Sidoti Virtual Small Cap Conference

June 14, 2023

Disclaimer

Except as expressly noted, the information in this presentation is current as of May 3, 2023, and should not be relied upon as being current as of any subsequent date. Avista undertakes no duty to update this presentation, except as may be required by law.

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, uncertainties and other factors. Most 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 our statements.

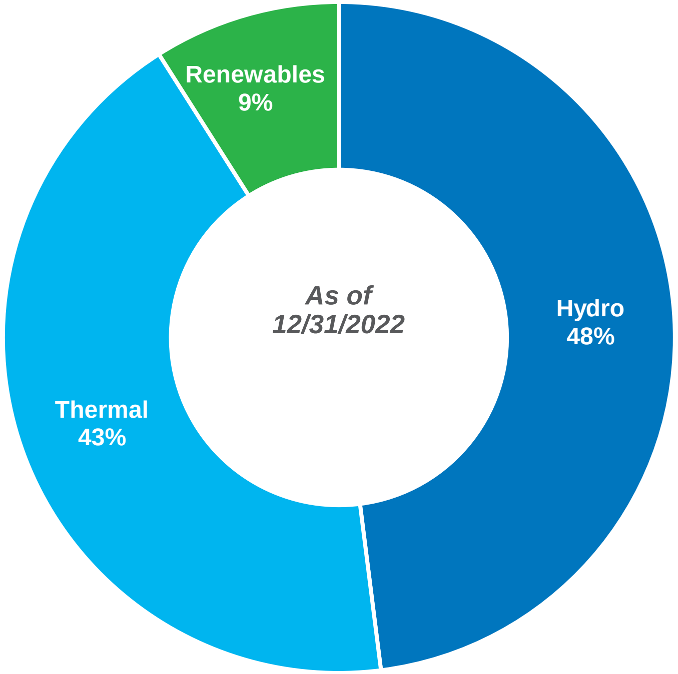
Such risks, uncertainties and other factors include, among others, those included in the appendix herein and in our most recent Annual Report on Form 10-K, or Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission. Those reports are also available on our website at https://investor.avistacorp.com.

Avista at a Glance

Primarily a regulated electric and gas utility

Incorporated in the territory of Washington in 1889

Generation portfolio 57% renewable



FINANCIALS AT A GLANCE

$ 1.7 billion
2022 OPERATING REVENUE

$ 155.2 million
2022 NET INCOME ATTRIBUTABLE TO AVISTA CORP SHAREHOLDERS

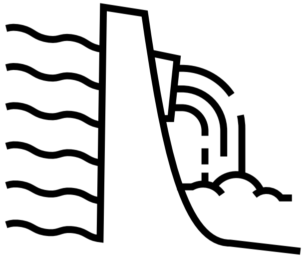
$ 2.12
2022 DILUTED EARNINGS PER SHARE

$ 1.84
2023 ANNUALIZED DIVIDEND PER SHARE

$ 2.3 billion
AVISTA CORPORATION SHAREHOLDERS' EQUITY AS OF 12/31/2022

1.4% CUSTOMER GROWTH IN 2022

Focused on Managing a Great Utility

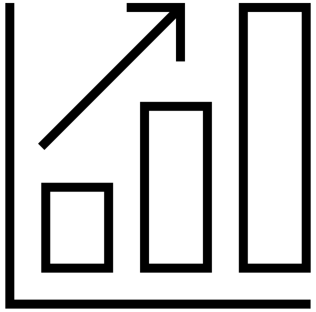


Invest in utility infrastructure

Annual capital expenditures of $475 million, resulting in approximately 5% annual rate base growth

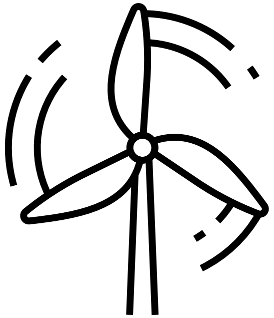
Constructive regulatory outcomes

Align earned and authorized returns



Maintain prudent capital structure

Maintain investment grade credit rating



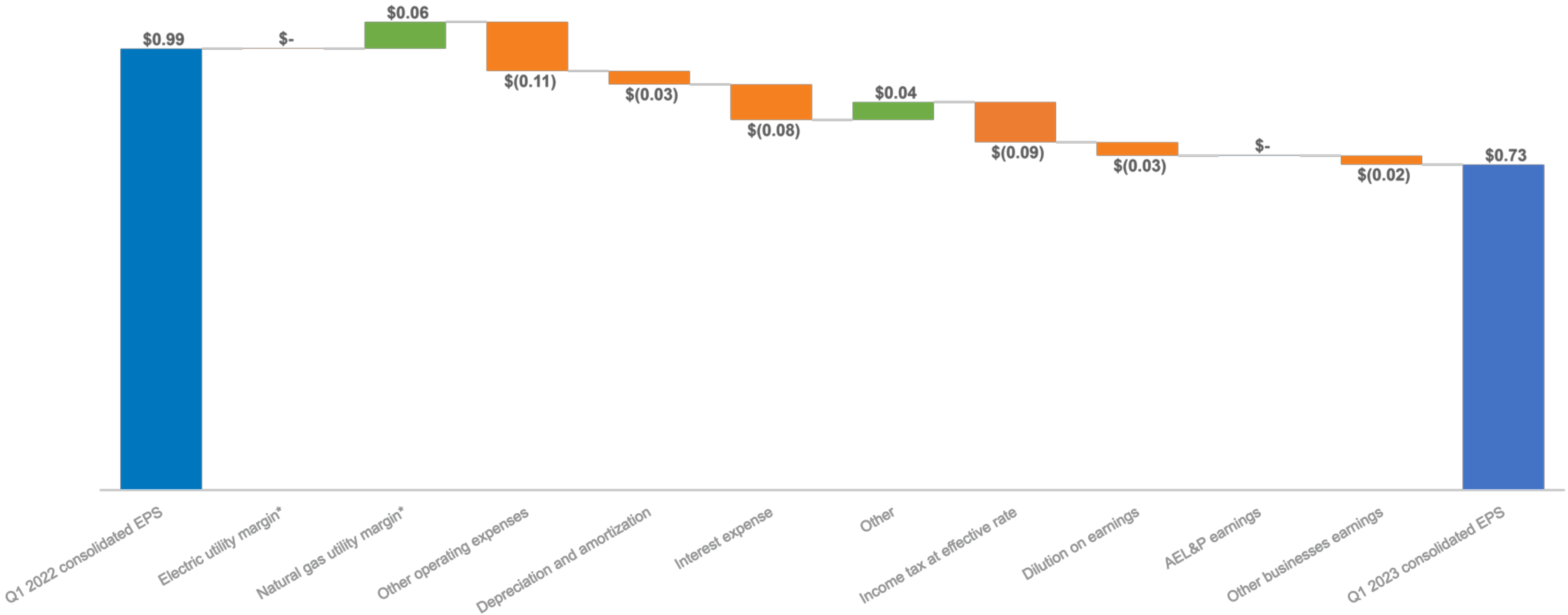
Execute on clean energy goals

Execution of our Clean Energy Implementation Plan

Net Income and Diluted EPS

($ in thousands, except per-share data)	**Q1 2023**	**Q1 2022**
Net Income (Loss) by Business Segment attributable to Avista Corp. Shareholders		
Avista Utilities	$51,627	$67,278
Alaska Electric Light and Power Company	4,042	3,293
Other	(824)	994
Total Net Income attributable to Avista Corp. Shareholders	**$54,845**	**$71,565**
Earnings (Loss) per diluted share by Business Segment attributable to Avista Corp. Shareholders		
Avista Utilities	$0.69	$0.93
Alaska Electric Light and Power Company	0.05	0.05
Other	(0.01)	0.01
Total earnings per diluted share attributable to Avista Corp. Shareholders	**$0.73**	**$0.99**

YTD 2023 Earnings Bridge

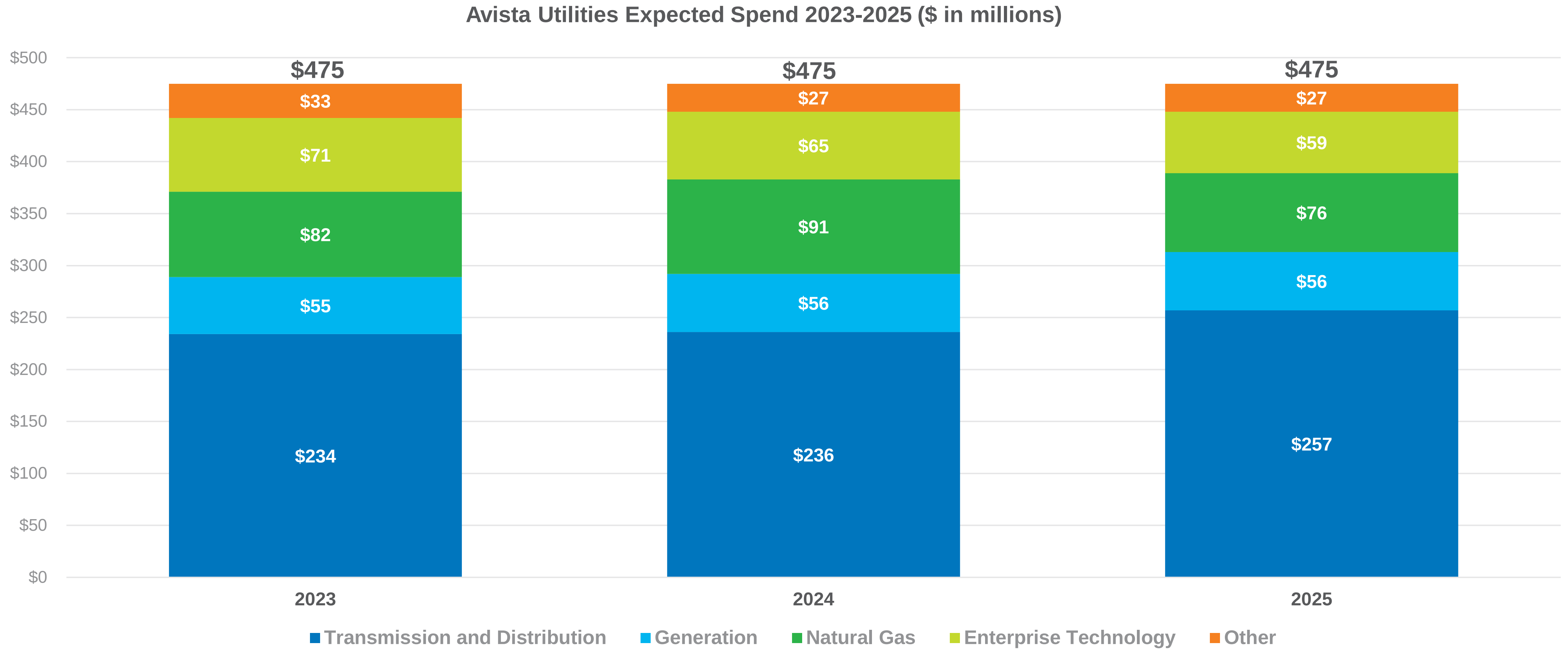


Our Q1 earnings represent 35 percent of our forecast annual utility earnings. We expect the distribution of the remaining annual utility earnings to be 5 percent in Q2, 10 percent in Q3, and 50 percent in Q4. The distribution excludes any impact of the ERM, which decreased earnings 8 cents in the first quarter.

*Including intracompany.

Investing to Upgrade Our Systems

5% rate base growth



Driving Effective Regulatory Outcomes

Washington

- Multiparty settlement in Washington approved and new rates effective 12/2022.
- Base electric revenue increase of $38M (6.9%) in year 1, and $12.5M (2.1%) in year 2. Rate increases are partially offset by remaining customer tax credits for a period of 2 years.
- Base gas revenue increase of $7.5M (6.5%) in year 1, and $1.5M (1.2%) in year 2. Rate increases are partially offset by remaining customer tax credits for a period of 2 years.
- Overall rate of return of 7.03%.

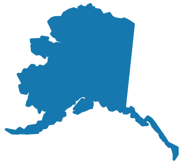
Idaho

- New multiyear GRCs for electric and gas filed 2/1/2023.
- Proposed base electric revenue increase of $37.5M (14.7%) in year 1, and $13.2M (4.5%) in year 2.
- Proposed base gas revenue increase of $2.8M (2.7%) in year 1, and $0.1M (0.1%) in year 2.
- Requesting a 10.25% ROE and a 50% equity ratio.

Oregon

- General rate case filed 3/1/2023.
- Partial settlement reached 5/8/2023 set revenue requirement of $9.4M and overall ROR 7.235%, based on **increased ROE of 9.5%** and 50% equity ratio.

Alaska



- General rate case filed July 2022.
- Permanent rate increase of 9.0% requested (October 2023); interim rate increase of 4.5% was effective September 2022, subject to refund.
- Requesting 13.45% ROE and 60.7% equity ratio.

AVISTA

Committed to Clean Energy

Electric resources

- Carbon neutral supply of electricity by the end of 2027
- Serve customers with 100% clean energy by 2045

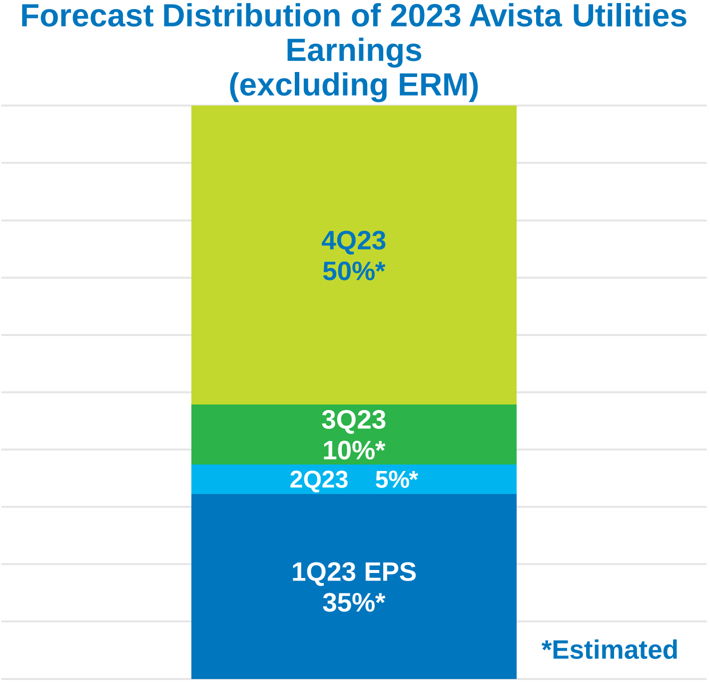
Natural gas resources

- 30% reduction in greenhouse gas emissions by 2030
- Carbon neutral by 2045

Earnings Guidance

As of May 3, 2023

	2023
Avista Utilities	$2.15 - $2.31
AEL&P	$0.08 - $0.10
Other	$0.04 - $0.06
Consolidated	**$2.27 - $2.47**



Guidance Assumptions

- Our earnings guidance assumes timely and appropriate rate relief in our jurisdictions.
- The midpoint of our guidance range does not include any expense or benefit under the ERM. For 2023, we expect to be in the deadband of the ERM, with an increase to earnings of $0.03 per diluted share.
- Our Q1 earnings represent 35 percent of our forecast annual utility earnings. We expect the distribution of the remaining annual utility earnings to be 5 percent in Q2, 10 percent in Q3, and 50 percent in Q4. The distribution excludes any impact of the ERM, which decreased earnings 8 cents in the first quarter.
- Our outlook for Avista Utilities and AEL&P assumes, among other variables, normal precipitation, temperatures, and other operating conditions.

A Strong and Responsible Core Utility

- Substantial investment to modernize infrastructure and upgrade systems
- Committed to constructive regulatory outcomes and closer alignment between earned and authorized returns
- Long-term earnings growth in line with rate base growth of 4-6%
- Steady returns and attractive dividend yield
- Committed to renewable energy and **already** one of the lowest carbon-emitting electric utilities in the U.S.*
- Focused on Corporate Responsibility

* Source: *Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States*, NRDC, September 2022.

We Welcome Your Questions

COMPANY CONTACT

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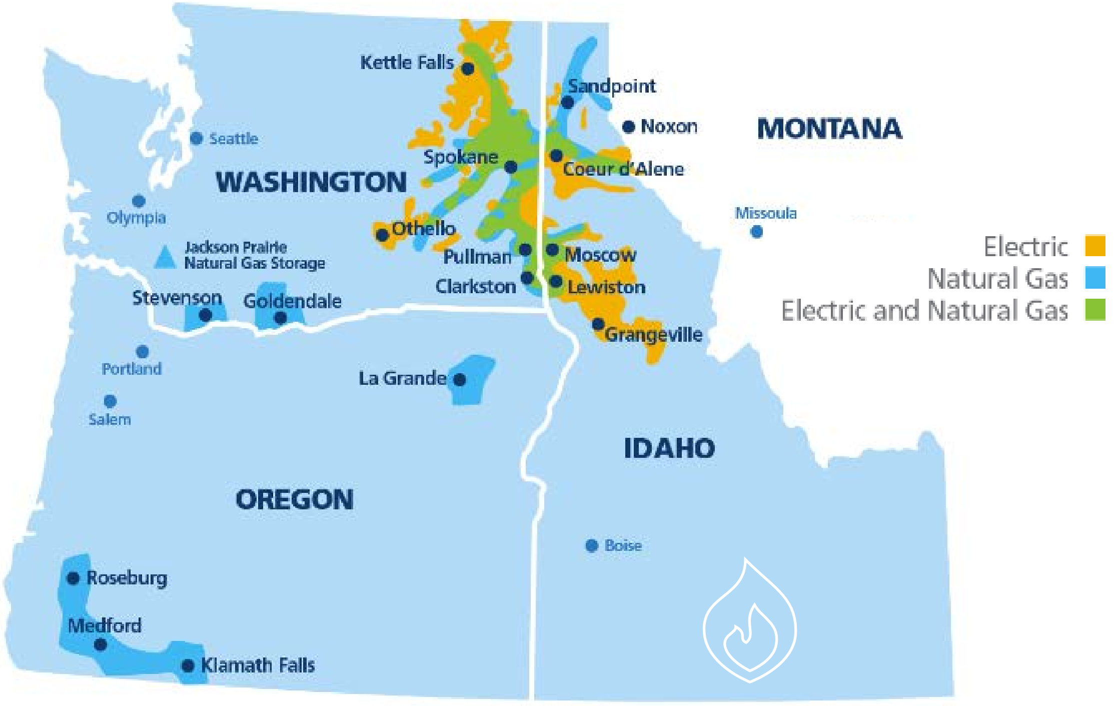
Appendix

About Avista

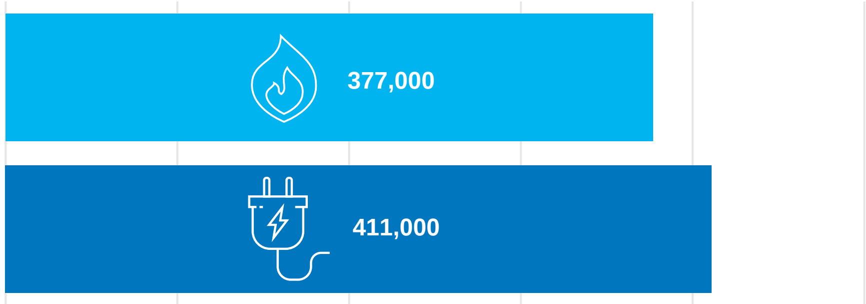
Corporate responsibility

Solid, Stable Utility Foundation

Providing safe and reliable service for over 130 years



Customers



As of 12/31/2022

70 YEARS

AVA LISTED NYSE

8 HYDRO FACILITIES

7 THERMAL PLANTS

2,800 MILES OF TRANSMISSION LINE

19,600 MILES OF DISTRIBUTION LINE

8,200 MILES GAS DISTRIBUTION MAIN

Distribution line and gas distribution main icon images from Flaticon.com

AVISTA

Recognition of Corporate Responsibility

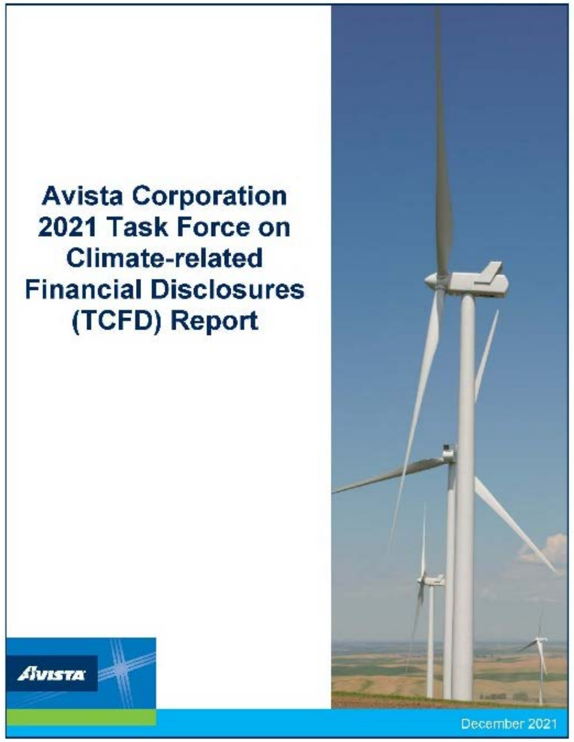
EEI
Edison Electric INSTITUTE

AGA
American Gas Association

GOVERNANCE QUALITYSCORE 1
HIGHEST RANKED BY ISS ESG

TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SUSTAINABILITY ACCOUNTING STANDARDS BOARD
SASB



Avista's Commitments

2023 WORLD'S MOST ETHICAL COMPANIES® ™
ETHISPHERE
4-TIME HONOREE

A
PUBLIC DISCLOSURE
ESG Index 2022
100% Weighting Band

GLOBAL LISTED INFRASTRUCTURE ORGANISATION
GRESB INFRASTRUCTURE

AVISTA

Founded on Clean, Renewable Hydropower in 1889

- 57% of electric generation capability is renewable energy, compared to 20% for the US electric industry
- Among the lowest carbon-emitting electric utilities in the nation, according to the National Resources Defense Council
- By 2026, with recent renewables acquisitions, more than 70% of Avista's peak generating capability will be produced from non-emitting resources
  - Renewables since 2020:

Rattlesnake Flat Wind PPA (144 MW)

Montana wind PPA (100 MW)

Kettle Falls Biomass Upgrade (11 MW)

Rocky Reach/Rock Island Hydro PPA (176 MW)

Columbia Basin Irrigation Hydro (146 MW)

Source: Avista's 2022 Corporate Responsibility Report; *biomass plant icon image from Flaticon.com*

Our Commitment to Our Environment

- Integrating renewables as part of our commitment to clean energy and carbon emissions reductions, while maintaining reliability and affordable rates for our customers.
- Engaging in climate policy development to promote environmental stewardship along with economic and community vitality.
- Driving innovation and technology advancements which increase energy efficiency and/or reduce emissions.
- Leading energy efficiency and conservation efforts for our customers and within our own system.
- Improving the sustainability of our business practices and promoting environmental stewardship of our shared natural resources.

 Source: Avista's 2022 Corporate Responsibility Report

Our Commitment to Our Customers & Communities

- Holding our customers’ and communities’ interests at the forefront of our decisions, operating our business with transparency, genuine care, and ease of conducting business — our stakeholders can rely on us.
- Providing safe, reliable service that is there when needed, and is affordable for our customers and for our region.
- Bringing value to our customers through services, programs and methods for using energy efficiently, and which otherwise help to enrich customers’ lives.
- Building value for our customers and communities through active involvement in organizations, causes and engagement with local stakeholders to grow jobs and improve the quality of life in our region.
- Providing meaningful philanthropic support to our communities without impacting customer rates, recognizing that these efforts help to strengthen our communities, broaden the reach of local organizations, and improve our local economies.

Source: Avista’s 2022 Corporate Responsibility Report

Our Commitment to Our Customers & Communities

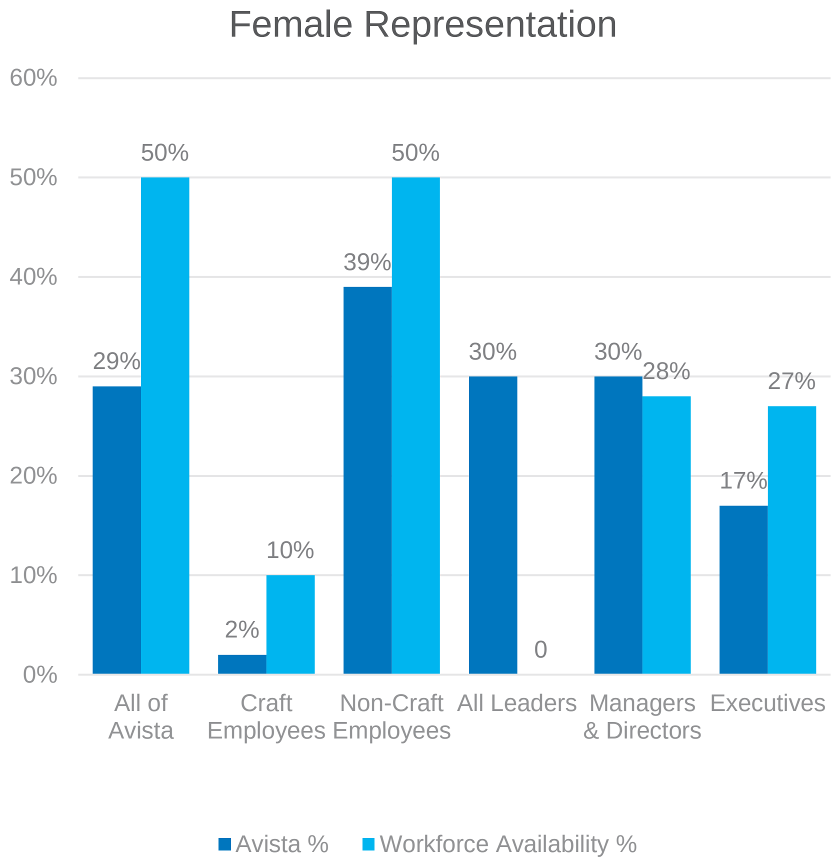
Avista Foundation & Corporate Giving	2021	2020	2019	2018	2017
Health & Human Services	$780,823	$2,201,973	$1,338,999	$723,529	$609,056
Youth	315,652	291,228	505,990	337,121	188,234
Arts & Culture	209,193	132,148	282,940	169,043	141,341
Education	651,881	641,261	335,204	318,224	719,598
Community Vitality	691,985	723,587	899,244	403,294	617,755
Environmental	19,669	17,320	22,299	20,323	17,652
Total	**$2,669,203**	**$4,007,517**	**$3,384,676**	**$1,971,534**	**$2,293,636**

Source: Avista's 2022 Corporate Responsibility Report

Our Commitment to Our People

- Proactively ensuring a safe and healthy work environment, preventing accidents and incidents, and ensuring that all Avista employees return home healthy and whole.
- Fostering a culture that values trust and respect based on equity, inclusion and diversity, and offering all employees the opportunity to enrich their lives and careers through challenging and meaningful work — all in an equal opportunity workplace that is surrounded by a supportive and inclusive environment.
- Valuing the contribution of our employees by focusing on creating and maintaining an environment to attract, develop, motivate, retain and reward talented employees.
- Conducting our operations ethically, honestly and in compliance with the laws and regulations that govern our business.
- Holding our contractors to the same ethical and compliance standards to which we hold ourselves.

Our Commitment to Our People



80%

2019 Overall Avista Employee Engagement Score

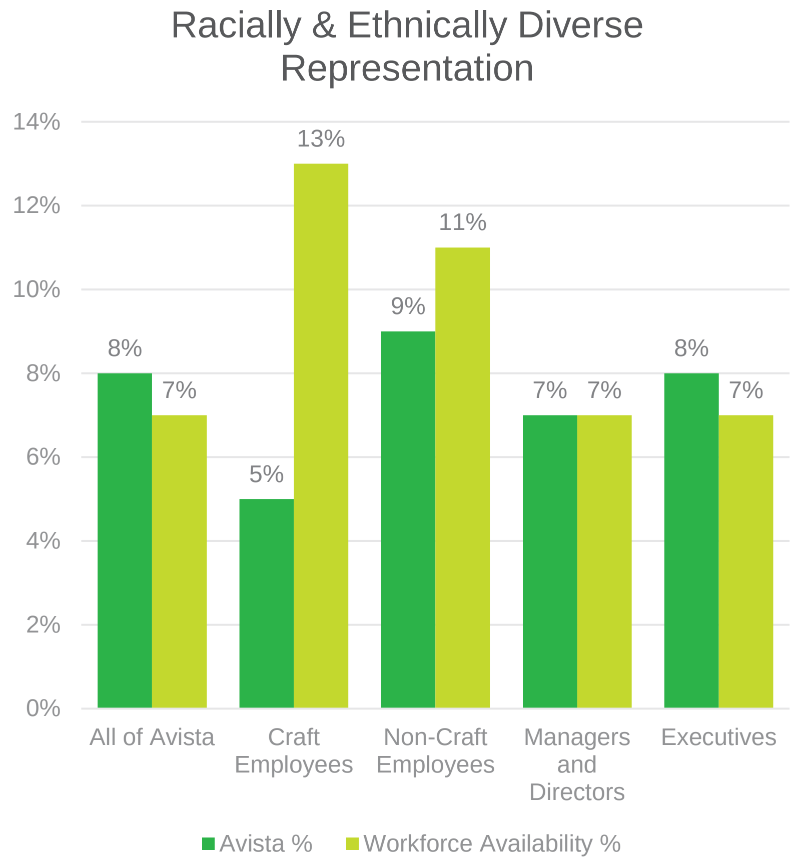
25%
Fully Engaged

Highly-motivated group of employees characterized by strong discretionary efforts, organizational pride and innovation.

55%
Key Contributor

Satisfied group of employees considered the "strong and steady" population.

Employee data as of 1/1/2022. Includes all regular full-time and part-time employees, excluding temporary workers and student interns.



 Source: Avista's 2022 Corporate Responsibility Report

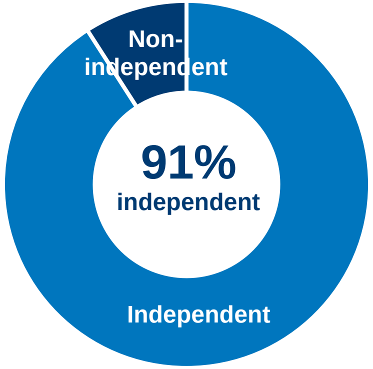
Our Commitment to Ethical Governance

- Approaching all aspects of corporate governance ethically and with clear standards of appropriate corporate behavior.
- Promoting effective oversight of the Company through a strong and independent Board.
- Actively seeking to establish and enhance diversity among our Board of Directors.
- Striving to improve the performance of the Board of Directors and executive leadership through effective performance assessments, appropriate and fair compensation practices, and ongoing investment in education and professional development.
- Ensuring that shareholders have an appropriate voice with respect to matters impacting the company through outreach and engagement.
- Maintaining transparency with respect to governance of the Company and the pursuit of its strategic goals.

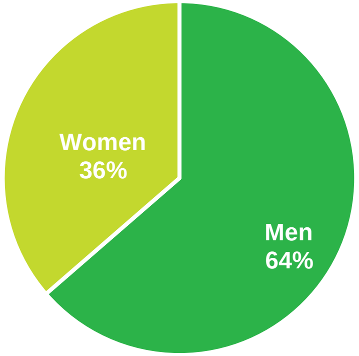
Source: Avista's 2022 Corporate Responsibility Report

Our Commitment to Ethical Governance

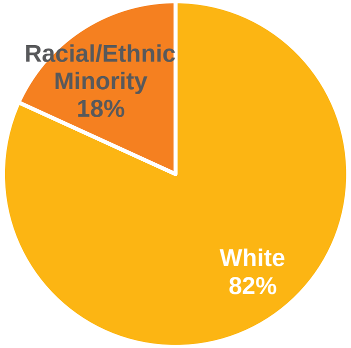
Director Independence



Gender Diversity

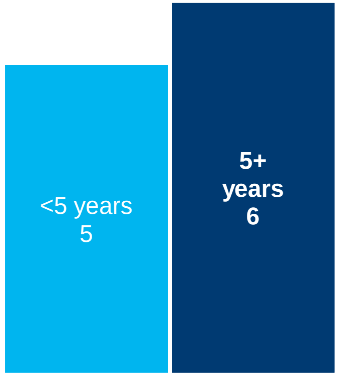


Ethnic Diversity



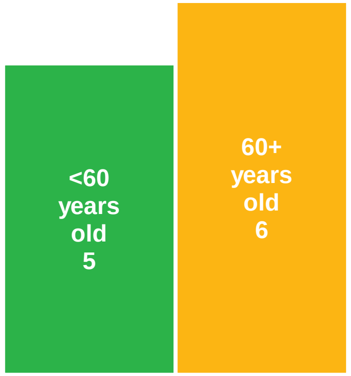
Avista is recognized by 50/50 Women on Boards™ for its gender-balanced Board of Directors

Director Tenure



Board Average Tenure

Board Age



Average Age

Source: Avista's 2023 Proxy Statement

Regulatory Landscape

Rates, regulation, and resource planning

Avista Utilities Rate Base

Jurisdiction and Service	Estimated Rate Base as of Mar. 31, 2023 (1) ($ in millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Common Equity Ratio
Washington electric	$2,068	7.03%	9.4% (2)	48.5% (2)
Washington natural gas	517	7.03%	9.4% (2)	48.5% (2)
Idaho electric	1,019	7.05%	9.4%	50%
Idaho natural gas	206	7.05%	9.4%	50%
Oregon natural gas	328	7.05%	9.4%	50%
Total	**$4,138**			

(1) Based on average-of-monthly averages for the prior 13-month period.

(2) Per hypothetical reconciliation.

AVISTA

Avista Utilities Regulatory Mechanisms

Jurisdiction and Service	Supply Costs	Decoupling / FCA (1)	Wildfire Resiliency	Insurance (2)	Decarbonization Plans (2)
Washington electric	ERM (3)	Yes	Yes	Yes	Clean Energy Implementation Plan (CEIP)
Washington natural gas	PGA (4)	Yes	N/A	Yes	Climate Commitment Act (CCA)
Idaho electric	PCA (5)	Yes	Yes	Requested	N/A
Idaho natural gas	PGA (4)	Yes	N/A	Requested	N/A
Oregon natural gas	PGA (4)	Yes	N/A	N/A	Climate Protection Plan (CPP)

(1) Decoupling (also known as an Fixed Cost Adjustment (FCA) in Idaho) is a mechanism designed to sever the link between a utility's revenues and consumers' energy usage. The difference between revenues based on the number of customers and "normal" sales and revenues based on actual usage is deferred and either surcharged or rebated to customers beginning in the following year. Only residential and certain commercial customer classes are included in our decoupling mechanisms.

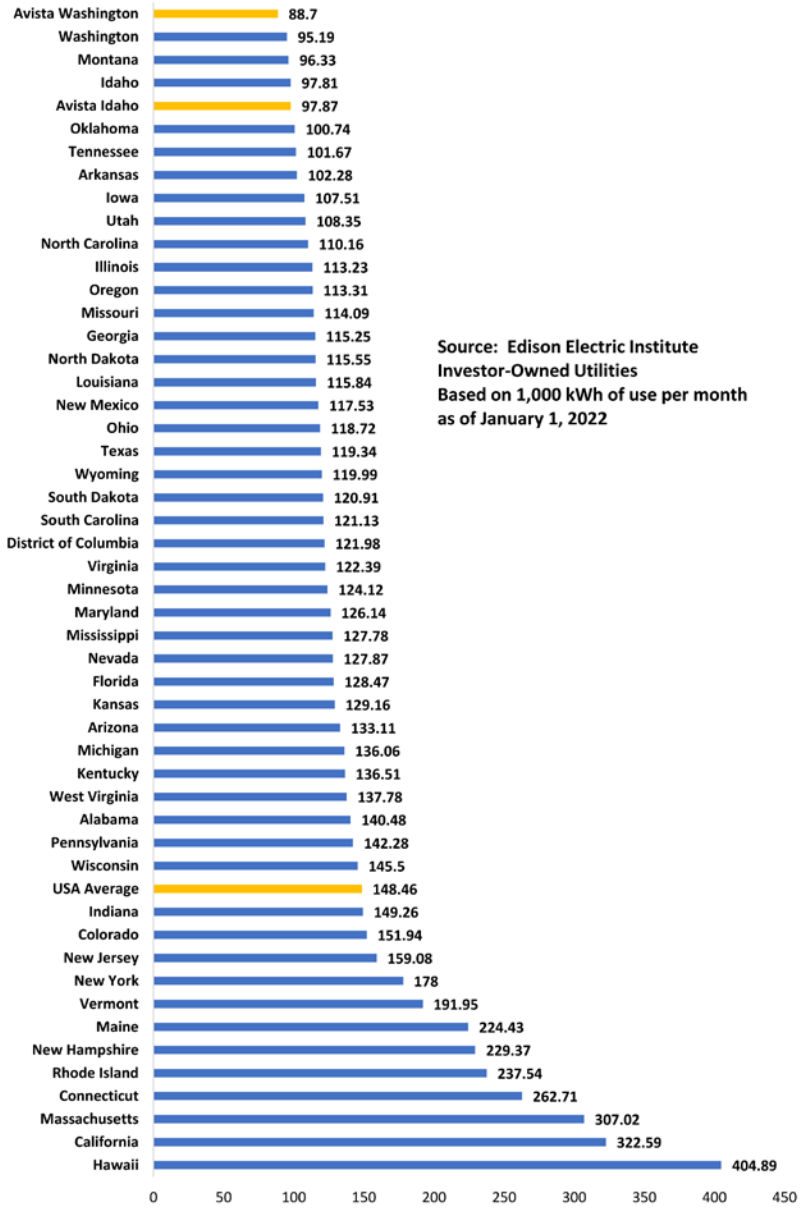
(2) The respective regulatory authorities will determine the appropriateness and prudency of any deferred expenses when the Company seeks recovery.

(3) The Energy Recovery Mechanism (ERM) is an accounting method used to track certain differences between actual power supply costs, net of wholesale sales and sales of fuel, and the amount included in base retail rates for our Washington customers.

(4) Purchased Gas Adjustments (PGAs) are designed to pass through changes in natural gas costs to customers with no change in utility margin (operating revenues less resource costs) or net income.

(5) Under the Power Cost Adjustment (PCA) mechanism, we defer 90 percent of the difference between certain actual net power supply expenses and the amount included in base retail rates for our Idaho customers.

Affordable Rates



Washington Clean Energy Transformation Act (CETA)

Energy Resources

- Must eliminate the allocation of coal-fired resources to Washington customers by the end of 2025
- Colstrip depreciation accelerated to 2025 in Washington general rate case, implemented April 1, 2020
- Achieve carbon neutrality by 2030 while meeting 80% of Washington load through renewable or non-emitting resources
- Serve entire Washington load with renewable or non-emitting resources by 2045
- Consistent with Avista's commitment to renewable energy

Regulatory

- Commission issued Policy Statement on "used and useful" in January 2020
- Provides Commission authority to allow for the recovery of costs of property which becomes used and useful during a period of up to 48 months after rates have been approved
- Acknowledges the Commission's authority to approve performance and incentive-based regulation, multi-year rate plans, and "other flexible regulatory mechanisms"
- Allows utilities to defer costs incurred to meet clean energy plans for a period of up to 36 months with a return, including an imputed return on power purchase agreements
- Limits rate increases to 2% to meet compliance requirements

Electric Integrated Resource Plan

Filed in Washington and Idaho June 1, 2023. Next electric IRP expected Spring 2025.

- We estimate customer loads will increase 0.86 percent annually. Winter and summer peak demand will increase by 1.16% and 1.24% respectively.
- Components of our preferred resource strategy include:
  - Continued investment in energy efficiency for the next 10 years to meet 27 percent of future load growth and reducing loads by 85 aMW through 2045
  - Projected short- and long-duration storage
  - Renewals and extensions of existing wind PPAs
  - Renewable-fueled combustion turbines
- Resources secured since the 2021 IRP will meet our expected energy and capacity needs through the mid-2030s (including Colstrip's exit from our generation portfolio at the end of 2025):

30-year Montana wind PPA (100 MW) beginning in 2026

Kettle Falls Biomass Upgrade (11 MW) beginning in 2026

Rocky Reach/Rock Island Hydro PPAs (176 MW) beginning in 2024/2026

Columbia Basin Irrigation Hydro (146 MW) beginning in 2024

Post Falls Hydro Upgrade (6 MW) beginning in 2028

Lancaster CCCT PPA (283 MW) continuing through 2041

Source: 2023 Avista Electric Integrated Resource Plan

Alaska Electric Light & Power Company

Alaska Electric Light & Power Company

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

Growth outside core utility, developing platforms for future growth

Creating New Growth Platforms

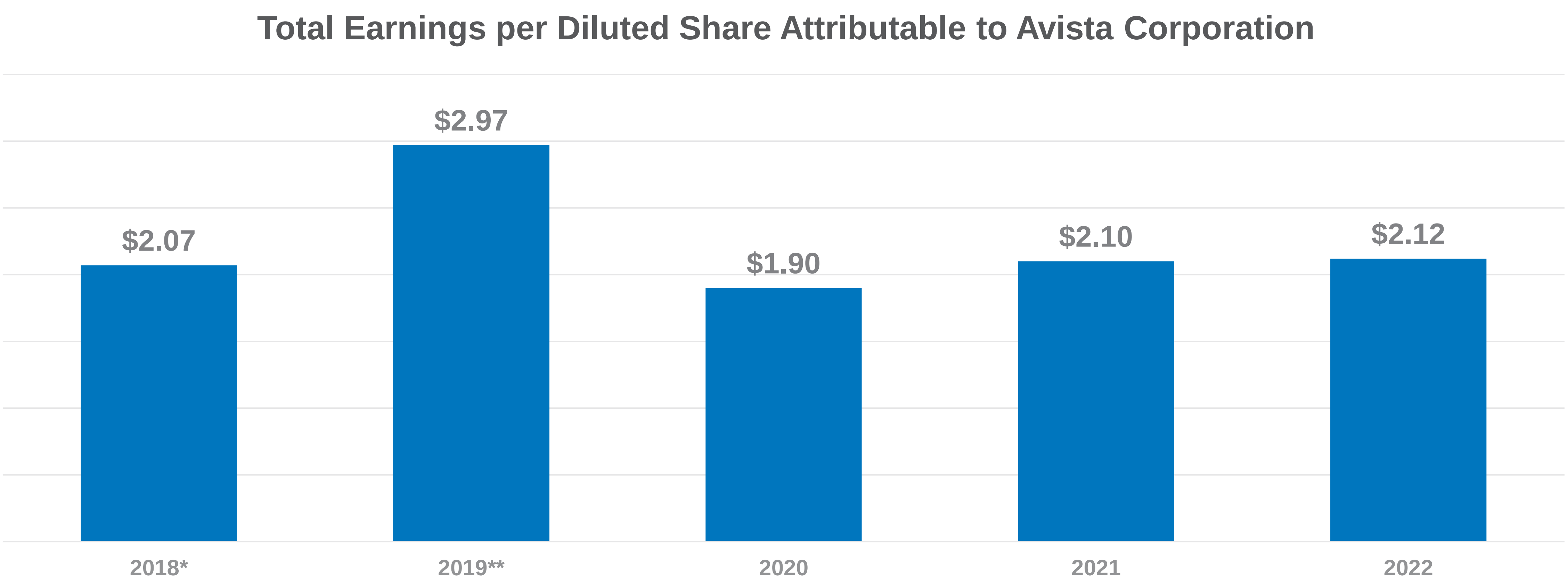
- Plan to invest $15 million in 2023 and $13 million 2024 and 2025
- **Energy Impact Partners**
  - Private equity fund that invests in emerging technologies, services, and business models throughout the energy supply chain with a collaborative, strategic investment approach.
- **South University District Development**
  - Joint venture for a real estate development hosting a zero-energy, zero-carbon cross laminated timber building and an energy innovation center coordinating utility grid operations with tenant and building operations.
- **Avista Edge**
  - Wholly owned, unregulated subsidiary whose services initially support public electric utilities with advanced broadband networks and patented technology located at the electric meter, allowing their customers access to high-speed internet services.
  - Pilot with the City of Cheney, Washington in 2022 and 2023.

South University District


Avista Edge-patented meter collar

Financial Performance Metrics

Earnings per Diluted Share

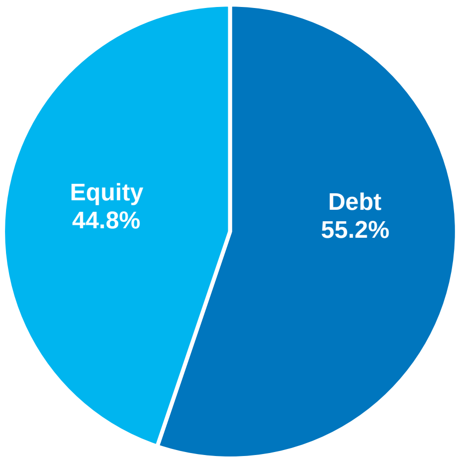


*2018 earnings reduced by $0.04 per diluted share of acquisition costs associated with the Hydro One transaction.

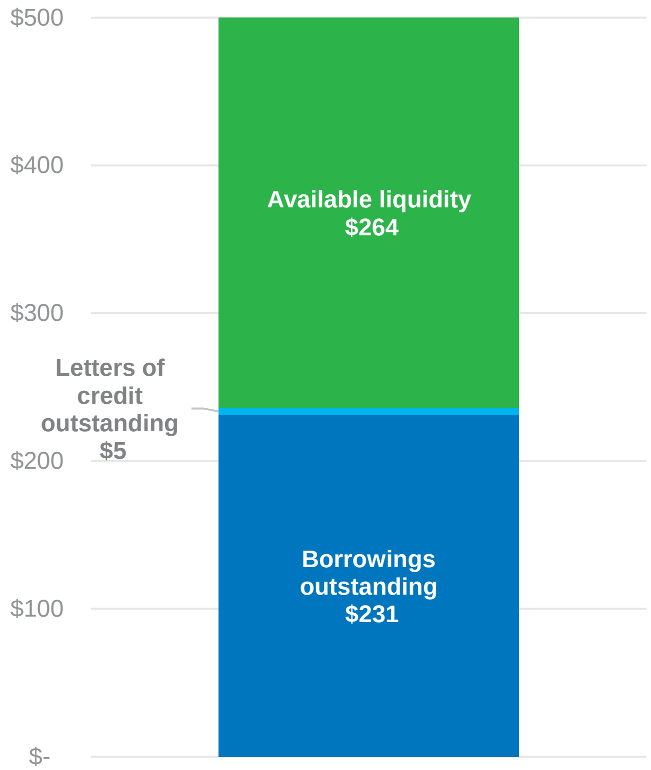
**2019 includes $1.00 per diluted share for the termination fee received from Hydro One and the payment of final transaction costs.

Maintaining a Prudent Balance Sheet and Liquidity

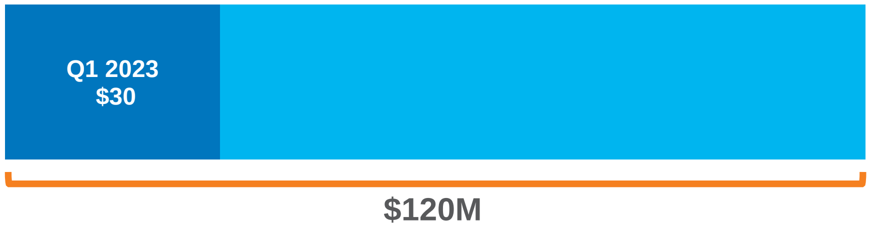
Consolidated capital structure
March 31, 2023



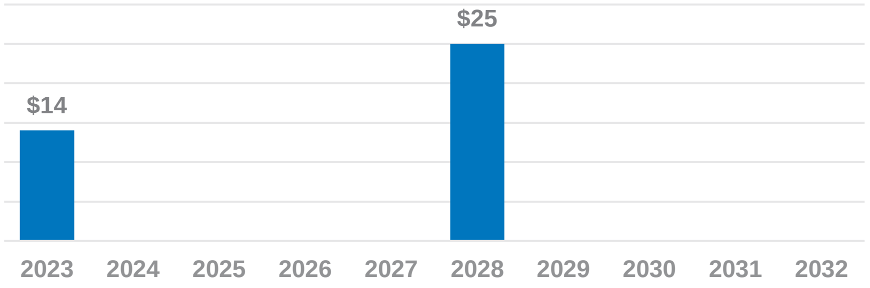
Liquidity
March 31, 2023
($ in millions)



Common stock issued and expected
($ in millions)



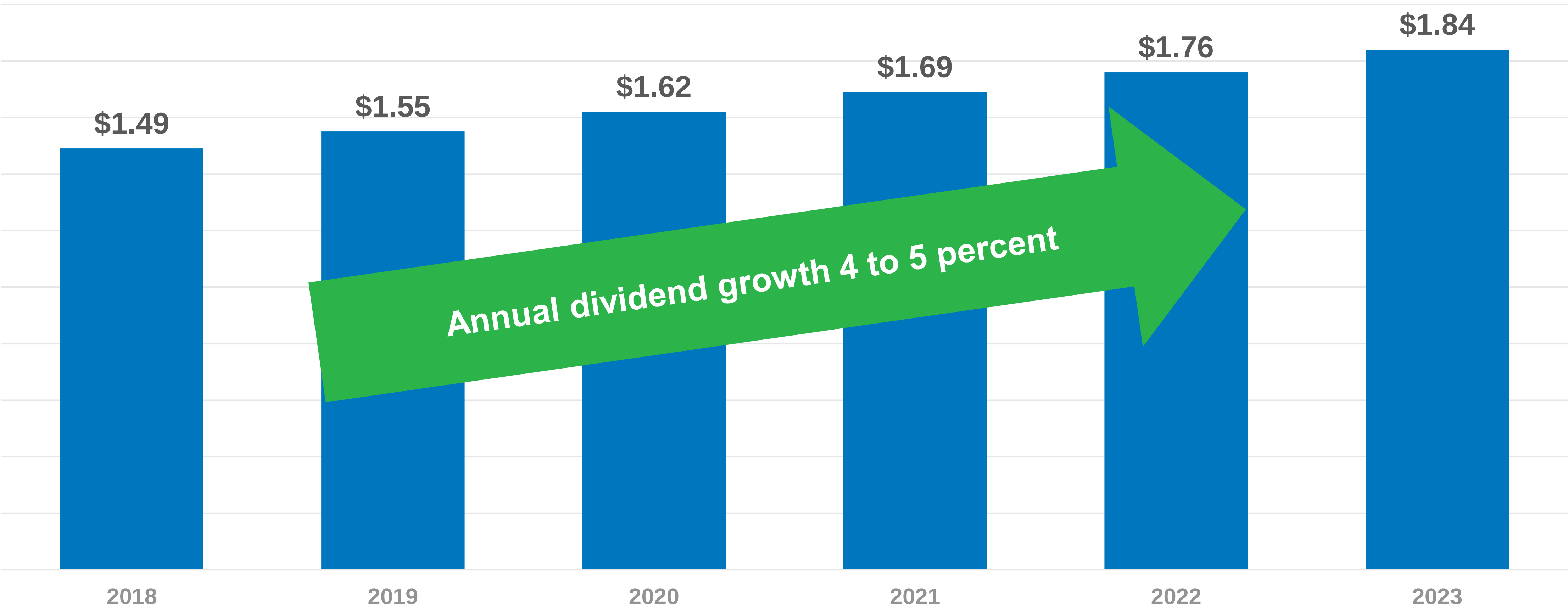
Upcoming debt maturities
($ in millions)



Maturities beyond 2032 not shown.

Excludes $15 million of AERC debt maturing in 2024.

An Attractive and Growing Dividend



2023 quarterly dividend of $0.46 annualized

Risks, Uncertainties and Other Factors That Could Affect Future Results

Forward-looking 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. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements:

Utility Regulatory Risk

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 costs, interest rate swap derivatives, the ordering of refunds to customers and discretion over allowed return on investment; the loss of regulatory accounting treatment, which could require the write-off of regulatory assets and the loss of regulatory deferral and recovery mechanisms;

Operational Risk

political unrest and/or conflicts between foreign nation-states, which could disrupt the global, national and local economy, result in increases in operating and capital costs, impact energy commodity prices or our ability to access energy resources, create disruption in supply chains, disrupt, weaken or create volatility in capital markets, and increase cyber security risks. In addition, any of these factors could negatively impact our liquidity and limit our access to capital, among other implications; wildfires ignited, or allegedly ignited, by our equipment or facilities could cause significant loss of life and property or result in liability for resulting fire suppression costs, thereby causing serious operational and financial harm; severe weather or natural disasters, including, but not limited to, avalanches, wind storms, wildfires, earthquakes, extreme temperature events, snow and ice storms that could disrupt energy generation, transmission and distribution, as well as the availability and costs of fuel, materials, equipment, supplies and support services; explosions, fires, accidents, mechanical breakdowns or other incidents that could 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 or incur costs to repair our facilities; explosions, fires, accidents or other incidents arising from or allegedly arising from our operations that could cause injuries to the public or property damage; blackouts or disruptions of interconnected transmission systems (the regional power grid); terrorist attacks, cyberattacks or other malicious acts that could disrupt or cause damage to our utility assets or to the national or regional economy in general, including any effects of terrorism, cyberattacks, ransomware, or vandalism that damage or disrupt information technology systems; pandemics, which could disrupt our business, as well as the global, national and local economy, resulting in a decline in customer demand, deterioration in the creditworthiness of our customers, increases in operating and capital costs, workforce shortages, losses or disruptions in our workforce due to vaccine mandates, delays in capital projects, disruption in supply chains, and disruption, weakness and volatility in capital markets. In addition, any of these factors could negatively impact our liquidity and limit our access to capital, among other implications; work-force issues, including changes in collective bargaining unit agreements, strikes, work stoppages, the loss of key executives, availability of workers in a variety of skill areas, and our ability to recruit and retain employees; changes in the availability and price of purchased power, fuel and natural gas, as well as transmission capacity; increasing costs of insurance, more restrictive coverage terms and our ability to obtain insurance; delays or changes in construction costs, 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; increasing operating costs, including effects of inflationary pressures; 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 overbuilding atop natural gas distribution lines; the loss of key suppliers for materials or services or other disruptions to the supply chain; adverse impacts to our Alaska electric utility (AEL&P) that could result from an extended outage of its hydroelectric generating resources or their inability to deliver energy, due to their lack of interconnectivity to any other electrical grids and the availability or cost of replacement power (diesel); changing river or reservoir regulation or operations at hydroelectric facilities not owned by us, which could impact our hydroelectric facilities downstream;

Climate Change Risk

increasing frequency and intensity of severe weather or natural disasters resulting from climate change, that could disrupt energy generation, transmission and distribution, as well as the availability and costs of fuel, materials, equipment, supplies and support services; change in the use, availability or abundancy of water resources and/or rights needed for operation of our hydroelectric facilities, including impacts resulting from climate change;

Cyber and Technology Risk

cyberattacks on the operating systems used in the operation of our electric generation, transmission and distribution facilities and our natural gas distribution facilities, and cyberattacks on such systems of other energy companies with which we are interconnected, which could damage or destroy facilities or systems or disrupt operations for extended periods of time and result in the incurrence of liabilities and costs; cyberattacks on the administrative systems used in the administration of our business, including customer billing and customer service, accounting, communications, compliance and other administrative functions, and cyberattacks on such systems of our vendors and other companies with which we do business, resulting in the disruption of business operations, the release of private information and the incurrence of liabilities and costs; changes in costs that impede our ability to 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 the inability to develop, modify or maintain our information systems;

Risks, Uncertainties and Other Factors That Could Affect Future Results

Strategic Risk

growth or decline of our customer base due to new uses for our services or decline in existing services, 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 could 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; wholesale and retail competition including alternative energy sources, growth in customer-owned power resource technologies that displace utility-supplied energy or may be sold back to the utility, and alternative energy suppliers and delivery arrangements; entering into or growth of non-regulated activities may increase earnings volatility and result in investment losses; the risk of municipalization or other forms of service territory reduction;

External Mandates Risk

changes in environmental laws, regulations, decisions and policies, including, but not limited to, regulatory responses to concerns regarding climate change, efforts to restore anadromous fish in areas currently blocked by dams, more stringent requirements related to air quality, water quality and waste management, present and 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, prohibitions or restrictions on new or existing services, or restrictions on greenhouse gas emissions to mitigate concerns over global climate changes, including future limitations on the usage and distribution of natural gas; 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 halt fossil fuel-fired power generation and opposition to other thermal generation, wind turbines or hydroelectric facilities; failure to identify changes in legislation, taxation and regulatory issues that could be detrimental or beneficial to our overall business; policy and/or legislative changes in various regulated areas, including, but not limited to, environmental regulation, healthcare regulations and import/export regulations;

Financial Risk

weather conditions, which affect both energy demand and electric generating capability, including the impact of precipitation and temperature on hydroelectric resources, the impact of wind patterns on wind-generated power, weather-sensitive customer demand, and similar impacts on supply and demand in the wholesale energy markets; our ability to obtain financing through the issuance of debt and/or equity securities and access to our funds held with financial institutions, which could be affected by various factors including our credit ratings, interest rates, other capital market conditions and global economic conditions; 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; volatility in energy commodity markets that affect our ability to effectively hedge energy commodity risks, including cash flow impacts and requirements for collateral; changes in actuarial assumptions, interest rates and the actual return on plan assets for our pension and other postretirement benefit plans, which could affect future funding obligations, pension and other postretirement benefit expense and the related liabilities; 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; economic conditions nationally may affect the valuation of our unregulated portfolio companies; declining energy demand related to customer energy efficiency, conservation measures and/or increased distributed generation; changes in the long-term climate and weather could materially affect, among other things, customer demand, the volume and timing of streamflows required for hydroelectric generation, costs of generation, transmission and distribution. Increased or new risks may arise from severe weather or natural disasters, including wildfires as well as their increased occurrence and intensity related to changes in climate; industry and geographic concentrations which could increase our exposure to credit risks due to counterparties, suppliers and customers being similarly affected by changing conditions; deterioration in the creditworthiness of our customers;

Energy Commodity Risk

volatility and illiquidity in wholesale energy markets, including exchanges, the availability of willing buyers and sellers, changes in wholesale energy prices that could affect operating income, cash requirements to purchase electricity and natural gas, value received for wholesale sales, collateral required of us by individual counterparties and/or exchanges 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; explosions, fires, accidents, pipeline ruptures or other incidents that could limit energy supply to our facilities or our surrounding territory, which could result in a shortage of commodities in the market that could increase the cost of replacement commodities from other sources;

Compliance Risk

changes in laws, regulations, decisions and policies at the federal, state or local levels, which could materially impact both our electric and gas operations and costs of operations; and the ability to comply with the terms of the licenses and permits for our hydroelectric or thermal generating facilities at cost-effective levels.