

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): December 5, 2017

**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))

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 December 6, 2017, management of Avista Corporation (Avista Corp. or the Company) will be participating in meetings with investors and analysts in New York, New York. 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 2017. The 2017 earnings guidance was included in Avista Corp.’s third quarter of 2017 earnings release furnished on Form 8-K on October 31, 2017. The 2017 earnings guidance is subject to the risks, uncertainties and other factors set forth or referred to in such earnings release, the Company’s annual report on Form 10-K for the year ended December 31, 2016 and the Company’s quarterly report on Form 10-Q for the quarter ended September 30, 2017.

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 December 2017, 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

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(Registrant)

Date: December 5, 2017

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/s/ Marian M. Durkin

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



# Positioned for performance: An overview of Q3 2017 and beyond

December 2017

NYSE: AVA

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

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



# Avista to be acquired by Hydro One

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## Key Transaction Terms

- Offer price of US\$53.00 per Avista common share in cash
  - Represents a 24% premium to Avista's closing price on July 18, 2017, of US\$42.74
- Equity purchase price of US\$3.4 billion (C\$4.4 billion)
- Total enterprise value of US\$5.3 billion (C\$6.7 billion), including Avista debt assumed
- Avista preserves corporate identity and maintains headquarters in Spokane

## Timing and Approvals

- Shareholder approval obtained at special meeting on Nov. 21, 2017
- Filed for approval with all five state regulators and FERC
  - Requested regulatory decisions by August 2018
  - Proposed customer rate credit of \$31.5 million over 10 years
- Expect to file other regulatory approvals in 2018
- Expected closing date in the second half of 2018

## Strong and stable utility core

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### 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*

# Steadily building long-term value

## Projecting long-term earnings and dividend growth of 4% to 5%

<b>Avista Utilities</b>	<ul style="list-style-type: none"><li>▪ 5% to 6% rate base growth through utility capital investments<ul style="list-style-type: none"><li>▫ Upgrading infrastructure; grid modernization</li></ul></li><li>▪ Customer growth ~1%</li><li>▪ Near-term earnings are challenged due to 2016 Washington rate order<ul style="list-style-type: none"><li>▫ Committed to reducing timing lag and aligning our earned returns with those authorized</li></ul></li></ul>
<b>AEL&amp;P</b>	<ul style="list-style-type: none"><li>▪ Moderate rate base growth through utility capital investments</li><li>▪ Customer and load growth less than 1%</li></ul>
<b>Strategic Investments</b>	<ul style="list-style-type: none"><li>▪ Developing platforms for future growth<ul style="list-style-type: none"><li>▫ Exploring data science and advanced analytics</li><li>▫ Investing in emerging technologies</li><li>▫ Current economics impact LNG opportunities</li></ul></li></ul>

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

\*LNG: Liquefied natural gas



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# Avista Utilities

## Significant investments in utility infrastructure





# Solid foundation and continued commitment to innovation

## Providing safe and reliable service for 128 years

- Diverse customer base
  - 30,000 square mile service territory
  - Service area population 1.6 million
    - 377,000 electric customers
    - 340,000 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
  - More than \$2 million per year in charitable donations and over 48,000 volunteer hours from our employees



Information as of Dec. 31, 2016



# A responsible mix of generation

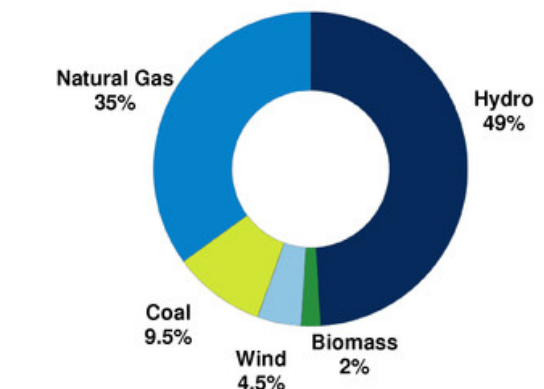
## Founded on clean, renewable hydropower

- Strategy is to control a portfolio of resources that responsibly meet our long-term energy needs
- Filed electric Integrated Resource Plan in August; long resources until 2026
  - 2026 resource acquisitions include a mix of upgrades to our thermal fleet, demand response, energy efficiency and a natural gas-fired peaker
- 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, 2016

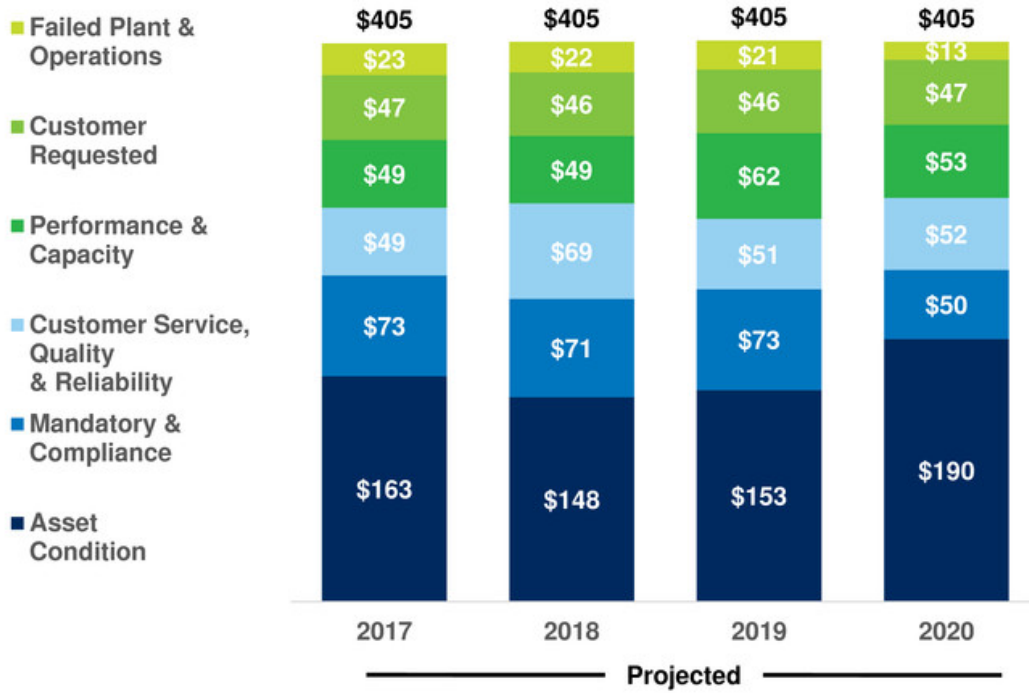


\*Based on maximum capacity  
Excludes AEL&P



# Investments to upgrade our systems

## 5% to 6% rate base growth



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

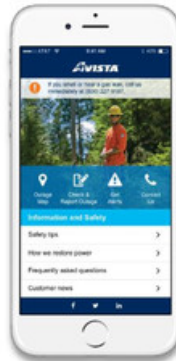


# Investing in our utility

## Preserving and enhancing service reliability



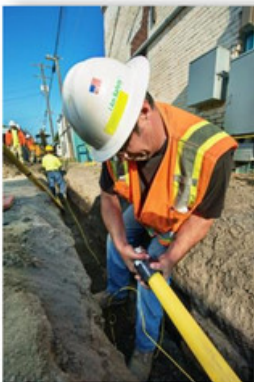
**Advanced Metering Infrastructure (AMI)**



**Customer Facing Technology**



**Grid Modernization**



**Aldyl A Natural Gas Pipe Replacement**



**Electric Vehicle Pilot Program**



**Little Falls Plant Upgrade**



# Driving Effective Regulatory Outcomes

## Recovery of costs and capital investments

### Washington



- May 26, 2017, filed an electric and natural gas rate request designed to increase annual electric revenues by \$61.4 million and annual natural gas revenues by \$8.3 million, effective May 1, 2018.
- Dec. 1, 2017, filed updated revenue requirements in rebuttal testimony due to timing of capital projects.
- Requests based on a 9.9% return on equity with a 50% common equity ratio.

#### Three-Year Rate Plan

- New rates will take effect May 1, 2018, with annual increases in May 2019 and May 2020.
- Power supply costs would be updated each year (on Rebuttal, only update power supply costs in Year 1).
- No new general rate cases would be filed with new rates effective prior to May 1, 2021.

	ELECTRIC			NATURAL GAS		
	Filed Revenue Increase	Filed Base % Increase	Rebuttal Revenue Increase	Filed Revenue Increase	Filed Base % Increase	Rebuttal Revenue Increase
May 1, 2018	\$61.4M	12.5%	\$54.4M	\$8.3M	9.3%	\$6.6M
May 1, 2019	\$14.0M*	2.5%	\$13.5M	\$4.2M	4.4%	\$3.7M
May 1, 2020	\$14.4M*	2.5%	\$13.9M	\$4.4M	4.4%	\$3.8M

\*Excludes power supply adjustment

# Driving Effective Regulatory Outcomes

## Recovery of costs and capital investments

### 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.



### Idaho

- Oct. 19, 2017, filed multi-party settlement agreement designed to increase annual electric base revenues by \$12.9 million, or 5.2 percent, effective Jan. 1, 2018, and by \$4.5 million, or 2.3 percent, effective Jan. 1, 2019.
- For natural gas, the settlement agreement is designed to increase annual base revenues by \$1.2 million, or 2.9 percent, effective Jan. 1, 2018, and by \$1.1 million, or 2.7 percent on Jan. 1, 2019.
- Based on 50% equity ratio and 9.5% return on equity.
- Settlement agreement is dependent on Idaho Public Utilities Commission approval.



### 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 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



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# Strategic Investments

Developing platforms for future growth



## Creating new growth platforms

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- LNG opportunities continue to be impacted by current market economics
  - Salix (subsidiary)
    - Generation – substitution for diesel
    - Marine and rail fueling
  - Plum Energy
    - Small LNG project investments
- 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
  - Spirae
    - Microgrid and distributed energy resource management platform



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# Financial Performance Metrics

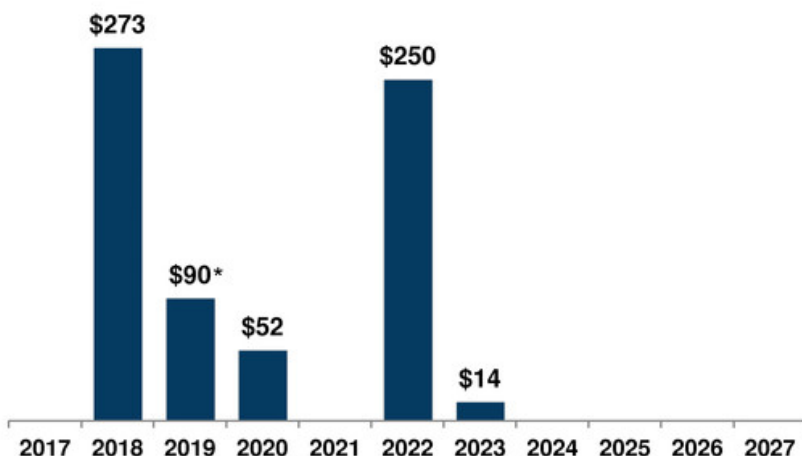


# Prudent Balance Sheet and Liquidity

## \$161.1 million of available liquidity at Avista Corp. as of Sept. 30, 2017

- In August, priced \$90 million of Avista Corp. first mortgage bonds with a coupon of 3.91% and maturity date of December 2047. Expect to issue in December 2017.
- In the fourth quarter, expect to issue up to \$70 million of common stock in order to fund planned capital expenditures and maintain an appropriate capital structure

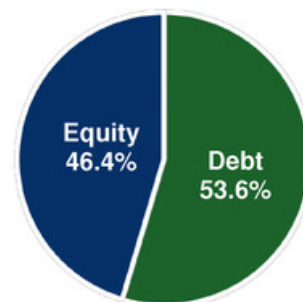
### No significant maturities until 2018 (\$ millions)



Additional long-term debt maturities beyond 2027 not shown

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

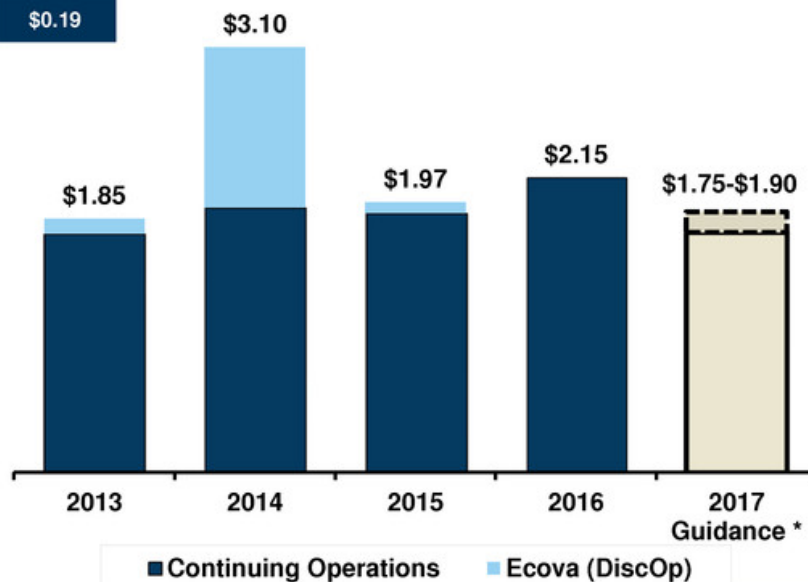
### Consolidated Capital Structure Sept. 30, 2017



# Continued long-term earnings growth

## Total Earnings per Diluted Share Attributable to Avista Corporation

Business Segments	Q3 2017	Q3 2016
Avista Utilities	\$0.08	\$0.20
AEL&P	\$0.01	\$0.01
Other	\$(0.02)	\$(0.02)
<b>Diluted EPS</b>	<b>\$0.07</b>	<b>\$0.19</b>



\* 2017 earnings negatively impacted by Washington order

## Revised 2017 Guidance

2017 Earnings Guidance		
	Original	Revised*
Avista Utilities	\$1.71 – \$1.85	\$1.71 – \$1.80
AEL&P	\$0.10 – \$0.14	\$0.10 – \$0.14
Other	\$(0.01) – \$0.01	\$(0.06) – \$(0.04)
<b>Consolidated</b>	<b>\$1.80 – \$2.00</b>	<b>\$1.75 – \$1.90</b>

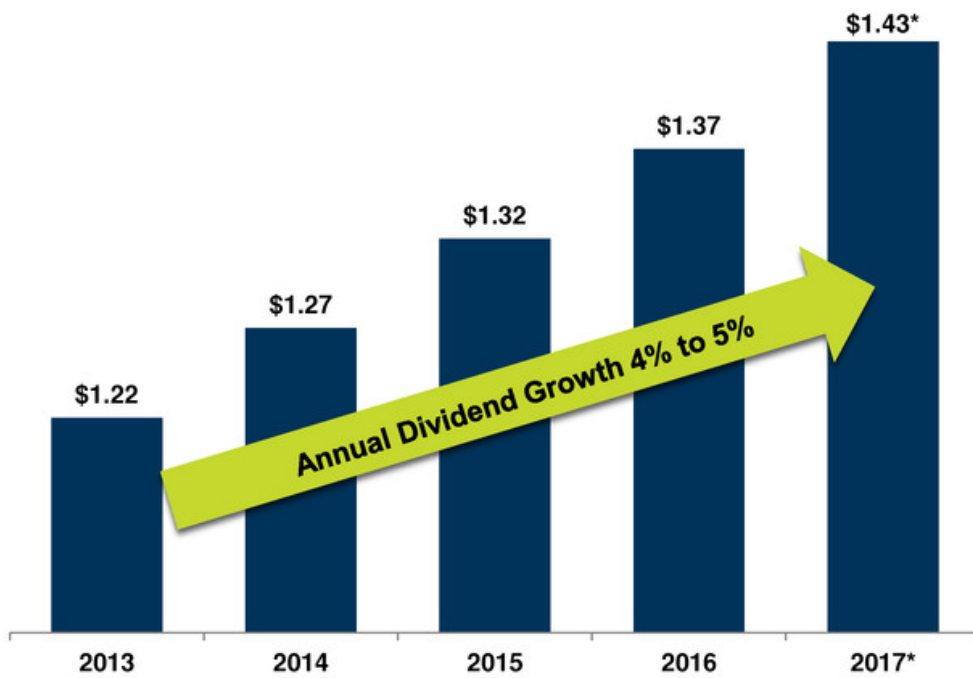
\*Avista Utilities guidance was revised to include expected acquisition transaction costs of \$0.20-\$0.25 per diluted share, partially offset by lower resources costs, operating expenses and net financing expenses. Other businesses guidance was revised due to renovation expenses at one of our subsidiaries and the recognition of our portion of net losses from our equity investments.

### Guidance Assumptions

- Our outlook for Avista Utilities assumes, among other variables, normal precipitation, temperatures and hydroelectric generation 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 original guidance range for Avista Utilities included \$0.07 of expense under the ERM; which was within the 90 percent customers/10 percent shareholders sharing band. Our current expectation for the ERM is a benefit position within the \$4 million deadband, an improvement of \$0.07 to \$0.09 per diluted share from our original guidance.

## Attractive and growing dividend

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



\*Current quarterly dividend of \$0.3575 annualized



## A solid investment

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- Strong and responsible core utility
  - Investing substantially to modernize infrastructure and upgrade systems
  - Steady returns and attractive dividend yield
  - One of the greenest utilities in the U.S.\*
  - Committed to reducing current regulatory timing lag
  
- Focus on utility growth
  - Selective acquisitions
  - Developing new products and services and supporting economic development throughout service area
  
- Positioning for the future
  - Leverage AMI data through applied analytics, gain insight into leading-edge energy solutions
  - Track record of innovation (e.g. Itron, ReliOn, Ecova)



***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, July 2016



# We welcome your questions

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## Company Contact

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



*Photo: Huntington Park, Spokane, Wash.*

