

AVISTA CORP
Form DEF 14A
March 29, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only

Definitive Proxy Statement

(as permitted by Rule 14a-6(e)(2))

Definitive Additional Materials

Soliciting Material under §240.14a-12

AVISTA CORPORATION

(Name of registrant as specified in its charter)

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(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which the transaction applies:
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- (3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of the transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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Proxy Statement and Notice of
May 10, 2018
Annual Meeting of Shareholders

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Important Voting Information

Brokerage firms, banks and other nominees generally have the authority to vote their customers' shares when their customers do not provide voting instructions. However, with respect to certain specified matters, when such an entity does not receive instructions from its customers, shares cannot be voted on those matters. This is called a broker non-vote. Matters on which organizations that are members of the New York Stock Exchange (the NYSE) may not vote without instructions include the election of directors, matters relating to executive compensation and matters relating to certain corporate governance issues. For Avista Corporation (Avista, or the Company), this means that NYSE member organizations may not vote shares on Proposals 1 and 3 if you have not given them instructions on how to vote. Please be sure to give any brokerage firm, bank, or other financial institution that holds shares on your behalf specific voting instructions so that your shares can be voted.

Your Participation in Voting the Shares You Own is Important

Your vote is important. Whether or not you plan to attend the 2018 Annual Meeting of Shareholders (the Annual Meeting) in person, we urge you to vote and submit your proxy by mail, telephone, or through the internet as promptly as possible. If you are submitting your proxy by mail, you should complete, sign, and date your proxy card, and return it in the envelope provided. If you plan to vote by telephone or through the internet, voting instructions are printed on your proxy card and/or proxy notice. If you hold your shares through an account with a brokerage firm, bank, or other nominee, please follow the instructions you receive from them to vote your shares.

More Information is available

If you have any questions about the proxy voting process, please contact the broker, bank or other financial institution where you hold your shares. The Securities and Exchange Commission (the SEC) also has a website (www.sec.gov/spotlight/proxymatters.shtml) with more information about your rights as a shareholder. Additionally, you may contact our Investor Relations Department at (509) 495-4203.

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Go to the website address shown on your proxy card and vote via the internet

BY MAIL

Mark, sign, date and return the enclosed proxy card in the postage-paid envelope

BY TELEPHONE

Use the toll-free number shown on your proxy card

IN PERSON

Attend the Annual Meeting in Spokane, Washington

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March 29, 2018

Dear Fellow Shareholder:

You are invited to attend Avista's 2018 Annual Meeting at 8:15 a.m. PDT on Thursday, May 10, 2018, at the Avista headquarters, located at 1411 East Mission Avenue, Spokane, Washington. We welcome you to attend in person or listen to the meeting via webcast at www.avistacorp.com.

The Annual Meeting is my opportunity to speak directly with you to share an update on the acquisition process of Avista by Hydro One and other critical business issues the company faces.

In addition, at the Annual Meeting we will elect the Board of Directors of the Company (the Board) and vote on other matters described in this Proxy Statement.

The Proxy Statement accompanies the 2017 Annual Report to Shareholders (the Annual Report), titled Thinking Bigger for Better Communities. This report contains more information about our Company's performance including our audited financial statements, as well as management's discussion and analysis of the results of our operations and financial condition.

We look forward to seeing you on May 10, 2018. Thank you for your continued interest in and support of Avista.

Sincerely,

Scott L. Morris

Chairman of the Board & Chief Executive Officer

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1411 E. Mission Ave.

Spokane, Washington 99202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Avista will be held at the Company's main office building auditorium on Thursday, May 10, 2018 at 8:15 a.m. Pacific Time. The purposes of the meeting are:

- (1) to elect eleven directors identified in the accompanying proxy statement to serve until the 2019 Annual Meeting of Shareholders;
- (2) to ratify the appointment of Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte) as the Company's independent registered public accounting firm for 2018;
- (3) to hold an advisory (non-binding) vote on executive compensation; and

(4) to transact other business that may come before the meeting or any adjournment or postponement thereof. If you are a holder of record of common stock at the close of business on March 9, 2018, the record date, then you are entitled to receive notice of, and to vote at, the Annual Meeting. All shareholders are cordially invited to attend the meeting in person. Shareholders who cannot be present at the meeting are urged to vote and submit their proxies by mail, telephone, or through the internet as promptly as possible. Please sign and date the proxy card and return it promptly or cast your vote via telephone or through the internet in accordance with the instructions on the proxy card and/or proxy notice.

As you may know, on July 19, 2017, Avista entered into an Agreement and Plan of Merger with Hydro One Limited (Hydro One) and other parties pursuant to which, subject to the satisfaction or waiver of specified closing conditions, Avista will become an indirect, wholly owned subsidiary of Hydro One. See Pending Acquisition by Hydro One in the attached proxy statement.

The proposed acquisition of Avista by Hydro One was approved by Avista's shareholders at a special meeting of shareholders held on November 21, 2017. No action on this acquisition will be taken at the 2018 Annual Meeting of Shareholders.

By Order of the Board,

Marian M. Durkin

Senior Vice President, General Counsel,

Corporate Secretary & Chief Compliance Officer

Spokane, Washington

March 29, 2018

**THIS PROXY STATEMENT AND THE 2017 ANNUAL REPORT ARE AVAILABLE ON THE INTERNET
AT [HTTP://PROXYVOTE.COM](http://PROXYVOTE.COM)**

**If you require special accommodations at the Annual Meeting due to a disability, please call our Investor
Relations Department at (509) 495-4203 by April 6, 2018.**

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AVISTA CORPORATION
1411 East Mission Avenue
Spokane, Washington 99202

PROXY STATEMENT
FOR THE ANNUAL MEETING
TO BE HELD ON MAY 10, 2018

ABOUT THE ANNUAL MEETING

Why am I receiving these materials and who is soliciting my vote?

The Board is soliciting your vote in connection with the Annual Meeting or at any adjournment or postponement thereof. The Company intends to mail this Proxy Statement and accompanying proxy card to shareholders on or about March 30, 2018.

What is the purpose of the Annual Meeting?

The meeting will be the Company's regular Annual Meeting. You will be voting on the following matters at the Annual Meeting:

- (1) Election of eleven directors.
- (2) Ratification of the appointment of Deloitte as the Company's independent registered public accounting firm for 2018.
- (3) Advisory (non-binding) vote on executive compensation.
- (4) Transaction of other business that may come before the meeting or any adjournment or postponement thereof.

How does the Board recommend I vote?

The Board recommends a vote:

Proposal 1: ___ **For** the election of eleven directors.

Proposal 2: ___ **For** ratification of the appointment of Deloitte as the Company's independent registered public accounting firm for 2018.

Proposal 3: ___ **For** the advisory (non-binding) vote on executive compensation.

Who is entitled to vote at the Annual Meeting?

The Company's common stock is the only class of securities with general voting rights. The Board has set March 9, 2018, as the record date for the Annual Meeting (the Record Date). Only shareholders who own common stock at the close of business on the Record Date may attend and vote at the Annual Meeting.

What are the voting rights of holders of common stock?

Each share of common stock is entitled to one vote. There is no cumulative voting. At the close of business on the Record Date, 65,667,469 shares of common stock were outstanding and entitled to vote.

How many shares must be present to hold the Annual Meeting?

Under Washington law, action may be taken on matters submitted to shareholders only if a quorum is present. The presence at the meeting in person or represented by proxy of holders of a majority of the shares of common stock outstanding as of the Record Date will constitute a quorum. Shares represented by proxy are deemed present for quorum purposes even if abstention is instructed or if no instructions are given. Subject to certain statutory exceptions, once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting.

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ABOUT THE ANNUAL MEETING

How do I vote shares registered in my name?

If you hold shares that were registered in your name on the Record Date, then you, as the registered holder of those shares, may vote those shares:

By completing, dating and signing your proxy card and returning it to the Company by mail in the envelope provided (or bringing it with you to the Annual Meeting);

By telephone or through the internet, following the instructions on your proxy card; or

By attending the Annual Meeting and voting in person.

How do I vote shares held through a broker, bank or other nominee?

If you are the beneficial owner of shares held through a broker, bank or other nominee, then you are not a record holder of these shares and may vote them only by instructing the registered holder how to vote them.

You should follow the voting instructions given to you by the broker, bank or other nominee that holds your shares. Generally, you will be able to give your voting instructions by mail, by telephone or through the internet.

The Company's common stock is listed on the NYSE. Under NYSE rules, brokerage firms, banks and other nominees that are members of the NYSE generally have the authority to vote shares when their customers do not give voting instructions. However, NYSE rules prohibit member organizations from voting on certain types of matters without specific instructions from the beneficial owners if a beneficial owner does not give instructions on such a matter, the member organization cannot vote on that matter. This is called a broker non-vote. Matters on which NYSE member organizations may not vote without instructions include the election of directors, matters relating to executive compensation and matters relating to certain corporate governance issues. For Avista, this means that NYSE member organizations may not vote on Proposals 1 and 3 unless you have given instructions on how to vote. Please be sure to give specific voting instructions to any broker, bank, or other financial institution that holds your shares so that your shares can be voted.

How do I vote shares held through an employee plan?

If you are the beneficial owner of shares through participation in the Company's 401(k) plan, then you are not the record holder of these shares and may vote them only by instructing the plan trustee or agent how to vote them.

You should follow the voting instructions given to you by the trustee or agent for the 401(k) plan. Generally, you will be able to give your voting instructions by mail, by telephone or through the internet.

How can I revoke my proxy or change my vote after returning my proxy card or giving voting instructions?

If you were a registered holder as of the Record Date and returned a proxy card, you may revoke your proxy or change your vote at any time before it is exercised at the Annual Meeting by giving written notice to the Corporate Secretary of the Company. You may also change your vote by timely delivering a later-dated proxy or a later-dated vote by telephone or through the internet or by voting in person at the Annual Meeting.

If you were not a registered holder as of the Record Date and wish to change or revoke your voting instructions, you should follow the instructions given to you by your broker, bank or other registered holder.

How many votes are required to elect directors and approve the other proposals?

Proposal 1 election of directors. A nominee will be elected if the number of votes cast for exceeds the number of votes cast against. Brokers may not vote on this proposal without instructions from the beneficial owner. Abstentions or broker non-votes with respect to any shares will have no effect on the election of that director since those shares will not be voted at all. If you are the registered holder of the shares and sign but give no instructions on the proxy card with respect to this proposal, the shares represented by that proxy card will be voted for each of the nominees. Shareholders may not cumulate votes in the election of directors. If an incumbent director does not receive a majority of votes cast with respect to his/her re-election in an uncontested election, he/she would continue to serve a term that would terminate on the date that is the earliest of: (i) the date of the commencement of the term of a new director selected by the Board to fill the office held by such director, (ii) the effective date of the resignation of such director, or (iii) December 31, 2018.

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ABOUT THE ANNUAL MEETING

Proposal 2 the proposal for ratifying the appointment of the firm of Deloitte as the independent registered public accounting firm of the Company for 2018, will be approved if the number of votes cast for exceeds the number of votes cast against. Brokers may vote on this proposal without instructions from the beneficial owner. Abstentions with respect to any shares will have no impact on the outcome of this proposal since those shares will not be voted at all. If you are the registered holder of the shares and sign but give no instructions on the proxy card with respect to this proposal, the shares represented by that proxy card will be voted for this proposal.

Proposal 3 the advisory (non-binding) vote on executive compensation will be approved if the number of votes cast for exceeds the number of votes cast against. Brokers may not vote on this proposal without instructions from the beneficial owner. Abstentions and broker non-votes with respect to any shares will have no impact on this Proposal since those shares will not be voted at all. If you are the registered holder of the shares and sign but give no instructions on the proxy card with respect to this proposal, the shares represented by that proxy card will be voted for this proposal.

Who pays for the proxy solicitation and how will the Company solicit votes?

The expense of soliciting proxies will be borne by the Company. Proxies will be solicited by the Company primarily by mail, but may also be solicited personally and by telephone at nominal expense to the Company by directors, officers, and regular employees of the Company. In addition, the Company has engaged D.F. King & Co., Inc. at a cost of \$7,000 plus out-of-pocket expenses, to solicit proxies in the same manner. The Company will also request banks, brokerage houses, custodians, nominees, and other record holders of the Company's common stock to forward copies of the proxy soliciting material and the Company's 2017 Annual Report to the beneficial owners of such stock, and the Company will reimburse such record holders for their expenses in connection therewith.

Who can I contact if I have questions or need assistance in voting my shares?

If you have any questions about the proxy voting process, please contact the broker, bank or other financial institution where you hold your shares. You may also contact our Investor Relations Department at (509) 495-4203. Additionally, SEC has a website (www.sec.gov/spotlight/proxymatters.shtml) with more information about your rights as a shareholder.

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GOVERNANCE HIGHLIGHTS

Our Company is committed to maintaining the highest standards of corporate governance. Strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our investors, employees, customers, regulatory agencies and other stakeholders. Our corporate governance practices are described in more detail starting on page 14 and in our Governance Guidelines, which can be found in the Investor Relations section of our website.

Director Independence

Nine of the Company's eleven director nominees are independent.

The Chief Executive Officer (CEO) and President are the only non-independent directors.

During 2017, all of the Board committees (except the Executive Committee) were composed exclusively of independent directors.

The average tenure of our independent directors is eleven years and their average age is 59.

The Board is committed to board refreshment. Our Board has added three new members in the past five years.

Board Leadership

The Company has an independent Lead Director, selected by the Board.

The Lead Director serves as liaison between management and the other non-management directors. The Lead Director's specific duties are set forth on page 15.

The positions of Chairman of the Board (Chairman) and CEO are not separated.

Executive Sessions

The independent directors regularly meet in executive sessions without management.

	<p>The Lead Director presides at executive sessions.</p>
<p>Board Oversight of Risk Management</p>	<p>The Board reviews Avista's systematic approach to identifying and assessing risks faced by the Company and our business units.</p> <p>The Board and its committees consider enterprise risk in connection with all Company operations including, but not limited to, emerging trends or developments, the evaluation of capital investments and business opportunities.</p>
<p>Stock Ownership Requirements</p>	<p>Independent directors are required to achieve a minimum investment of five times the minimum equity portion of their retainer in Company common stock within five years of becoming Board members and are expected to retain at least that level of investment during their tenure on the Board.</p> <p>The stock ownership policy for the Company's executive officers requires executive officers to own shares based on their position and salary:</p> <p>Chief Executive Officer 5 times salary</p> <p>Senior Vice Presidents 2.5 times salary</p> <p>Vice Presidents 1 times salary</p> <p>Directors and officers are prohibited from engaging in short-sales or pledging or hedging the economic interest in their Company shares.</p>
<p>Board Practices</p>	<p>The Board regularly assesses its performance through Board and committee evaluations.</p> <p>Continuing director education is provided through attendance at outside programs as well as during regular Board and committee meetings.</p> <p>Directors may not stand for election after age 72.</p>

The Corporate Governance/Nominating Committee (Governance Committee) leads the full Board in considering Board competencies and refreshment in light of Company strategy.

Accountability

The Board proactively adopted Proxy Access for director nominees.

All directors stand for election annually.

In uncontested elections, directors must be elected by a majority of votes cast.

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COMPENSATION HIGHLIGHTS

In 2017, the Compensation and Organization Committee of the Board (Compensation Committee) established performance goals for the Company based on input from the CEO and aligned the short-term and long-term incentive plans with those goals. A key element of these plans is that they allow us to focus on maintaining an attractive financial profile while creating long-term value for shareholders and customers.

As summarized below, the compensation earned by our Named Executive Officers (NEOs) in 2017 reflects our corporate performance for the fiscal year.

The Compensation Committee approved base salary adjustments ranging from 2.0% to 9.2% for our NEOs based on market comparisons, its assessment of individual performance and other factors as discussed in more detail in the Compensation Discussion and Analysis (CD&A) starting on page 27;

Our 2017 consolidated Earnings Per Share (EPS) performance fell slightly below target resulting in an annual cash incentive payment of 91.1% of target, which was 91.1% of base salary for our CEO and 54.6% of base salary for our other NEOs;

Our Return on Equity (ROE) exceeded the target; therefore one-third of our CEO's Restricted Stock Units (RSUs) granted in 2015, 2016 and 2017 and the associated dividend equivalents vested and were paid;

Our NEOs other than our CEO received one-third of their RSUs granted in each of 2015, 2016 and 2017, along with the associated dividend equivalents. Their RSUs are time-based, and one-third vest each year over a three-year period;

Our Company's relative Total Shareholder Return (TSR) over the 2015-2017 three-year performance period was above target performance resulting in a 147% of target payout, and the Company's cumulative EPS over the same three-year performance period was slightly below target performance resulting in a 77% of target payout, and our NEOs earned a payment with respect to their 2015-2017 performance share award and the associated dividend equivalents; and

The CEO to median employee pay ratio for 2017 was 31:1.

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PROPOSAL 1 ELECTION OF DIRECTORS

What are you voting on?	Shareholders are being asked to elect director nominees for a one-year term. This section includes information about the Board of Directors and each director nominee.
Voting Recommendation:	The Board of Directors unanimously recommends a vote FOR each of the nominees for director.

Information With Respect to Director Nominees

The Board is elected by the shareholders to oversee their interests in the long-term overall success of the Company's business and its financial strength. Our directors have diverse backgrounds and experience and represent a broad spectrum of viewpoints.

The Board has a robust and effective director nomination and evaluation process in place. The Board has delegated to the Governance Committee the responsibility for reviewing and recommending to the Board nominees for director. The Governance Committee annually reviews with the Board the composition of the Board as a whole and recommends, if necessary, steps to be taken so that the Board reflects the appropriate balance of knowledge, experience, competencies, expertise and diversity, all in the context of an assessment of the needs of the Board and the Company at the time. In evaluating a director candidate, the Governance Committee considers the knowledge, experience, integrity, business acumen and judgment of that candidate; the potential contribution of that candidate to the diversity of backgrounds, experience and competencies that the Board desires to have represented; willingness of that candidate to consider strategic proposals; and any other criteria established by the Board, as well as any core competencies or technical expertise necessary to staff the Board. For longer-serving directors, the Governance Committee also considers the tenure of a director and whether the duration of service impairs such director's independence from management, as demonstrated by the director's relationship with management and the director's participation in Board and Committee deliberations. Directors must be able to commit the requisite time for preparation and attendance at regularly scheduled Board and committee meetings, as well as be able to participate in other matters necessary to ensure that good corporate governance is practiced. The Board includes diversity as one of the criteria it considers when evaluating any candidate for the Board. The Board takes into account diversity of experience, skills and background, as well as diversity in race, gender and culture when considering individual candidates. The Board considers the following, among other criteria:

The appropriate size of the Board;

The needs of the Company with respect to the particular talents and experience of its directors;

The qualifications, knowledge, competencies, abilities and executive leadership experience of nominees, as well as work experience at the executive leadership level in his/her field of expertise;

Familiarity with the energy/utility industry;

Recognition by other leaders as a person of integrity and outstanding professional competence with a proven record of accomplishments;

Experience in the regulatory arena;

Knowledge of the business of, and/or facilities for, the generation, purchase, transmission and/or distribution of electric energy and/or the purchase, storage and/or distribution of natural gas;

Attributes that would enhance the diversity and perspective of the Board; and

Knowledge of the customers, community and employee base.

The Board believes that it must continue to refresh itself. During the last five years, the Board has added three new members as a result of retirements and departures of Board members due to professional and personal commitments. There has also been an expansion of qualifications and diversity represented on the Board and the creation of a Lead Director position. The

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PROPOSAL 1 ELECTION OF DIRECTORS

Board consists of directors with a range of experience at policy-making levels in business, government and other areas that are relevant to the Company's activities. The average tenure of the current independent director nominees is 11 years and the average age is 59.

The Governance Committee identifies nominees by first evaluating the current members of the Board. Current members of the Board with competencies and experience that are relevant to the Company's business strategies and who are willing to continue in service are considered for re-nomination. If any member of the Board did not wish to continue in service, or if the Governance Committee decided not to nominate a member for re-election, the Committee then would identify the desired qualifications, competencies, expertise, abilities and experience of a new nominee in light of the criteria set forth above. Current members of the Board are polled for recommendations of individuals meeting the criteria described above. The Governance Committee may also consider candidates recommended by management, employees or others. The Governance Committee may, at its discretion, engage executive search firms to identify qualified individuals.

[Shareholder Recommendations and Nominations of Director Candidates; Proxy Access](#)

The Governance Committee will consider written recommendations for candidates for the Board that are made by shareholders. Recommendations must include detailed biographical material indicating the qualifications of the candidate for the Board, and must include a written statement from the candidate of willingness and availability to serve. The Governance Committee will consider any candidate recommended in good faith by a shareholder. The Governance Committee will evaluate director nominees in the same manner as other candidates are evaluated; as discussed further above.

While candidates for director are usually nominated by the Board (after consideration and recommendation by the Governance Committee, as discussed above), shareholders may directly nominate candidates for election as directors. In order to do so, shareholders must follow the procedures set forth in the Company's Bylaws (Bylaws), referred to under 2019 Annual Meeting, on page 63. The Chair of the meeting may refuse to acknowledge any nomination not made in compliance with the Bylaws.

The Board amended the Bylaws in August 2016 to permit, subject to the satisfaction of the specific requirements and conditions set forth in the Bylaws, a group of 20 shareholders who have owned at least 3% of the Company's outstanding common stock for at least three years to submit director nominees for up to 20% of the Board for inclusion in the Proxy Statement if the shareholder(s) and the nominee(s) meet the requirements in the Bylaws.

[Nominees](#)

Eleven directors are to be elected to hold office for a one-year term, and until a qualified successor is elected. Upon recommendation from the Governance Committee, the Board has nominated Erik J. Anderson, Kristianne Blake, Donald C. Burke, Rebecca A. Klein, Scott H. Maw, Scott L. Morris, Marc F. Racicot, Heidi B. Stanley, R. John Taylor and Janet D. Widmann to be re-elected as directors for a one-year term to expire at the Annual Meeting in 2019 and until their successors shall have been elected. The Board appointed Dennis P. Vermillion as a director, effective January 1, 2018, and has nominated Mr. Vermillion to be elected as a director for a one-year term to expire at the Annual Meeting in 2019. The nominees have consented to serve as directors, and the Board has no reason to believe that any nominee will be unable to serve. If a nominee should become unavailable, your shares will be voted for a

Board-approved substitute. The Board has concluded that all nominees, with the exception of Messrs. Morris and Vermillion, are independent and that all nominees satisfy the various criteria for nomination as directors.

After the consummation of the proposed acquisition of the Company by Hydro One, the Board will be restructured as contemplated in the merger agreement, and, if such consummation occurs prior to the 2019 Annual Meeting of Shareholders, as is currently expected, some directors elected at the 2018 Annual Meeting will not serve their full term. See [Pending Acquisition by Hydro One](#) on page 58.

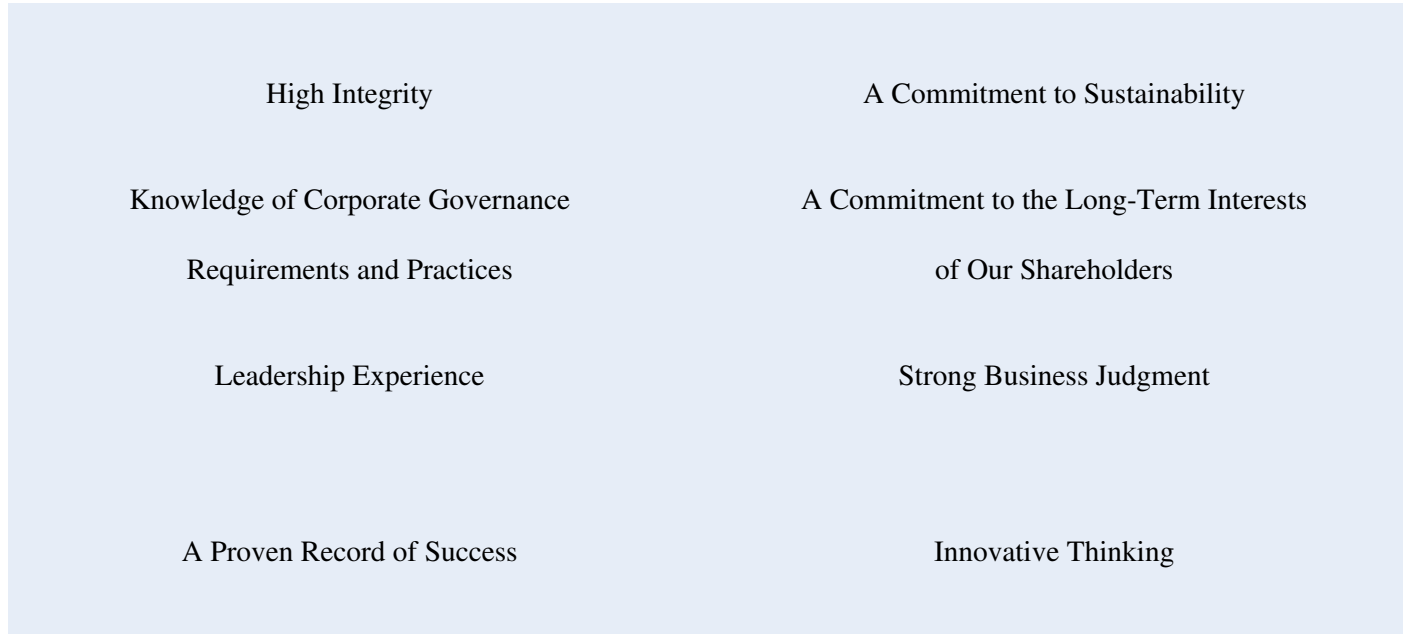
Included in each nominee's biography is an assessment of the specific qualifications, competencies, attributes and experience of such nominee based on the qualifications described above.

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PROPOSAL 1 ELECTION OF DIRECTORS

All director nominees exhibit:



Our director nominees bring a balance of relevant skills to the boardroom as well as an effective mix of diversity and experience. The following graph sets out a summary of the director nominees' core competencies:

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PROPOSAL 1 ELECTION OF DIRECTORS

Mr. Anderson, age 59, has been the CEO of WestRiver Group since 2002. WestRiver is a private investment company that provides integrated capital solutions for the global innovation economy. He is the Executive Chairman of Topgolf Entertainment Group, a global sports entertainment company. He received the 2014 Ernst & Young Entrepreneur of the Year Award for his work at Topgolf. He is Vice-Chairman of ONEHOPE, a cause-centric consumer brand and technology company. Mr. Anderson also serves on the Board of Singularity University, a global community using exponential technologies to tackle the world's biggest challenges. He is the founder of America's Foundation for Chess, which serves 160,000 children in the United States with its First Move curriculum. He also serves on the Board for Play Magnus, an interactive chess application inspired by Magnus Carlsen, the reigning World Chess Champion. From 1998 to 2002, Mr. Anderson was CEO of Matthew G Norton Co., a private investment company. In addition, his experience includes being partner at the private equity firm of Frazier & Company, LP, and Vice President at Goldman, Sachs & Co. He has extensive experience with finance matters including mergers and acquisitions, securities and debt offerings, and risk analysis. He holds a master's and bachelor's degree in Industrial Engineering from Stanford University and a bachelor's degree (Cum Laude) in Management Engineering from Claremont McKenna College.

ERIK J. ANDERSON

Director since 2000

Ms. Blake, age 64, has been president of the accounting firm of Kristianne Gates Blake, P.S., since 1987. Ms. Blake has an extensive background in public accounting. She was a Certified Public Accountant for 32 years and she worked for 12 years for an international accounting firm. She has served for 22 years on various boards of public companies and registered investment companies including service as a board chair, audit committee chair and governance committee member. Ms. Blake is currently serving as board chair for the Russell Investment Company and the Russell Investment Funds. She previously served on the boards of the Principal Funds, Inc., the Principal Variable Contracts Funds, Inc., and Laird Norton Wealth Management. Ms. Blake currently serves as a Regent at the University of Washington. She has extensive involvement in the Spokane community, having served on many nonprofit and economic development boards.

KRISTIANNE BLAKE

Director since 2000

Table of Contents**PROPOSAL 1 ELECTION OF DIRECTORS****DONALD C. BURKE,
CPA****Director since 2011**

Mr. Burke, age 57, currently serves as an independent director for the Virtus mutual fund complex and the Duff & Phelps closed-end funds complex. Prior to these roles, Mr. Burke served as an independent trustee funds for the Goldman Sachs mutual fund complex. In addition, from 2006 to 2010, Mr. Burke served as a trustee for numerous global funds that were advised by BlackRock, Inc. From 2006 to 2009, he was a managing director of BlackRock and served as the president and CEO of the BlackRock U.S. mutual funds. In this role, Mr. Burke was responsible for all of the accounting, tax and regulatory reporting requirements for over 300 open and closed-end mutual funds. Mr. Burke joined BlackRock in connection with the merger with Merrill Lynch Investment Managers (MLIM), taking a lead role in the integration of the two firms operating infrastructures. While at MLIM, Mr. Burke was the Head of Global Operations and Client Services and also served as the Treasurer and Chief Financial Officer (CFO) of the MLIM mutual funds. He started his career with Deloitte & Touche LLP (formerly Deloitte Haskins & Sells). Mr. Burke is a certified public accountant and received a Bachelor of Science degree in Accounting and Economics from the University of Delaware and a Master of Business Administration in Taxation from Pace University. Mr. Burke has held a number of leadership roles throughout his career including leading a global operations organization with employees located across four continents. He brings significant financial experience to the board from his years in public accounting and his role as the treasurer and CFO of numerous mutual funds. Mr. Burke is the designated Audit Committee Financial Expert of the Board. He has extensive board experience, having served on the audit, compliance, governance & nominating, and contract review committees of various boards. He also serves on a number of nonprofit boards.

REBECCA A. KLEIN**Director since 2010**

Ms. Klein, age 52, is Principal of Klein Energy, LLC, an energy consulting company based in Austin, Texas. Over the last 25 years she has worked in Washington, DC and in Texas in the energy, telecommunications and national security arenas. Ms. Klein s professional experience also includes service with KPMG Consulting (now Deloitte) where she headed the development of the company s Office of Government Affairs and Industry Relations in Washington, DC. She also served as a Senior Fellow with Georgetown University s McDonough School of Business. She has served as chair of the board of the Lower Colorado River Authority, a public power utility owning generation, transmission, and water services across the central Texas area. In addition, she sits on the board of GroupNIRE, a company focused on developing energy resources from early stage technologies to commercial deployment, and on the board of Aiqueous, a water software company. Ms. Klein earned a Juris Doctor from St. Mary s University School of Law in San Antonio, Texas. She also holds a Master of Arts in National Security Studies from Georgetown University and a Bachelor of Arts in Human Biology from Stanford University. She is a member of the State Bar of Texas. She has served as a commissioner with the Texas Public Utilities Commission and subsequently as its chair. She is also a retired Lieutenant Colonel of the Air Force Reserve. Her areas of legal expertise include energy and telecommunications.

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Mr. Maw, age 50, has been executive vice president and CFO for Starbucks Coffee Company (Starbucks) since February 2014. He is responsible for that company s Global Finance organization. Prior to that, he served as senior vice president of Corporate Finance for Starbucks where he was responsible for corporate finance, including accounting, tax and treasury. Mr. Maw also had oversight for all financial and securities-related regulatory filings. He joined Starbucks as global controller in 2011. Prior to joining Starbucks, Mr. Maw served as CFO of SeaBright Insurance Company from 2010 to 2011. From 2008 to February 2010 he served as CFO of the Consumer Banking division of JPMorgan Chase & Co., having held a similar position at Washington Mutual Bank (WaMu) prior to its receivership and subsequent acquisition by Chase. At Chase and WaMu, he was responsible for all finance and accounting functions for the retail branch networks of those banks. From 1994 to 2003, he served in various finance leadership positions at General Electric Company, including serving as CFO for GE Insurance Holdings, Inc. in London. Mr. Maw graduated from Gonzaga University with a B.A. in Accounting.