of this matter at this time and cannot estimate how much, if any, of the attrition allowance may be removed from the general rate cases. We will participate in any regulatory process that is yet to be established by the WUTC.

Idaho

- Dec. 28, 2017, the Idaho Public Utilities Commission approved a multi-party settlement agreement designed to increase annual electric base revenues by $12.9 million, or 5.2%, effective Jan. 1, 2018, and by $4.5 million, or 1.8%, effective Jan. 1, 2019.
- For natural gas, the settlement agreement is designed to increase annual base revenues by $1.2 million, or 2.9%, effective Jan. 1, 2018, and by $1.1 million, or 2.7% on Jan. 1, 2019.
- Based on 50% equity ratio and 9.5% return on equity.

Oregon

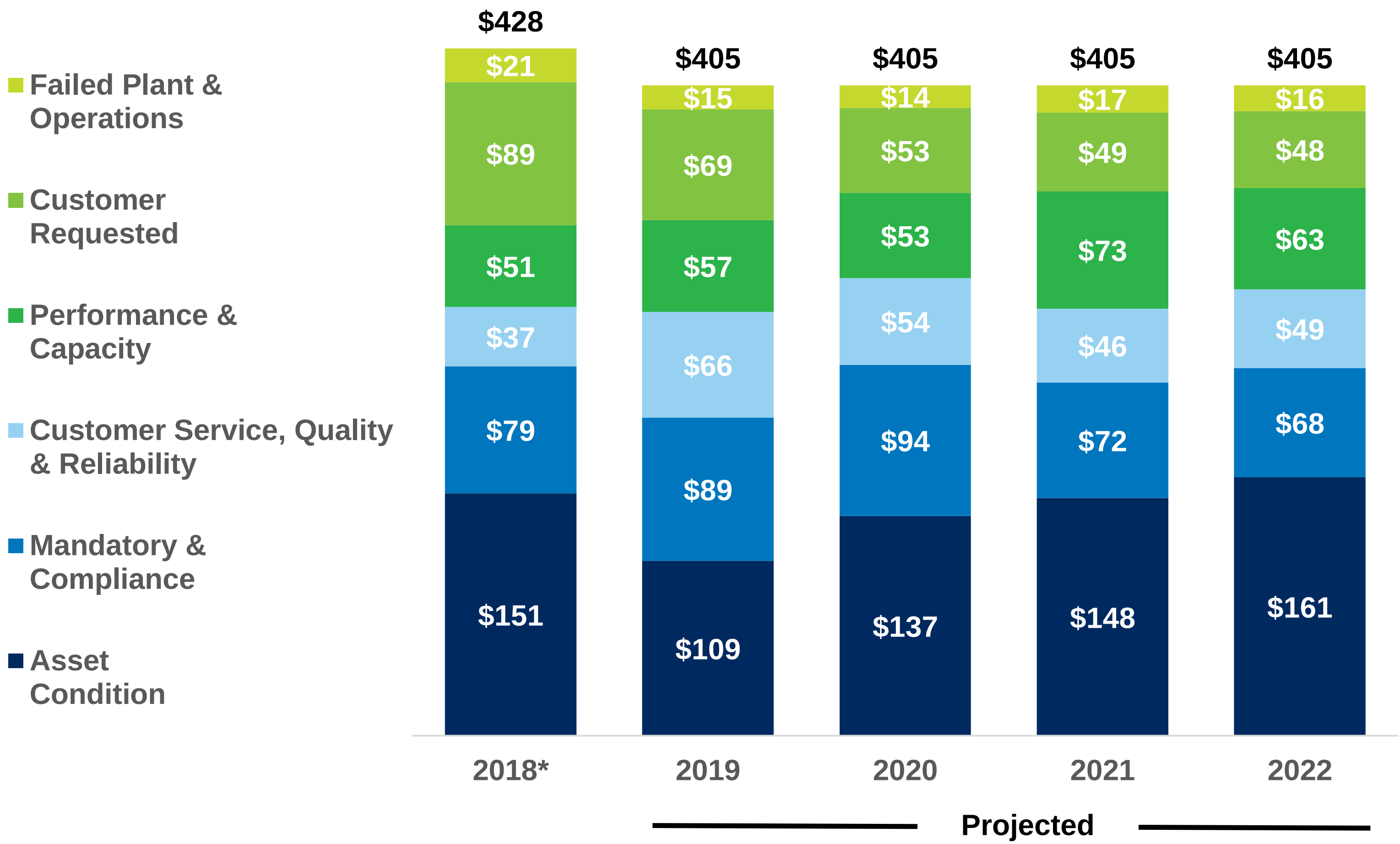
- Sept. 13, 2017, received Commission approval of an all-party settlement agreement designed to increase annual natural gas base revenues by 5.9% or $3.5 million.
- Rate adjustment of $2.6 million was effective Oct. 1, 2017, and a second adjustment of $0.9 million was effective Nov. 1, 2017.
- Based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

Alaska

- 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.
- 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.

Investments to upgrade our systems

5% to 6% rate base growth



Excludes capital expenditures at AEL&P of $6 million in 2018 and projected capital expenditures of $9 million in 2019, $7 million in 2020 and 2021, $14 million in 2022

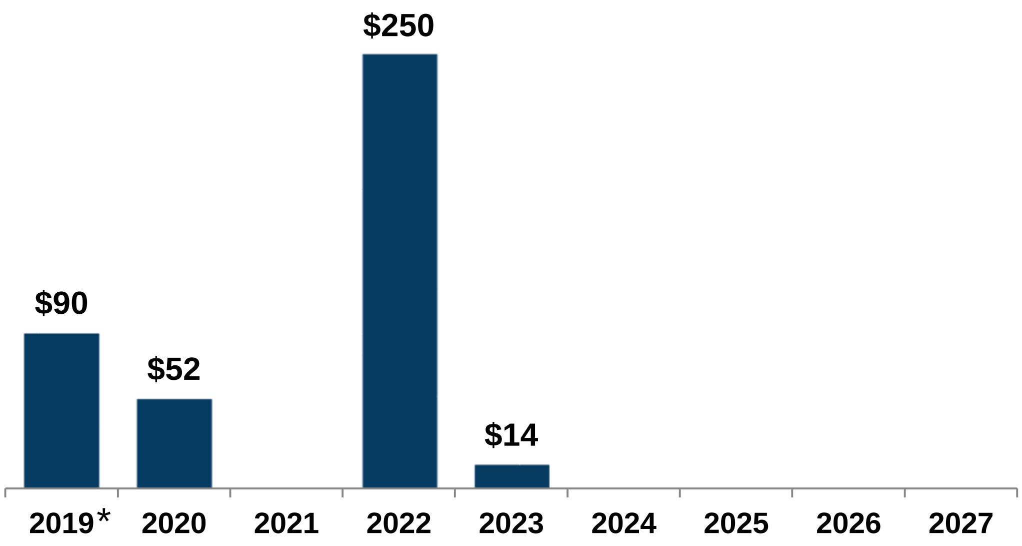
*Includes amounts accrued at year-end

Prudent Balance Sheet and Liquidity

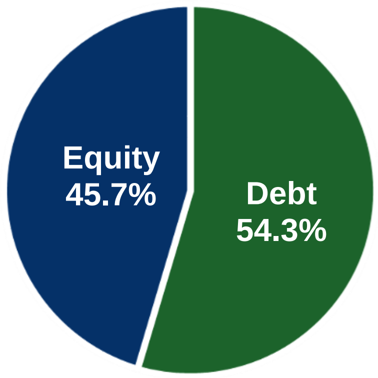
$199 million of available liquidity at Avista Corp. as of December 31, 2018

- In 2019, we expect to issue approximately $165 million of long-term debt and up to $50 million of common stock

Upcoming debt maturities
($ millions)



Consolidated Capital Structure
December 31, 2018



Additional long-term debt maturities beyond 2027 not shown

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

2019 Earnings Guidance

2019 Earnings Guidance	
Avista Utilities	$2.72 – $2.86
AEL&P	$0.09 – $0.13
Other	$(0.03) – $(0.01)
Consolidated	**$2.78 – $2.98**

Guidance Assumptions

- 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.
- Our guidance range for Avista Utilities encompasses expected variability in power supply costs and the application of the Energy Recovery Mechanism (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 2019 we expect to be in a benefit position under the ERM within the 90 percent customers/10 percent shareholders sharing band, which is expected to add approximately $0.07 per diluted share.
- Our outlook for Avista Utilities and AEL&P assumes, among other variables, normal precipitation, temperatures and hydroelectric generation.

Questions?

Upper Falls, Spokane, Wash.

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Appendix

Risks and Uncertainties That Could Affect Future Results

The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: weather conditions, which affect both energy demand and electric generating capability, including the effect of precipitation and temperature on hydroelectric resources, the effect of wind patterns on wind-generated power, weather-sensitive customer demand, and similar effects 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 and other capital market conditions and the global economy; 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 long-term climates, both globally and within our utilities' service areas, which can affect, among other things, customer demand patterns and the volume and timing of streamflows to our hydroelectric resources; 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 and discretion over allowed return on investment; volatility and illiquidity in wholesale energy markets, including 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 counterparties 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; 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 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, cyber attacks 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, cyber attacks 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; 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 operations 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; compliance with extensive federal, state and local legislation and regulation, including numerous environmental, health, safety, infrastructure protection, reliability and other laws and regulations that affect our operations and costs; the ability to comply with the terms of the licenses and permits for our hydroelectric or thermal generating facilities at cost-effective levels; cyber attacks on us or our vendors or other potential lapses that result in unauthorized disclosure of private information, which could result in liabilities against us, costs to investigate, remediate and defend, and damage to our reputation; disruption to or breakdowns of information systems, automated controls and other technologies that we rely on for our operations, communications and customer service; 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; 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; failure to complete the proposed acquisition of the Company by Hydro One, which would negatively impact the market price of Avista Corp.'s common stock and could result in termination fees that would have a material adverse effect on our results of operations, financial condition, and cash flows; 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 of 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 which are detrimental or beneficial to our overall business; the Tax Cuts and Jobs Act and its intended and unintended consequences on financial results and future cash flows, including the potential impact to credit ratings, which may affect our ability to borrow funds or increase the cost of borrowing in the future; policy and/or legislative changes resulting from the current presidential administration 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.