

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): March 19, 2019

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

(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 7 – Regulation FD Disclosure

Item 7.01 Regulation FD Disclosure.

On March 20, 2019 and March 21, 2019, management of Avista Corporation (Avista Corp. or the Company) will be participating in meetings with investors and analysts as part of the West Coast Utilities Seminar hosted by Williams Capital Group L.P. in Las Vegas, Nevada. 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/events-and-presentations>.

As part of this update, Avista Corp. expects to confirm earnings guidance for 2019. The 2019 earnings guidance was included in Avista Corp.’s year-end 2018 earnings release furnished on Form 8-K on February 8, 2019. The 2019 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, 2018.

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 March 20-21, 2019, 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: March 19, 2019

/s/ Marian M. Durkin

Marian M. Durkin
Senior Vice President, General Counsel,
Corporate Secretary and Chief Compliance Officer



Positioned for performance: An overview of 2018 and beyond

West Coast Utilities Seminar
Las Vegas, Nevada
March 20-21, 2019

NYSE: AVA

www.avistacorp.com

Disclaimer

All forward-looking statements in this presentation are based on underlying assumptions (many of which are based, in turn, upon further assumptions). These statements are subject to a variety of risks and uncertainties and other factors. Many of these factors are beyond our control and may have a significant effect on our operations, results of operations, financial condition or cash flows, which could cause actual results to differ materially from those anticipated in the forward-looking statements.

Such risks, uncertainties and other factors include, among others, those included in the appendix herein and in our most recent Annual Report on Form 10-K, or Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission. Those reports are also available on our website at www.avistacorp.com



Our focus in 2019

- Avista Corp and Hydro One filed termination of Merger Agreement on Jan. 23, 2019
- Received termination fee of \$103 million from Hydro One
- Remain focused on running a great utility and providing reliable energy service to our customers
- Reduce regulatory lag and more closely align earned returns with those authorized



Resetting expectations that drive performance

- Annual earnings growth*
 - Approximately 9% to 10% from 2020 through 2022
 - Projecting long-term earnings growth of 4% to 5% following 2022

- Avista Utilities expected return on equity (ROE) approximately 7.5% for 2019

- 2019 structural costs and regulatory timing lag
 - Structural costs estimated to reduce ROE by approximately 90 basis points
 - Timing lag expected to reduce ROE by approximately 105 basis points

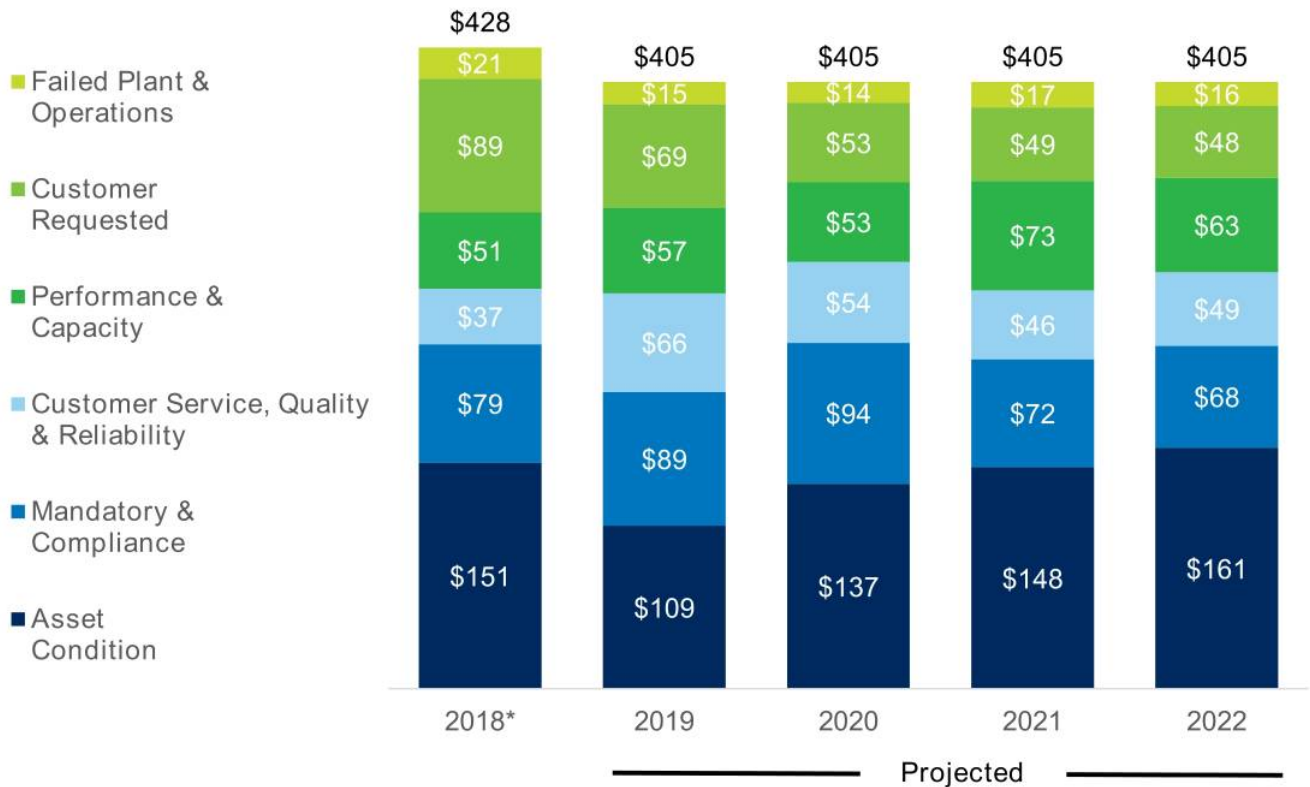
- Continued dividend growth
 - Targeting dividend payout of 60%-70% by 2022

* Calculated off of midpoint of 2019 consolidated earnings guidance excluding \$1.01 per diluted share for the termination fee received from Hydro One and the payment of remaining transaction costs. Also assumes timely and appropriate rate relief.



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



Timely recovery of costs and capital investments

Expected general rate case filings

Oregon

- March 15, 2019, filed natural gas rate request designed to increase annual natural gas base revenues by 10.3% or \$6.7 million
- Request based on a 9.9% return on equity with a 50% common equity ratio
- The PUC has up to 10 months to review and rule; if approved, new rates would take effect no later than Jan. 15, 2020.
- Last general rate adjustment took effect Oct. 1, 2017 and Nov. 1, 2017

Washington and Idaho

- Plan to file electric and natural gas rate requests in the first half of 2019 with requested effective dates in early 2020
- Last general rate adjustment took effect May 1, 2018 in Washington and Jan. 1, 2019 in Idaho

Alaska

- No plan to file a general rate case until 2021
- Last general rate adjustment approved in Nov. 2017



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.



A solid investment

- Strong and responsible core utility
 - Investing substantially to modernize infrastructure and upgrade systems
 - Committed to reducing current regulatory timing lag by 2022
 - Steady returns and attractive dividend yield
 - One of the greenest utilities in the U.S.*



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, June 2017



We welcome your questions

Company Contact

Jason Lang, Director of Finance

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jason.lang@avistacorp.com

www.avistacorp.com

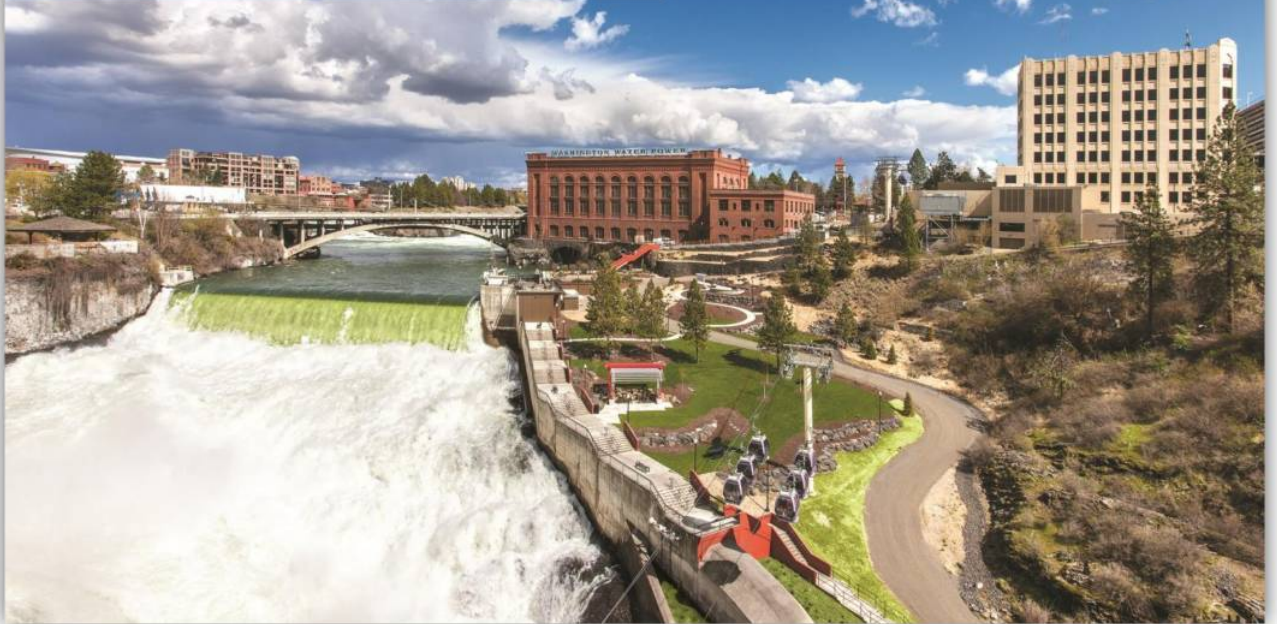


Photo: Huntington Park, Spokane, Wash.



Appendix



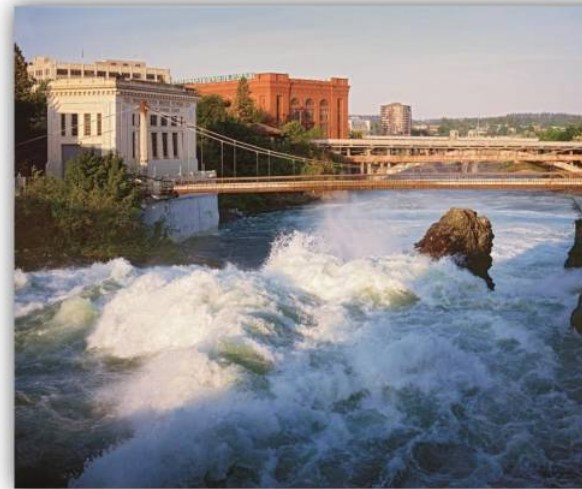
Strong and stable utility core

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



Avista Utilities

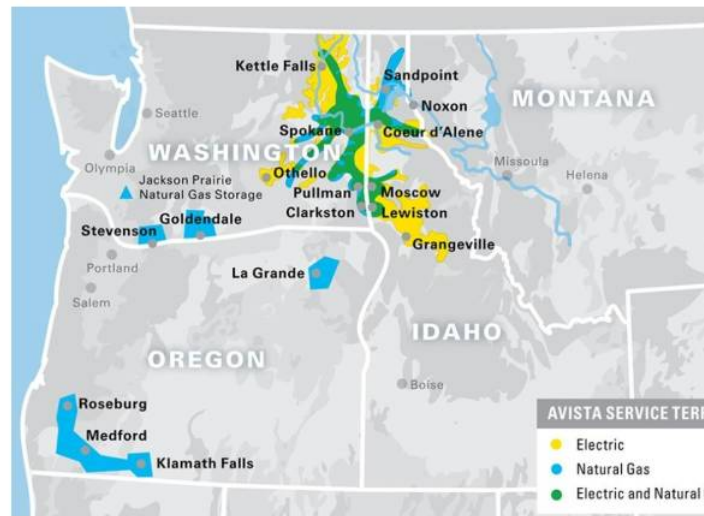
Significant investments in utility infrastructure



Solid foundation and continued commitment to innovation

Providing safe and reliable service for nearly 130 years

- Diverse customer base
 - 30,000 square mile service territory
 - Service area population 1.6 million
 - 379,000 retail electric customers
 - 343,000 retail 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
 - Approximately \$2.0 million per year in charitable donations and over 48,500 volunteer hours from our employees in 2018.



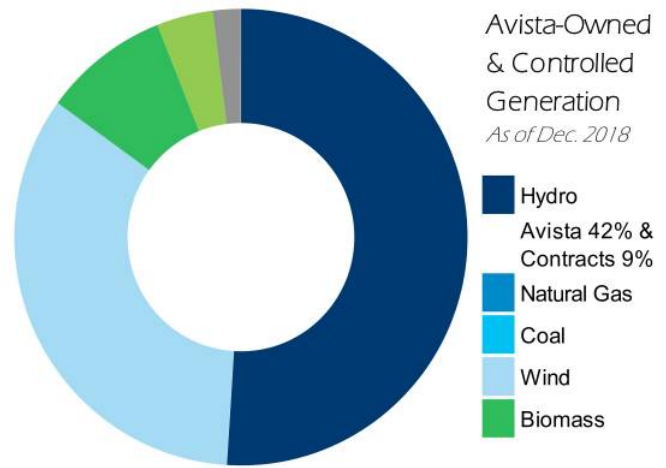
A responsible mix of generation

Founded on clean, renewable hydropower

- Strategy is to control a portfolio of resources that responsibly meet our long-term energy needs
- Filed last electric Integrated Resource Plan in August 2017; long resources until 2026
- Plan to exceed Washington state's 15% Renewable Portfolio Standard for the next 20 y



Post Falls Dam, Idaho



*Based on maximum capacity
Excludes AEL&P



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 \$ 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 to customers through the Cost of Power Adjustment (COPA).
- Based on a 58.18% equity ratio and an 11.95% return on equity.



Alaska Electric Light & Power Company (AEL&P)

Growing the utility core



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
- Approved capital structure of 58.18% equity ratio and an authorized return on equity of 11.95%



Juneau, Alaska



Strategic Investments

Developing platforms for future growth



Creating new growth platforms

- 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

 - OpenDSP
 - Open source software for smart grid interoperability



Financial Performance Metrics



Continued focus on financial performance

Total Earnings per Diluted Share Attributable to Avista Corporation



* 2018 earnings reduced by \$0.04 per diluted share and 2017 earnings reduced by \$0.19 per diluted share of acquisition costs associated with the Hydro One transaction. 2017 earnings were also reduced by \$0.16 per diluted share associated with tax law changes.

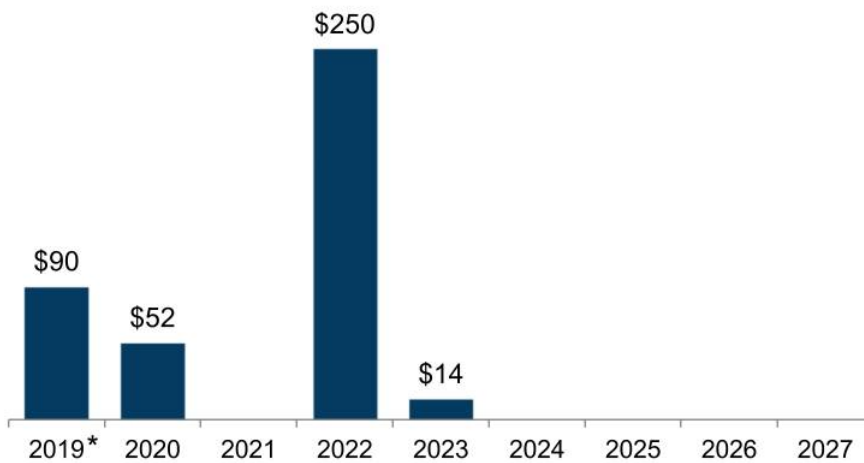


Prudent Balance Sheet and Liquidity

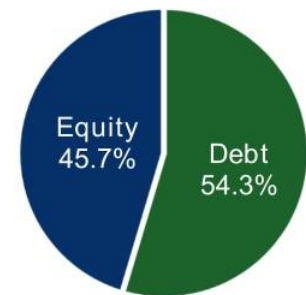
\$199 million of available liquidity at Avista Corp. as of December 31, 2018

- 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



Attractive and growing dividend

Targeting 60%-70% Payout Ratio by 2022



*Current quarterly dividend of \$0.3875 annualized



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 of 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 utility 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 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 and 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 related to 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 work force 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 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 overhead 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 closure 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 levels 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 our 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, but not limited to, 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 phase out 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 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 legislative 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.



