

AVISTA CORP  
Form PRE 14A  
March 03, 2017  
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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)

# Edgar Filing: AVISTA CORP - Form PRE 14A

(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:
- (2) Aggregate number of securities to which the transaction applies:
- (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 11, 2017  
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, 2, 4, and 5 if you have not given instructions on how to vote. Please be sure to give 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 2017 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](http://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 31, 2017

Dear Fellow Shareholder:

You are invited to attend Avista's 2017 Annual Meeting at 8:15 a.m. PDT on Thursday, May 11, 2017, at the Avista headquarters, 1411 East Mission Avenue, Spokane, Washington. We welcome you to attend in person or listen to the meeting via webcast at [www.avistacorp.com](http://www.avistacorp.com).

The Annual Meeting is my opportunity to speak directly with you to share information about our Company's performance last year and what is on the horizon. The future of our industry is being shaped by forces both outside our Company, as well as by the innovative and dedicated employees who work for Avista. I look forward to sharing with you our plans for tomorrow and how we are making it happen today for our customers, our communities and our shareholders.

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 2016 Annual Report to Shareholders (the Annual Report), titled Building a Brighter Future. 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 11, 2017. Thank you for your continued interest in and support of Avista.

Sincerely,

**Scott L. Morris**

Chairman of the Board,

President & 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 11, 2017 at 8:15 a.m. Pacific Time. The purposes of the meeting are:

- (1) to elect ten directors identified in the accompanying proxy statement to serve until the 2018 Annual Meeting of Shareholders;
  - (2) to amend the Company's Restated Articles of Incorporation (the "Articles") to reduce certain shareholder approval requirements;
  - (3) 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 2017;
  - (4) to hold an advisory (non-binding) vote on executive compensation;
  - (5) to hold an advisory (non-binding) vote on the frequency of advisory votes on executive compensation; and
  - (6) 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 10, 2017, 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.

By Order of the Board,

Marian M. Durkin

Senior Vice President, General Counsel,  
Corporate Secretary & Chief Compliance Officer  
Spokane, Washington  
March 31, 2017

**THIS PROXY STATEMENT AND THE 2016 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 7, 2017.**

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**AVISTA CORPORATION**  
**1411 East Mission Avenue**  
**Spokane, Washington 99202**

**PROXY STATEMENT**  
**FOR THE ANNUAL MEETING**  
**TO BE HELD ON MAY 11, 2017**

**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 31, 2017.

**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 ten directors.
- (2) Amendment of the Company's Articles to reduce certain shareholder approval requirements.
- (3) Ratification of the appointment of Deloitte as the Company's independent registered public accounting firm for 2017.
- (4) Advisory (non-binding) vote on executive compensation.

- (5) Advisory (non-binding) vote on the frequency of advisory votes on executive compensation.
- (6) 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 ten directors.

Proposal 2: **For** the amendment of the Company's Articles to reduce certain shareholder approval requirements.

Proposal 3: **For** ratification of the appointment of Deloitte as the Company's independent registered public accounting firm for 2017.

Proposal 4: **For** the advisory (non-binding) vote on executive compensation.

Proposal 5: For an advisory (non-binding) vote to conduct an advisory vote on executive compensation **every year**.

#### 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 10, 2017, 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, XXXXXX shares of common stock were outstanding and entitled to vote.

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### ABOUT THE ANNUAL MEETING

#### 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.

#### 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, 2, 4 and 5 unless you have given instructions on how to vote. Please be sure to give specific voting instructions 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.

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**ABOUT THE ANNUAL MEETING**

**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, 2017.

**Proposal 2** the proposal for amending the Articles to reduce certain shareholder approval requirements will be approved upon the affirmative vote of the holders of 80% of the total number of shares of common stock outstanding. Brokers may not vote on this proposal without instructions from the beneficial owners. Abstentions or broker non-votes with respect to any shares will have the same impact as a negative vote on the outcome of Proposal 2 since those shares will not be voted for. 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 proposal for ratifying the appointment of the firm of Deloitte as the independent registered public accounting firm of the Company for 2017, 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 4** 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 the outcome of Proposal 4 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 5** the frequency (every one, two or three years) of the advisory (non-binding) vote on executive compensation receiving the greatest number of votes will be the frequency recommended by shareholders. 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 the outcome of Proposal 5 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 an advisory (non-binding) vote on executive compensation every year.

**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 \$22,000 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 2016 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](http://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 ten director nominees are independent.

The Chief Executive Officer ( CEO ) is the only non-independent director.

During 2016, all of the Board committees (except the Executive Committee) were composed exclusively of independent directors.

The average tenure of our independent directors is ten years and their average age is 58.

The Board is committed to board refreshment. Our Board has added four new members in the past six 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>
<b>Board Oversight of Risk Management</b>	<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>
<b>Stock Ownership Requirements</b>	<p>Independent directors are expected 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>
<b>Board Practices</b>	<p>The Board regularly assesses its performance through Board and committee evaluations.</p>

Continuing director education is provided through attendance at outside programs as well as during regular Board and committee meetings.

Directors may not stand for election after age 72.

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 2016, 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 2016 reflects our corporate performance for the fiscal year.

The Compensation Committee approved base salary adjustments ranging from 1.0% to 6.2% 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 29;

Our 2016 consolidated EPS performance exceeded the target, resulting in an annual cash incentive payment of 136% of target, which was 136% of base salary for our CEO and 82% of base salary for our other NEOs;

Our ROE exceeded the target; therefore one-third of our CEO s RSUs granted in 2014, 2015 and 2016 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 2014, 2015 and 2016, along with the associated dividend equivalents. The RSUs are time-based, and one-third vest each year over a three-year period; and

The Company s relative total shareholder return ( TSR ) over the 2014-2016 three-year performance period was above target performance resulting in a payout of 119% of target, and the Company s cumulative EPS over the same three-year performance period was above target performance resulting in a payout of 162% of target; therefore our NEOs earned a payment with respect to their 2014-2016 performance share award and the associated dividend equivalents.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

<b>What are you voting on?</b>	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.
<b>Voting Recommendation:</b>	The Board of Directors unanimously recommends a vote <b>FOR</b> 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 health and 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; independence and 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. 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 does not have a diversity policy, but does include 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; and 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 six years, the Board has added four 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 average tenure of the current independent director nominees is 10 years and the average age is 58. The 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.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

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 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 2018 Annual Meeting, on page 64. 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**

Ten directors are to be elected to hold office for a one-year term, and until a qualified successor is elected. John F. Kelly will be retiring from the Board due to his having reached the retirement age specified in the Bylaws. The Company's Restated Articles of Incorporation and Bylaws provide for up to 11 directors, as specified from time to time by the Board. At the February 2017 Board meeting, the Board fixed the number of directors at 10, effective May 11, 2017.

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 2018 and until their successors shall have been elected. 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 Mr. Morris, are independent and that all nominees satisfy the various criteria for nomination as directors.

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 shows a summary of the director nominees' core competencies:

