

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 16, 2014

**AVISTA CORPORATION**

(Exact name of registrant as specified in its charter)

**Washington**

(State of other jurisdiction of  
incorporation)

**1-3701**

(Commission  
file number)

**91-0462470**

(I.R.S. Employer  
Identification No.)

**1411 East Mission Avenue, Spokane, Washington**

(Address of principal executive offices)

**99202-2600**

(Zip Code)

Registrant's telephone number, including area code:

Web site: <http://www.avistacorp.com>

**509-489-0500**

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Section 7 – Regulation FD Disclosure**

**Item 7.01 Regulation FD Disclosure.**

On September 17, 2014 and September 18, 2014, management of Avista Corporation (Avista Corp.) will be participating in meetings with investors and analysts in New York, New York and Boston, Massachusetts. The same business update presentation will be used at all of the meetings. A copy of the business update presentation is furnished as Exhibit 99.1 and is available in the “Investors” section of Avista Corp.’s website at <http://investor.avistacorp.com/phoenix.zhtml?c=97267&p=irol-calendarpast>.

As part of this update, Avista Corp. expects to confirm earnings guidance for 2014. The 2014 earnings guidance was included in Avista Corp.’s second quarter of 2014 earnings release furnished on Form 8-K on August 6, 2014. The 2014 earnings guidance is subject to the risks, uncertainties and other factors set forth or referred to in such earnings release and the Company’s annual report on Form 10-K for the year ended December 31, 2013 and quarterly report on Form 10-Q for the quarter ended June 30, 2014.

The information in this report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

**Section 9 - Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

99.1 Business update presentation dated September 16, 2014, which is being furnished pursuant to Item 7.01.

The inclusion in this Current Report or in Exhibit 99.1 of a reference to Avista Corp.’s Internet address shall not, under any circumstances, be deemed to incorporate the information available at such Internet address into this Current Report. The information available at Avista Corp.’s Internet address is not part of this Current Report or any other report furnished or filed by Avista Corp. with the Securities and Exchange Commission.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVISTA CORPORATION

\_\_\_\_\_  
(Registrant)

Date: September 16, 2014

/s/ Marian M. Durkin

\_\_\_\_\_  
Marian M. Durkin

Senior Vice President, General Counsel  
and Chief Compliance Officer



# Business Update

September 2014

**125**  
YEARS OF SERVICE  
1889-2014

NYSE: AVA

[www.avistacorp.com](http://www.avistacorp.com)

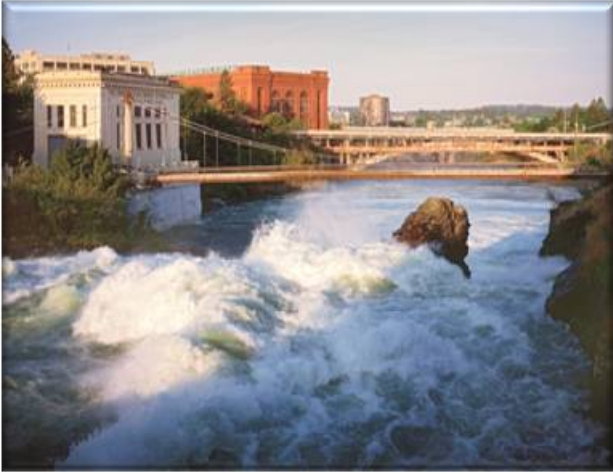
## Disclaimer

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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 [avistacorp.com](http://avistacorp.com)

# A core utility business with growth platforms



*We are an industry leader with a 125-year history of service, trust, innovation and collaboration*

## Avista Utilities

- Regulated electric and natural gas operations
- Serves customers in Washington, Idaho and Oregon
- Contributes over 90% of earnings

## Alaska Electric Light & Power Company (AEL&P)

- Primary subsidiary of Alaska Energy and Resources Company (AERC)
- Serves customers in City and Borough of Juneau

## Other Businesses

- Strategic investments for growth

# Key drivers to building value

## Projecting earnings growth of 4% to 5%

### Avista Utilities

- 5% to 6% rate base growth through investment in our utility system
- Load growth ~1%
- Attractive dividend growth of 4% to 5%

### Alaska Electric Light & Power Company (AEL&P)

- Acquisition effective July 1, 2014
- Load growth ~1%
- LNG/LDC opportunities

### Other Businesses

- Exploring new growth opportunities
  - Investments in LNG (new subsidiary, Salix)
  - Acquisition opportunities in Alaska

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

## 2014 strategic changes reshaping Avista

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- Ecova disposition
- Alaska Energy and Resources Company acquisition

# Ecova disposition – monetizing the value for shareholders

## Completed sale of Ecova to Cofely USA, Inc. on June 30, 2014

- Founded in 1995
- Initially four employees, increased to over 1,500
- \$177 million in revenues (2013)
- \$335 million sales price
  - Net proceeds approximately \$133 million\* (\$219mm less \$86mm tax)
  - Net gain of \$68 million
- July 7, 2014 initiated stock buyback for up to 4 million shares

ecova™

\* Includes approximately \$16.75 million that will be held in escrow for 15 months



## AERC acquisition – one gateway to new growth

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- Transaction closed July 1, 2014
- Issued 4.5 million new shares of common stock
- Purchase price \$170 million, less the assumption of debt and other closing adjustments
- Recapitalizing to authorized capital structure
  - Issuing \$75M long-term secured debt at AEL&P and \$15M in term loans at AERC



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# Avista Utilities

# Strong foundation and deep dedication

## Providing safe and reliable service for over 125 years

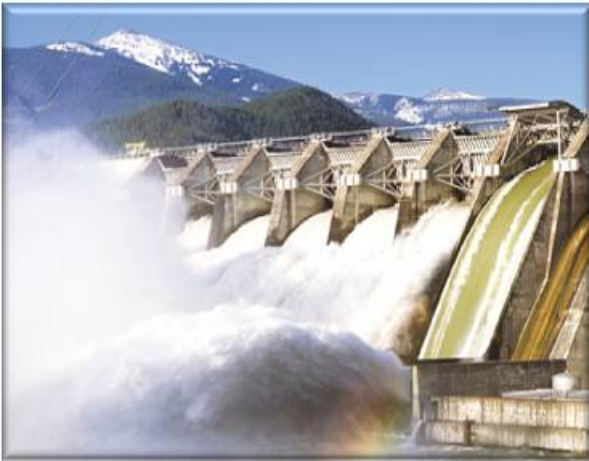
- Serves electric and natural gas customers
  - 30,000 square mile service territory
  - Service area population 1.5 million
    - 365,000 electric customers
    - 325,000 natural gas customers
- Strong customer focus
  - 90% percent or better customer satisfaction ratings every year since 1999
- Invested in the communities we serve
  - Over 46,000 employee volunteer hours in 2013
  - \$1.5 million in charitable giving through Avista and the Avista Foundation in 2013
  - Donated \$6.5 million to the Avista Foundation in 2014



# Well positioned with a clean mix of generation resources

## Founded on clean, renewable hydropower

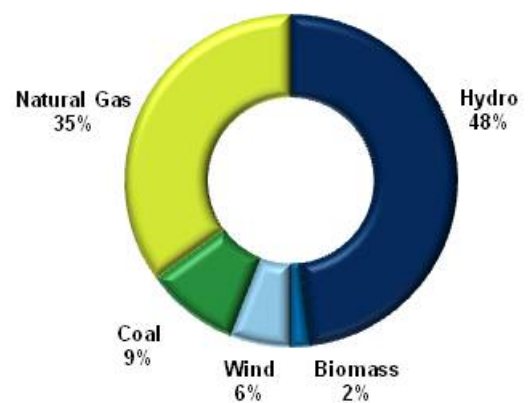
- Strategy is to control a portfolio of resources that responsibly meet our long-term energy needs
- Long resources until 2020
  - Plan to add two 83 MW single-cycle CTs, by the beginning of 2020 and the end of 2023
- Exceeds Washington state's 15% Renewable Portfolio Standard



Noxon Rapids Dam

### Electricity Generation Resource Mix\*

As of Dec. 31, 2013



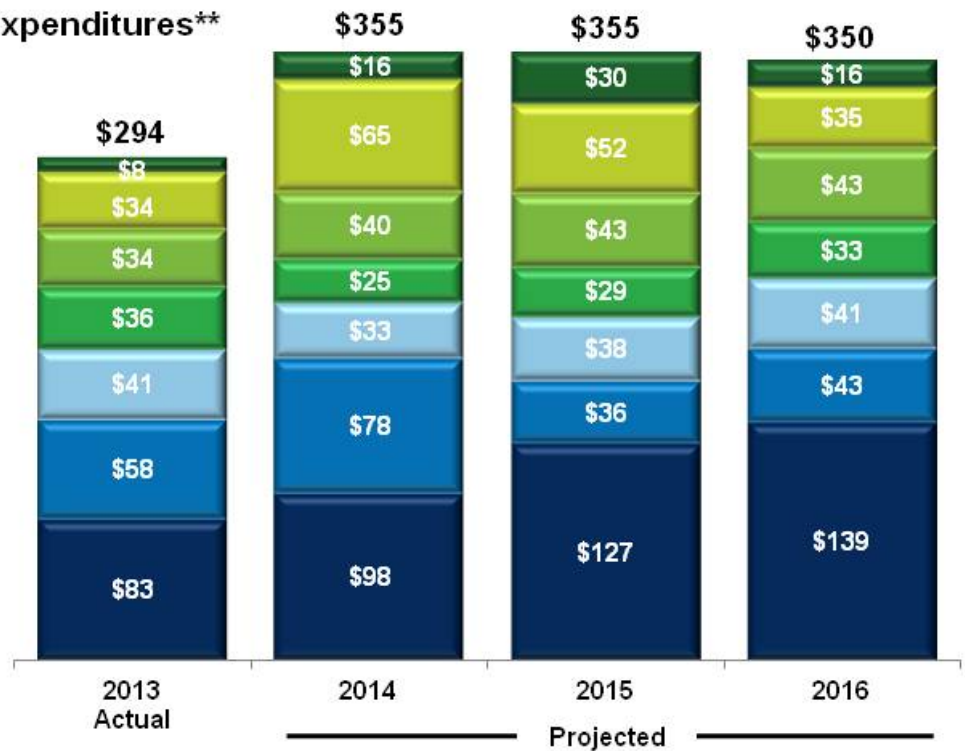
\*Based on maximum capacity

# Replacing and upgrading facilities and technology

## 5% to 6% rate base growth

**Avista Utilities Capital Expenditures\*\***  
(\$ in millions)

- Environmental
- Generation
- Gas
- Other\*
- Growth
- Enterprise Technology
- T&D



\* Other includes Facilities and Fleet

\*\* Excludes planned capital expenditures at AEL&P of \$6 million in 2014 and \$15 million in 2015 and 2016

# Driving effective regulatory outcomes

## Washington



- August 18, 2014 reached an all-party settlement agreement
- Designed to increase electric base revenues by \$7.0 million and natural gas base revenues by \$8.5 million
- Full decoupling mechanism for electric and natural gas
- No agreement on cost of capital
- Expect commission decision by year-end 2014

## Idaho



- July 14, 2014, filed an all-party settlement agreement
- One-year extension of the current rate plan
- \$3.7 million increase in pre-tax income
  - Delayed amortization of certain O&M costs
  - Deferred accounting for Project Compass\*
- 9.8% return on equity with excess earnings support up to a 9.5% return on equity
- Expect commission decision by year-end 2014

## Oregon



- Filed a general rate case Sept. 2, 2014
- Designed to increase natural gas revenues by \$9.1 million
- Based on 51% equity ratio and 9.9% return on equity
- The Public Utility Commission of Oregon has up to 10 months to review

\*Project Compass involves the replacement of Avista's customer information system

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# Alaska Electric Light & Power Company (AEL&P)



## Expanding and diversifying energy assets

- Alaska Electric Light and Power (AEL&P) is the primary subsidiary of Alaska Energy and Resources Company (AERC)
- AEL&P is the oldest regulated electric utility in Alaska, founded in 1893
- AEL&P serves the City and Borough of Juneau



|                          |                |
|--------------------------|----------------|
| Total Revenues           | \$42.6 million |
| Total Rate Base          | \$109 million  |
| Approved ROE             | 12.875%        |
| Approved Equity Ratio    | 53.8%          |
| Number of Employees      | 60             |
| Number of Customers      | 16,000         |
| Name Plate Capacity (MW) | 196.6          |
| Hydro                    | 102.7          |
| Diesel                   | 93.9           |

*As of Dec. 31, 2013*



# Opportunities for driving growth in Alaska

## Development Opportunities & Expanding Energy Products & Services



- Identify new infrastructure
- Assess value for offering energy services in Juneau (AEL&P)
  - DSM
  - Smart Grid

## Seek & Engage Other Utilities



- Evaluate opportunities to acquire additional utility customers or assets

## Natural Gas LDC via LNG



- Natural Gas Service into Juneau
- Into surrounding Southeast Alaska communities
- Gas supply introduced via LNG

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# SALIX

## Custom LNG Solutions

# Liquefied Natural Gas (LNG) - platform for growth

## Opportunities for displacing diesel fuel

- Generation – Diesel Substitution
- Marine Bunkering (fueling)
- Rail Fueling
- Plum Energy – Small LNG Project Investments



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# Financial Update

# Steady earnings growth

## Consolidated Diluted Earnings per Share



### Guidance by Segment

|                       |               |
|-----------------------|---------------|
| Avista Utilities*     | \$1.79-\$1.94 |
| AERC***               | \$0.03-\$0.04 |
| Ecova (Disc. Ops)**** | \$1.13-\$1.15 |
| Other                 | \$0.05-\$0.07 |

Guidance generally includes only normal operating conditions and does not include unusual items such as settlement transactions, impairments, or acquisitions and dispositions until the effects are known and certain.

\*We expect to be near the upper end of the range, including the impacts of the Energy Recovery Mechanism (ERM)

\*\*Includes \$1.17 from Ecova and \$0.09 from the California power markets litigation settlement, net of the Avista Foundation contribution

\*\*\* Acquired on July 1, 2014. Historically, AERC achieves approximately two-thirds of its earnings during the first half of the year.

\*\*\*\* Sold Ecova on June 30, 2014

## Attractive and growing dividend

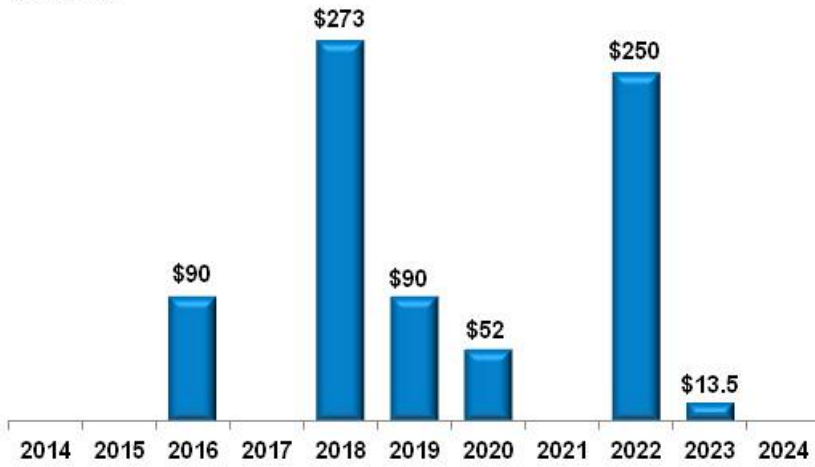
Dividend growth expected to keep pace with long-term earnings growth



\*Current quarterly dividend of \$0.3175 annualized

# Prudent balance sheet and liquidity

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



Additional long-term debt maturities beyond 2024 not shown

## Consolidated Capital Structure June 30, 2014



| Healthy Credit Rating*         | S&P    | Moody's |
|--------------------------------|--------|---------|
| Corporate Credit/Issuer Rating | BBB    | Baa1    |
| Senior Secured Debt            | A-     | A2      |
| Outlook                        | Stable | Stable  |

\*A security rating is not a recommendation to buy, sell or hold securities.

## Summary: Creating a valued investment

- Rate base and customer growth
- Growth opportunities in Alaska
  - Possible LDC
  - Selective acquisitions
  - Other value added services
- Creating other opportunities for growth
  - Extending access to natural gas through LNG
- Attractive dividend yield, currently 3.9%\*
- One of the greenest utilities in the country

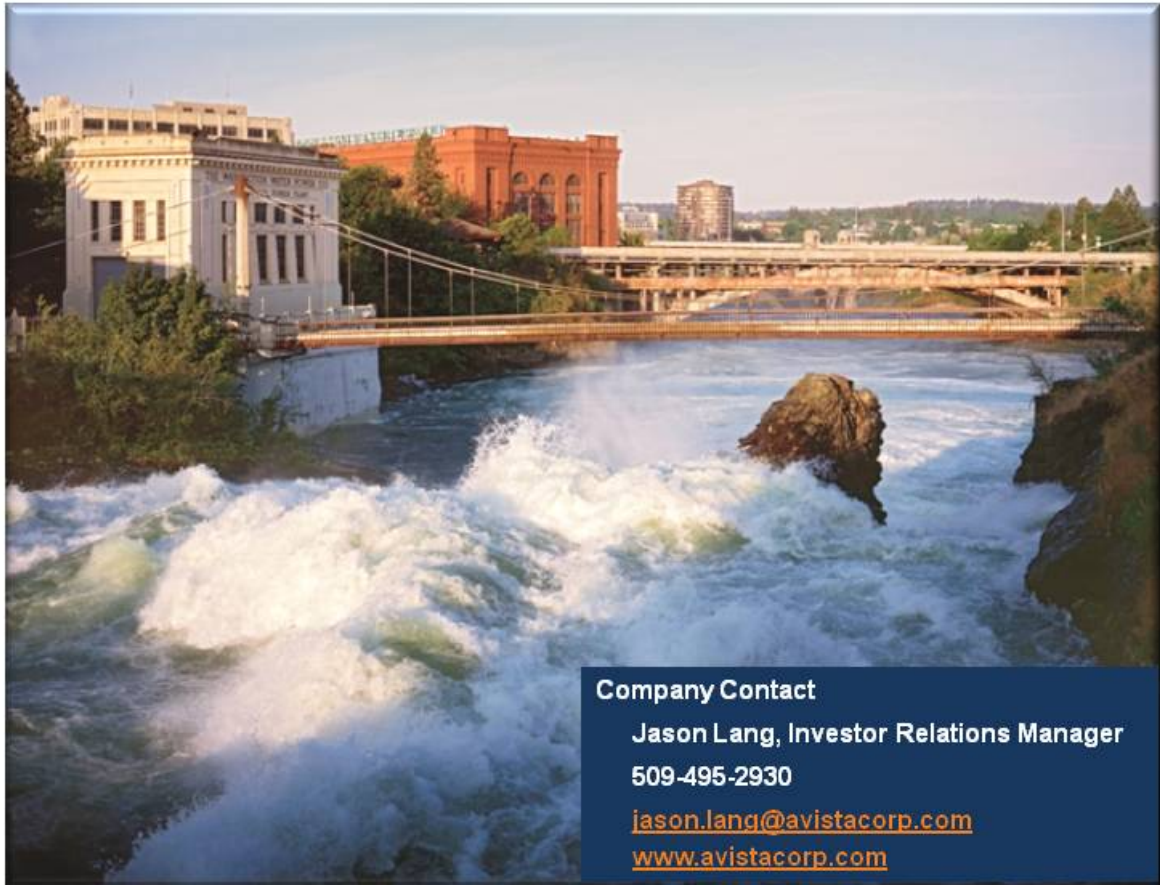


*Reliably building value for our  
customers, investors,  
communities and employees*

\*Based on stock price as of 9/12/14



We welcome your questions



**Company Contact**

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**AVISTA**