



# WELCOME

2016 Annual Meeting of Shareholders  
May 12, 2016



**Chairman, President and CEO  
Avista Corp.**

# 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 and Quarterly Report on Form 10-Q for the quarter ended March 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.*

# Board of Directors



**Erik J. Anderson**



**Kristianne Blake**



**Donald C. Burke**



**John F. Kelly**



**Rebecca A. Klein**



**Marc F. Racicot**



**Heidi B. Stanley**



**R. John Taylor**



**Janet D. Widmann**

# Corporate and Subsidiary Officers



**Kevin J. Christie**



**Marian M. Durkin**



**Karen S. Feltes**



**James M. Kensok**



**Ryan L. Krasselt**



**David J. Meyer**



**Kelly O. Norwood**



**Heather L. Rosentrater**



**Edward D. Schlect**



**Jason R. Thackston**



**Mark T. Thies**



**Dennis P. Vermillion**



**Roger D. Woodworth**



**Timothy D. McLeod**

# Business Meeting

# Proposal 1

## Election of Directors



Erik J. Anderson



Kristianne Blake



Donald C. Burke



John F. Kelly



Rebecca A. Klein



Scott L. Morris



Marc F. Racicot



Heidi B. Stanley



R. John Taylor



Janet D. Widmann

# Proposal 2

Amendment of the Company's Restated Articles of Incorporation to reduce certain shareholder approval requirements.



# Proposal 3

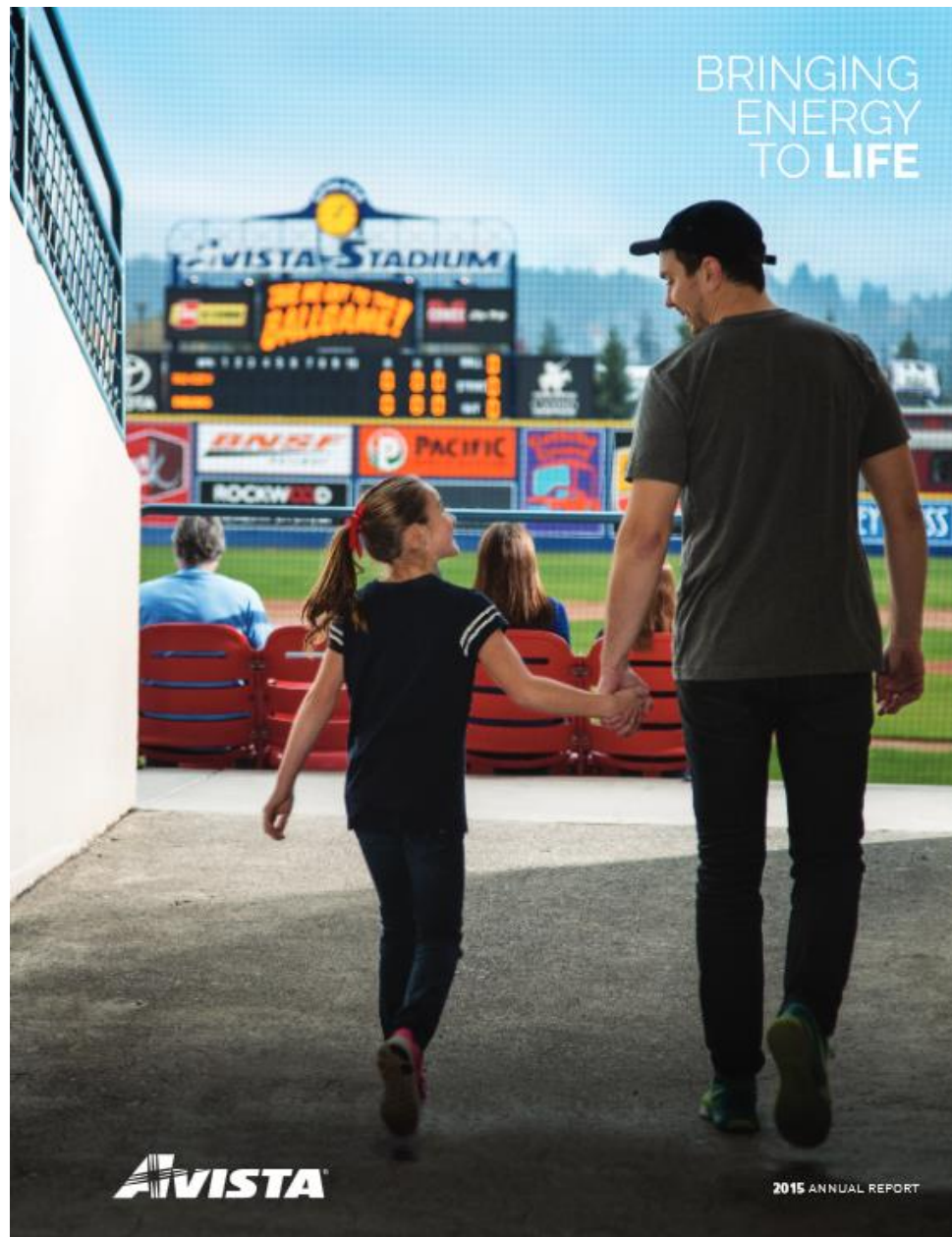
Ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2016.

# Proposal 4

Advisory (non-binding) vote on executive compensation.

# Proposal 5

If presented, consideration of a shareholder proposal to request the Board to take the steps necessary to amend the Articles and bylaws to reduce certain shareholder approval requirements.





**Dennis Vermillion**  
**Sr. Vice President**  
**President, Avista Utilities**

**Customer  
Choices**



**Smart Capital  
Investments**



**Renewable  
Energy  
Community Solar**



**New Products and Services**



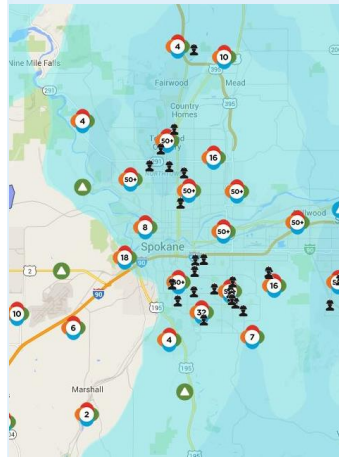
**Innovation**

# New technology leads to greater customer engagement

## Web & Mobile



## Enhanced Storm Center



## Customer Preferences





# Excellence in Customer Service Award



Members of the team receiving award on April 27, 2016



Avista receives Expanding Excellence Award for best customer information system implementation

CS WEEK AWARD RECOGNIZES EXCELLENCE IN CUSTOMER SERVICE



# Advanced Meter Infrastructure (AMI)

## Customer Benefits

- Web Portal
- Text Alert Feature
- Faster open/close
- Improved privacy

## Operational Savings

- Migration from manual
- Reduced truck rolls
- Voltage alarming
- Integration with Outage Management



# Community Solar - New products and services



- Third largest solar array in Washington
- 1,512 total panels – sold out
- Generating 155 kWh per panel
- Online portal provides customers updated information

Nothing on your roof.  
Savings on your bill.

Introducing the Avista Community Solar Program

# Integrating renewable energy into the grid

- \$7 million project
  - \$3.2 million Washington state grant
  - \$3.8 million Avista match
- Giving us experience integrating intermittent renewable energy into the grid
- Bringing on renewable power efficiently, reliably, with flexibility





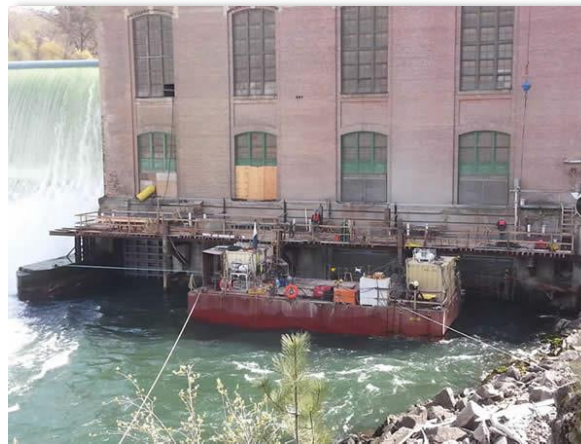
# Capital investments in hydro projects



**Little Falls Plant Upgrade**



**Post Falls South Channel Dam**



**Nine Mile Falls Rehab**

# Outstanding Stewards of America's Waters Award





# A responsible mix of generation

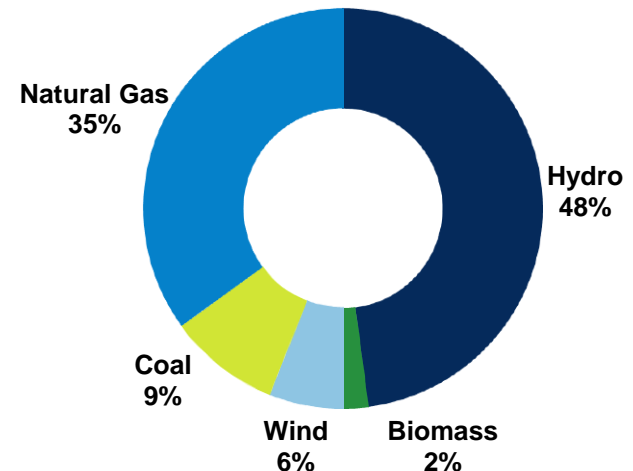
## Founded on clean, renewable hydropower

- Strategy is to control a portfolio of resources that responsibly meet our long-term energy needs
- Long resources through 2020; plan to add 96 MW natural gas peaker by the end of 2020
- 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, 2015



\*Based on maximum capacity  
Excludes AEL&P

# Advancing natural gas



Aldyl-A – 20-year project to replace pre-1987 pipelines



CNG – Fleet conversion and contract fuel for other fleet operations



LNG – Displace heating oil for Juneau residents

# Biggest windstorm in Avista's history hit in 2015



Peak gusts in Spokane on Nov. 17, 2015, were recorded at 71 mph. Near hurricane force winds devastated our region leaving in its wake the worst outage we've dealt within in our 126-year history.



Nearly 180,000 customers lost power



Restoration = 10 days



# At the height of the windstorm

**29 Major Transmission lines  
40 substations.**



**All 40 substations were  
restored by November 19**



# Western Regional Mutual Assistance Group activation with multiple waves



- **132** Avista, contract and mutual aid crews
- From **6** western states and Canada
- Worked **16** hour rotating shifts for **10** days



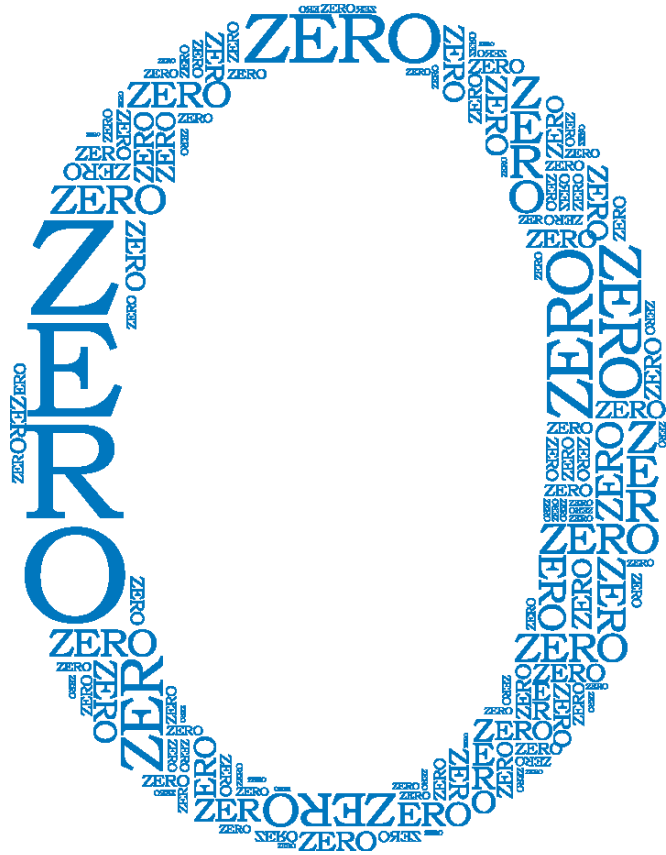
# Organizational strengths and leadership

- Solid emergency operations plans
- Flexibility – to adjust processes, procedures, staffing to best meet the crisis
- Strong community partnerships
- Social media critical to keep flow of communication going
- 700 employees to work on logistics behind the scenes





# Safety is indeed Job #1



NATURAL GAS SAFETY REACHES

JAN 2016  
1,000,000

JUN 2015  
750,000

DEC 2014  
530,000



AUG 2013

# ONE MILLION

hours without a lost time accident

## JAN 2016

# Avista is ...

- Working well today with an eye for the future
- Driving customer engagement
- Investing capital in our infrastructure
- Employing people who are the most agile and innovative in the industry



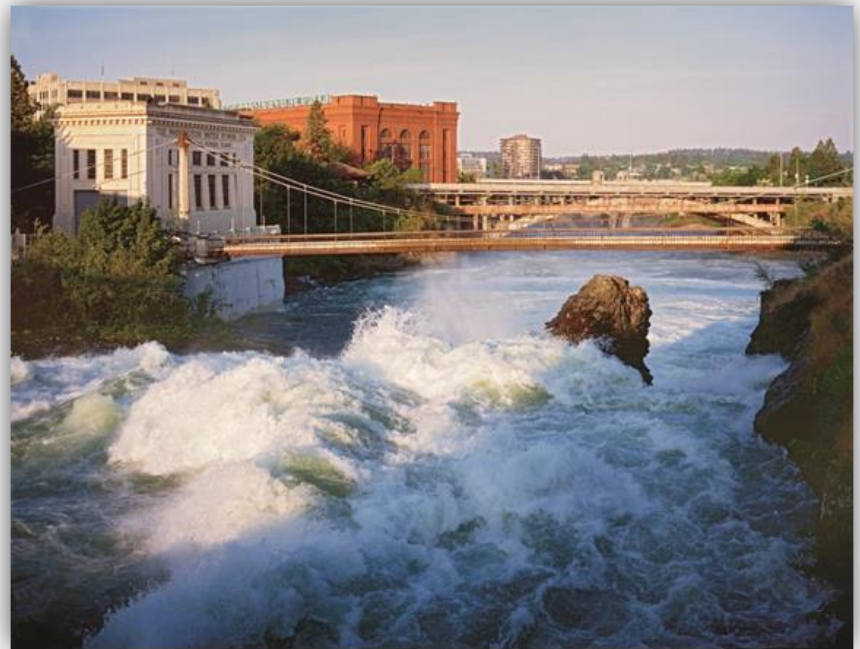


**Mark Thies**  
**Sr. Vice President and CFO**



# 2015 was another strong year

- Net income attributable to Avista Corp. shareholders of \$123.2 million, or \$1.97 per diluted share
- Raised dividend 4.0% in February 2015
- Invested \$429 million into our utility system



Spokane River Upper Falls



# 2016 is off to a great start

- Strong first quarter
  - On track to hit earnings targets for the year
- Increased dividend to \$0.3425 per share in February – 3.8% increase
- Confirmed 2016 consolidated earnings guidance

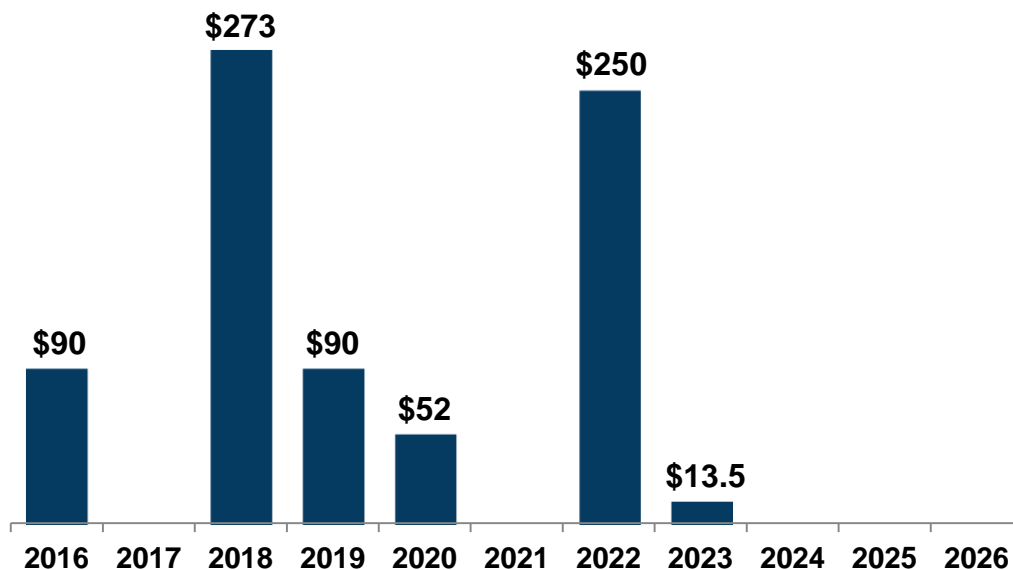
2016 Earnings Guidance	
Avista Utilities	\$1.91 - \$2.05
AEL&P	\$0.09 - \$0.13
Other	\$(0.04) - \$(0.02)
<b>Consolidated</b>	<b>\$1.96 - \$2.16</b>

# Prudent balance sheet and liquidity

## \$263 million of available liquidity at Avista Corp. as of March 31, 2016

- In 2016, expect to issue about \$155 million of long-term debt and about \$55 million of common stock
- Issued 700,000 shares of common stock under our sales agency agreements for total net proceeds of approximately \$27 million as of March 31, 2016

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



Additional long-term debt maturities beyond 2026 not shown

### Consolidated Capital Structure March 31, 2016

