



Interior Energy Project Salix Liquefaction Proposal

Interior Energy Project Town Hall For RFP Finalists - November 4, 2015

Salix/Avista – Mission & Goals

It's About the Customers and the Community

- Providing safe, affordable, reliable, and dependable energy solutions
- Diversification: Making more energy options available to serve the community, now and into the future
- Energy solutions leading to a cleaner environment

Working on Energy Solutions for You

- Quality team of professionals
- Bringing together industry experience

About Avista Corp. and Salix, Inc.

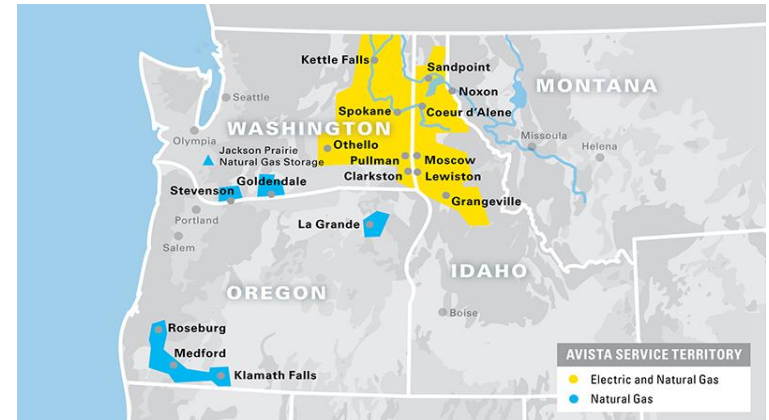
- Incorporated in the state of Washington in 1889
- Headquartered in Spokane, Washington
- Utility operations in five states (WA, OR, ID, MT, AK)
- Over 1,500 utility employees
- Core business is the regulated utility
 - Electric power since 1889
 - Natural gas since 1958
- Salix, Inc. unregulated LNG project development subsidiary



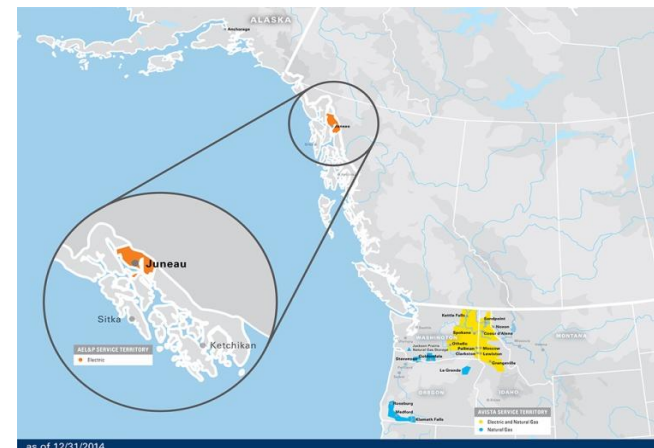
Avista and AEL&P Service Areas



- Serves electric and natural gas customers in eastern Washington and northern Idaho, and natural gas customers in southern and eastern Oregon (30,000 square miles)
- Population of service area 1.6 million
 - 370,000 electric customers, 330,000 natural gas customers
- Has one of the smallest carbon footprints among America's 100 largest power producers



- Serves electric customers in Juneau, Alaska
- Population of service area 32,000+
 - 16,400+ electric customers
- Investigating the opportunity to bring natural gas to the Southeast Alaska area



Avista - Financial Background

2014

| | |
|---------------|--------|
| Total Assets | \$4.7B |
| Total Revenue | \$1.5B |
| Net Income | \$192M |

NYSE AVA

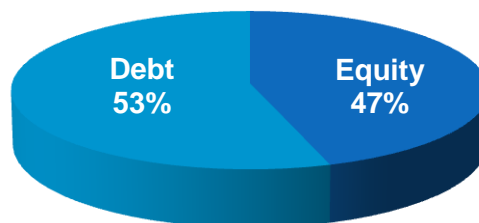
| | |
|------------------------|--------|
| Market Capitalization* | \$2.1B |
| Dividend Yield* | 3.87% |

**Based on closing price of \$33.58 on 11/3/15*

Investment-grade financial profile

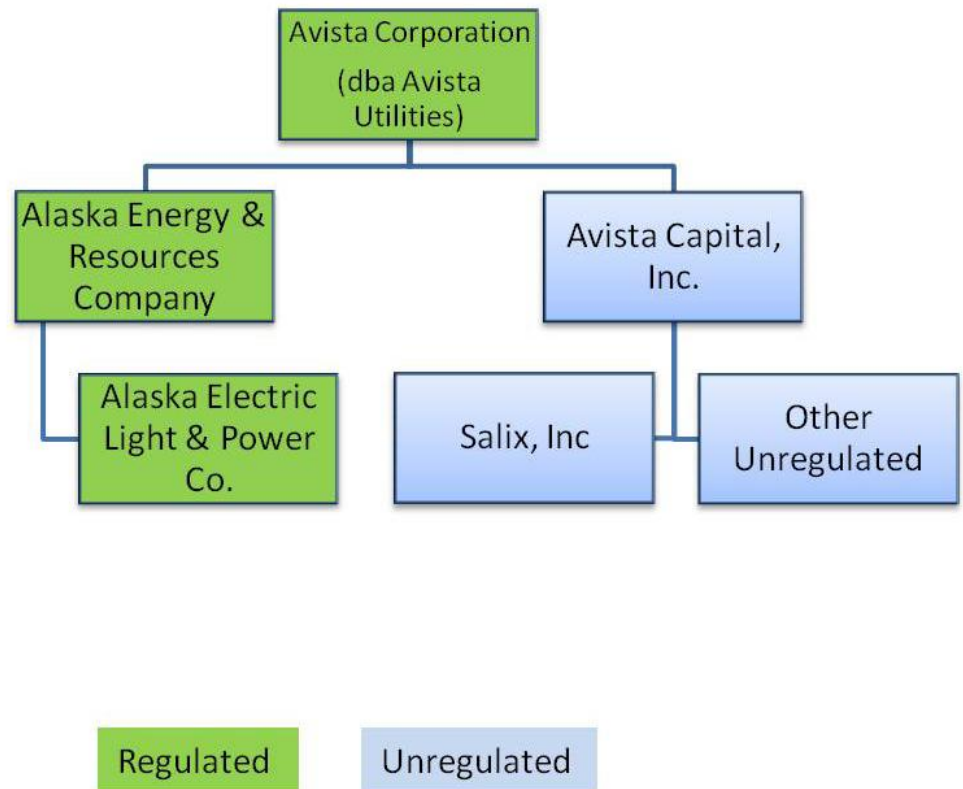
| | S&P | Moody's |
|--------------------------------|--------|---------|
| Corporate Credit/Issuer Rating | BBB | Baa1 |
| Outlook | Stable | Stable |

Capital Structure



Salix – Objectives

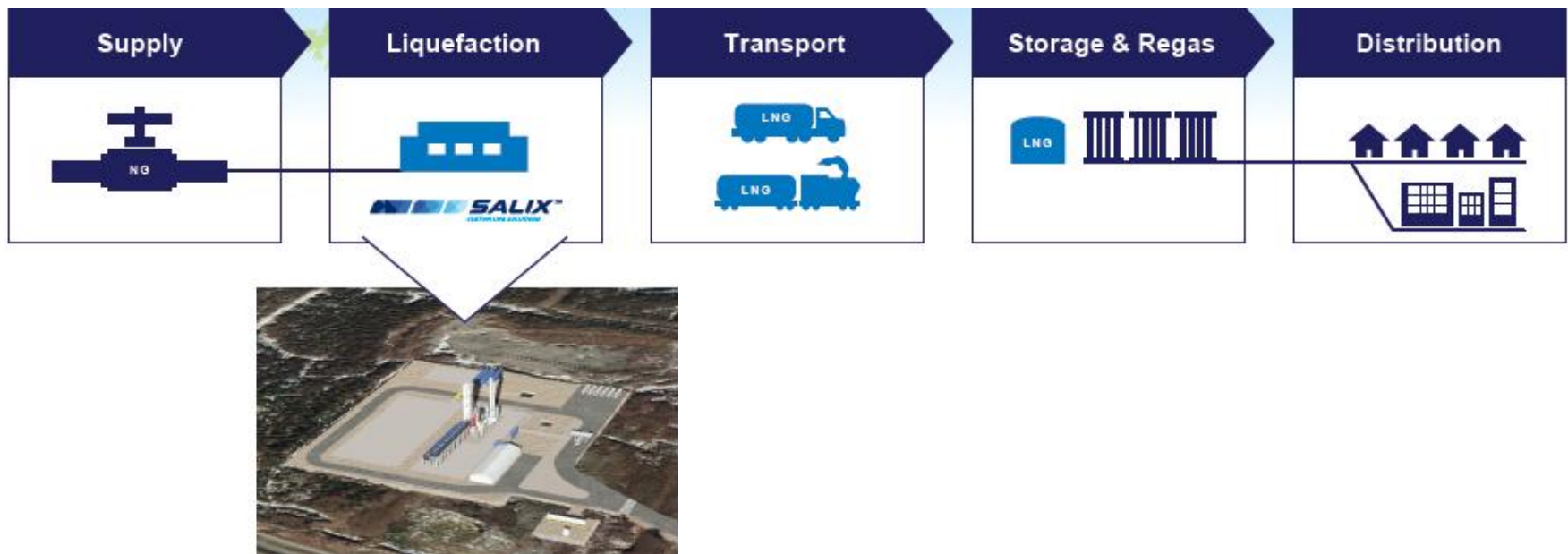
- **Unregulated Subsidiary**
- **Advisor for Natural Gas Purchasing Strategies**
- **Exploring LNG Project Opportunities**
 - Remote generation and LDC
 - Marine
 - Rail
 - Other
 - Western North America focus



Experienced LNG Team



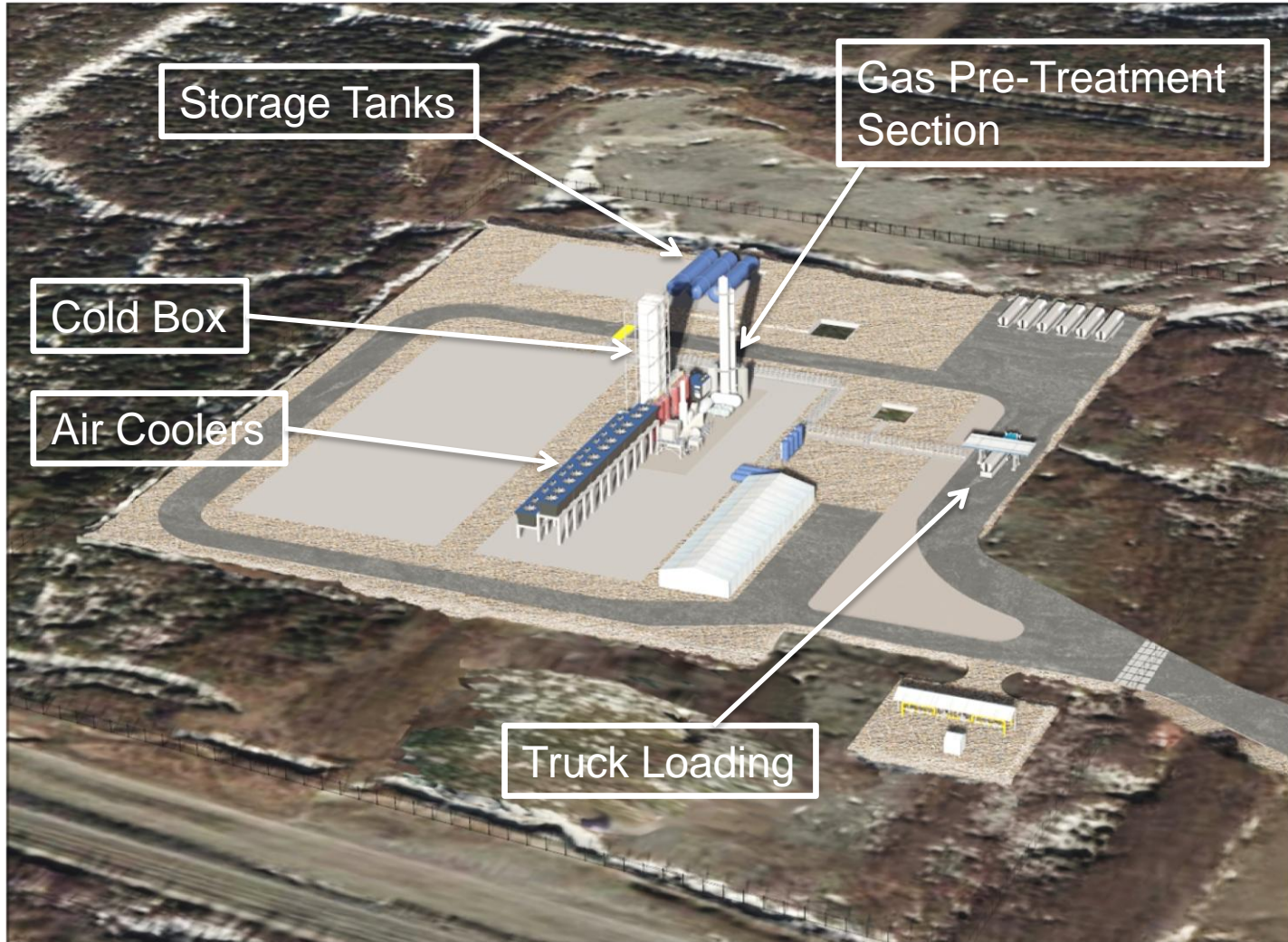
Supply Chain



100,000 Gallon/Day Cook Inlet Liquefaction Plant

- Expandable to 200,000 gallons/day
- “Cost of service” basis for liquefaction tolling
- Truck delivery with possible future rail delivery option
- Project Financing - \$68 million
 - \$30 million AIDEA capital appropriation
 - \$28 million AIDEA SB23 SETS funds
 - \$10 million Salix investment

RFP Proposal



Design and Benefits

- Simple to operate, compact and highly modularized
- Low capital cost
- Nitrogen refrigeration system
- High reliability
- Flexibility to turn down to meet changing demand

CHART C100N Plant



George West, Texas

CHART C100N Plant



CHART C100N Plant



CHART C100N Plant



Salix

- *Brings together a project team with energy industry experience and expertise*
- *Provides a low capital cost, standardized, reliable project design meeting your natural gas needs into the future*
- *Is an Avista Corporation company, with the financial capability and a long-standing tradition of energy service*

Thank You

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