



Welcome

Fourth Quarter 2016 Earnings Webcast

February 22, 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. 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>	Q4 2016	Q4 2015	Year 2016	Year 2015
Operating Revenues	\$402,123	\$387,305	\$1,442,483	\$1,484,776
Income from Operations	\$82,533	\$70,367	\$289,803	\$253,214
Total Net Income attributable to Avista Corp. Shareholders	\$40,091	\$38,521	\$137,228	\$123,227

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

Avista Utilities	\$38,059	\$31,973	\$132,490	\$113,360
Alaska Electric Light and Power Company	\$3,083	\$2,688	\$7,968	\$6,641
Ecova (discontinued operations)	-	\$4,662	-	\$5,147
Other	\$(1,051)	\$(802)	\$(3,230)	\$(1,921)

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

Avista Utilities	\$0.59	\$0.51	\$2.07	\$1.81
Alaska Electric Light and Power Company	\$0.05	\$0.04	\$0.13	\$0.11
Ecova (discontinued operations)	-	\$0.07	-	\$0.08
Other	\$(0.02)	\$(0.01)	\$(0.05)	\$(0.03)
Total Earnings per diluted share attributable to Avista Corp. Shareholders	\$0.62	\$0.61	\$2.15	\$1.97

2016 Highlights



The 110-year old Post Falls South Channel Dam was officially returned to service after a two-year rehabilitation in February 2016.



Launched the electric vehicle pilot program to install 272 electric vehicle charging port connections in approximately 200 locations in Eastern Washington.



In 2016, the last two (of four) original turbine generating units at our 108-year-old Nine Mile Powerhouse were replaced with new, more efficient units as part of a multi-year project to increase the generation of clean, renewable, low-cost hydropower.

Driving Effective Regulatory Outcomes

Continued recovery of costs and capital investments

Washington



- Dec. 15 2016, received an order which denied the Company's proposed electric and natural gas rate increase requests of \$38.6 million and \$4.4 million, respectively, that were originally filed in February 2016.
- Current electric and natural gas retail rates will remain unchanged in Washington State.
- Dec. 23, 2016, filed a Petition for Reconsideration, or in the alternative, for Rehearing. The Commission provided notice that it expects to enter an order resolving the Petition no later than March 16, 2017.
- Expect to file a new electric and natural gas general rate case in the second quarter of 2017 that will address the issues raised by the Commission.

Idaho



- Dec. 28 2016, received approval of all-party settlement agreement designed to increase annual electric base revenues by 2.6% or \$6.3 million, plus continued recovery of \$4.1 million of costs related to Palouse Wind Project through the PCA mechanism.
- Based on a 9.5% return on equity with a 50.0% common equity ratio.
- New rates took effect Jan. 1, 2017.

Oregon



- Nov. 30, 2016, filed a natural gas rate request to increase revenues by 9% or \$8.5M.
- Request based on 50% equity ratio and 9.9% return on equity.
- The PUC has up to 10 months to review and rule; if approved, new rates would take effect no later than Oct. 1, 2017.

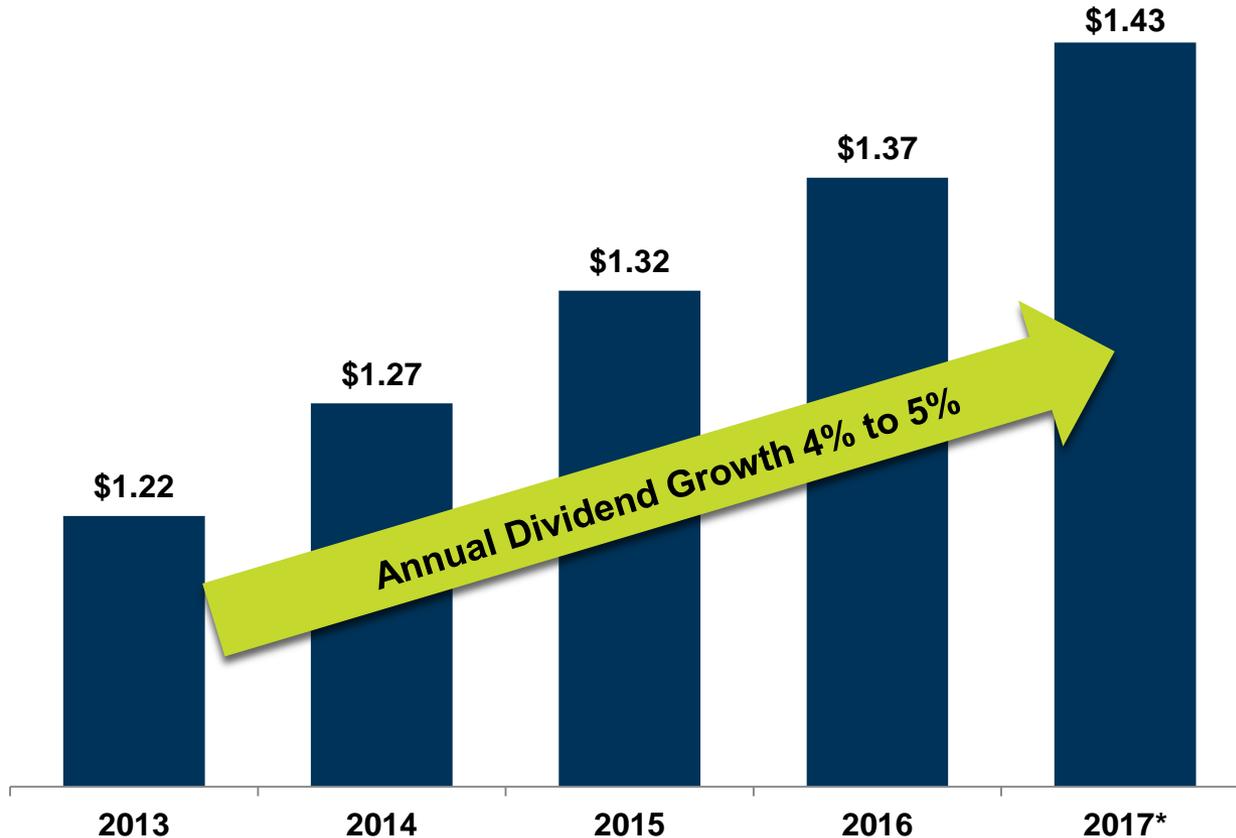
Alaska



- Sept. 16, 2016, filed an electric general rate request to increase revenues by 8.1% or \$2.8 million.
- An interim rate increase of 3.86% or \$1.3 million was effective Nov. 23, 2016.
- An additional \$2.9 million annually from interruptible service was approved to reduce overall revenue requirement from \$5.7 million to \$2.8 million.
- Request based on a 58% equity ratio and a 13.8% return on equity.
- The RCA has approximately 15 months to rule on the permanent rate increase.
- The statutory timeline for the AEL&P GRC, with the consent of the parties, has been extended to Feb. 8, 2018.

Attractive and Growing Dividend

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

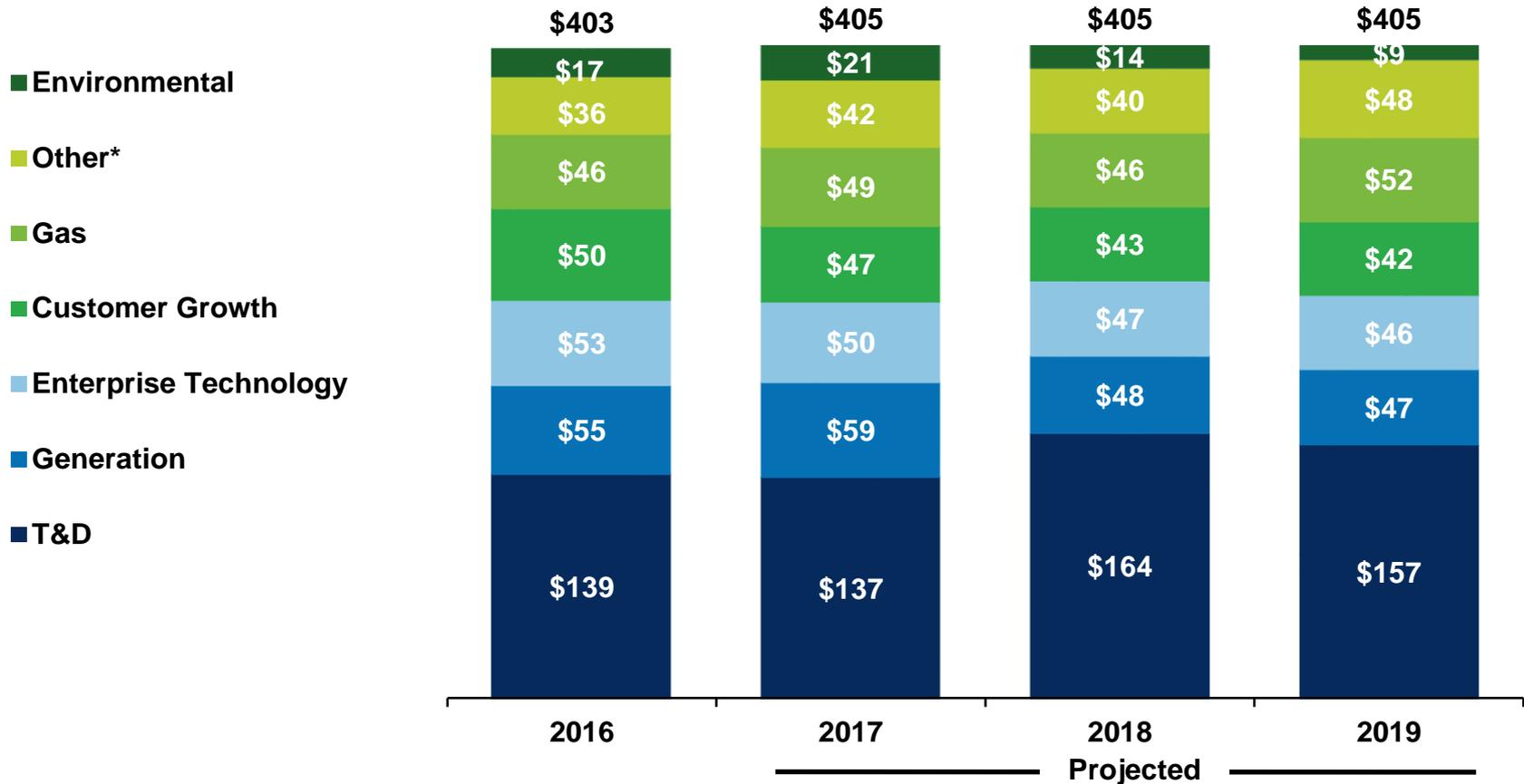


*Current quarterly dividend of \$0.3575 annualized

Investments to Upgrade Our Systems

5% to 6% rate base growth

Avista Utilities Capital Expenditures** (\$ millions)



* Other includes Facilities and Fleet

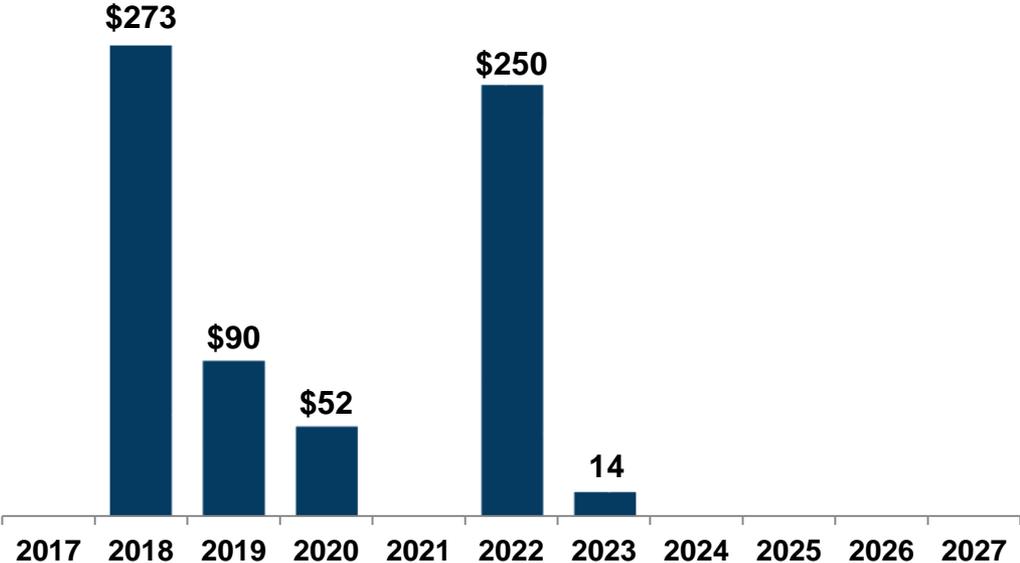
** Excludes capital expenditures at AEL&P of \$16 million in 2016, and projected capital expenditures of \$7 million in 2017, \$7 million 2018 and \$13 million in 2019

Prudent Balance Sheet and Liquidity

\$245.6 million of available liquidity at Avista Corp. as of Dec. 31, 2016

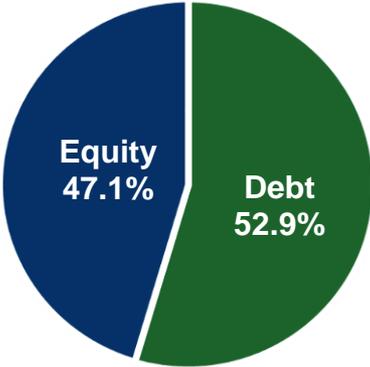
- Issued and sold \$175.0 million of first mortgage bonds due in 2051
- Issued 1.6 million shares of common stock under our sales agency agreements for total net proceeds of approximately \$65 million as of Dec. 31, 2016
- In second half of 2017, expect to issue approximately \$110.0 million of long-term debt and up to \$70.0 million of common stock

No significant maturities until 2018
(\$ millions)



Additional long-term debt maturities beyond 2027 not shown

Consolidated Capital Structure
Dec. 31, 2016



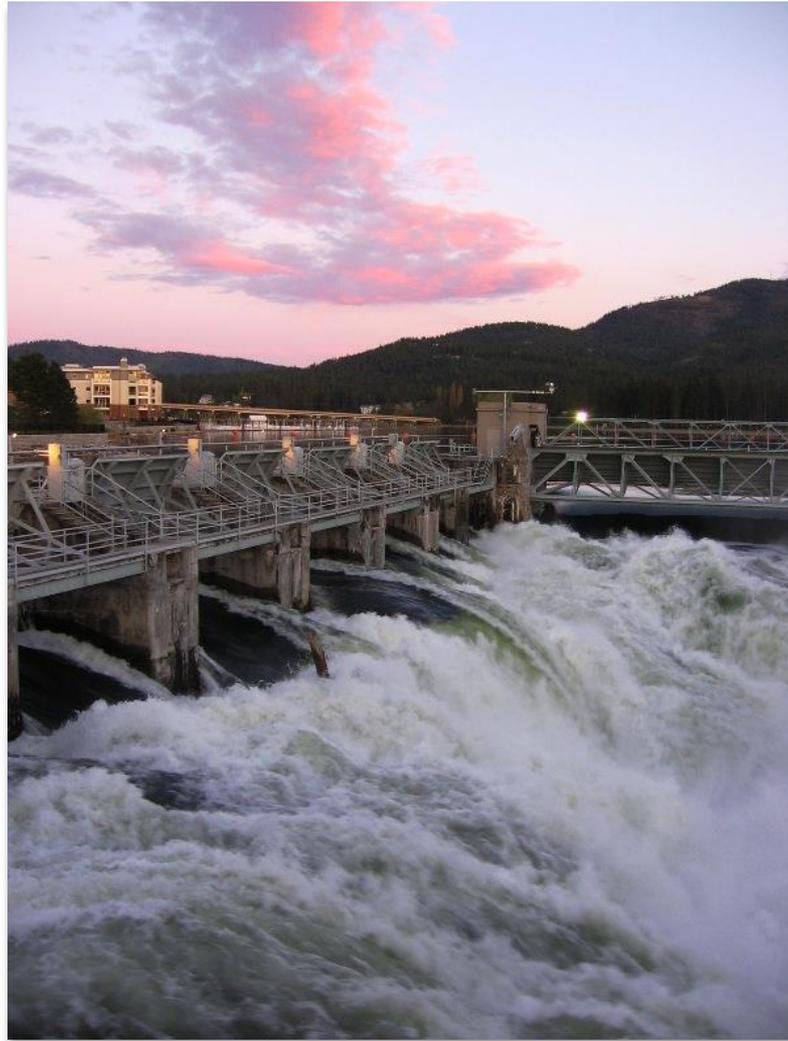
2017 Earnings Negatively Impacted by Washington Order

2017 Earnings Guidance	
Avista Utilities	\$1.71 – \$1.85
AEL&P	\$0.10 – \$0.14
Other	\$(0.01) – \$0.01
Consolidated	\$1.80 – \$2.00

Guidance Assumptions

- Our outlook for Avista Utilities assumes, among other variables, normal precipitation and temperatures 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 guidance range for Avista Utilities includes \$.07 of expense under the ERM; which is within the 90 percent customers/10 percent shareholders sharing band. The impacts of the ERM are included in the midpoint of our guidance for 2017 as power supply costs were not reset in the Washington order for 2017.

Questions?



*Post Falls Dam
Post Falls, Idaho*

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