

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-150204

DOCKET NO. UG-150205

EXHIBIT NO. ____ (KON-2)

KELLY O. NORWOOD

REPRESENTING AVISTA CORPORATION

RatingsDirect®

Utility Regulatory Assessments For U.S. Investor-Owned Utilities

Primary Credit Analyst:

Todd A Shipman, CFA, New York (1) 212-438-7676; todd.shipman@standardandpoors.com

Secondary Contacts:

Barbara A Eiseman, New York (1) 212-438-7666; barbara.eiseman@standardandpoors.com

Gabe Grosberg, New York (1) 212-438-6043; gabe.grosberg@standardandpoors.com

Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@standardandpoors.com

Kyle M Loughlin, New York (1) 212-438-7804; kyle.loughlin@standardandpoors.com

Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@standardandpoors.com

Ana M Olaya-Rotonti, New York (1) 212-438-8668; ana.olaya-rotonti@standardandpoors.com

Matthew L O'Neill, New York (1) 212-438-4295; matthew.oneill@standardandpoors.com

Table Of Contents

Related Criteria And Research

Utility Regulatory Assessments For U.S. Investor-Owned Utilities

In Standard & Poor's Ratings Services' commentary "Assessing U.S. Investor-Owned Utility Regulatory Environments," published on Jan. 7, 2014, on RatingsDirect, we discussed our views on what constitutes a credit-supportive regulatory climate in the U.S.

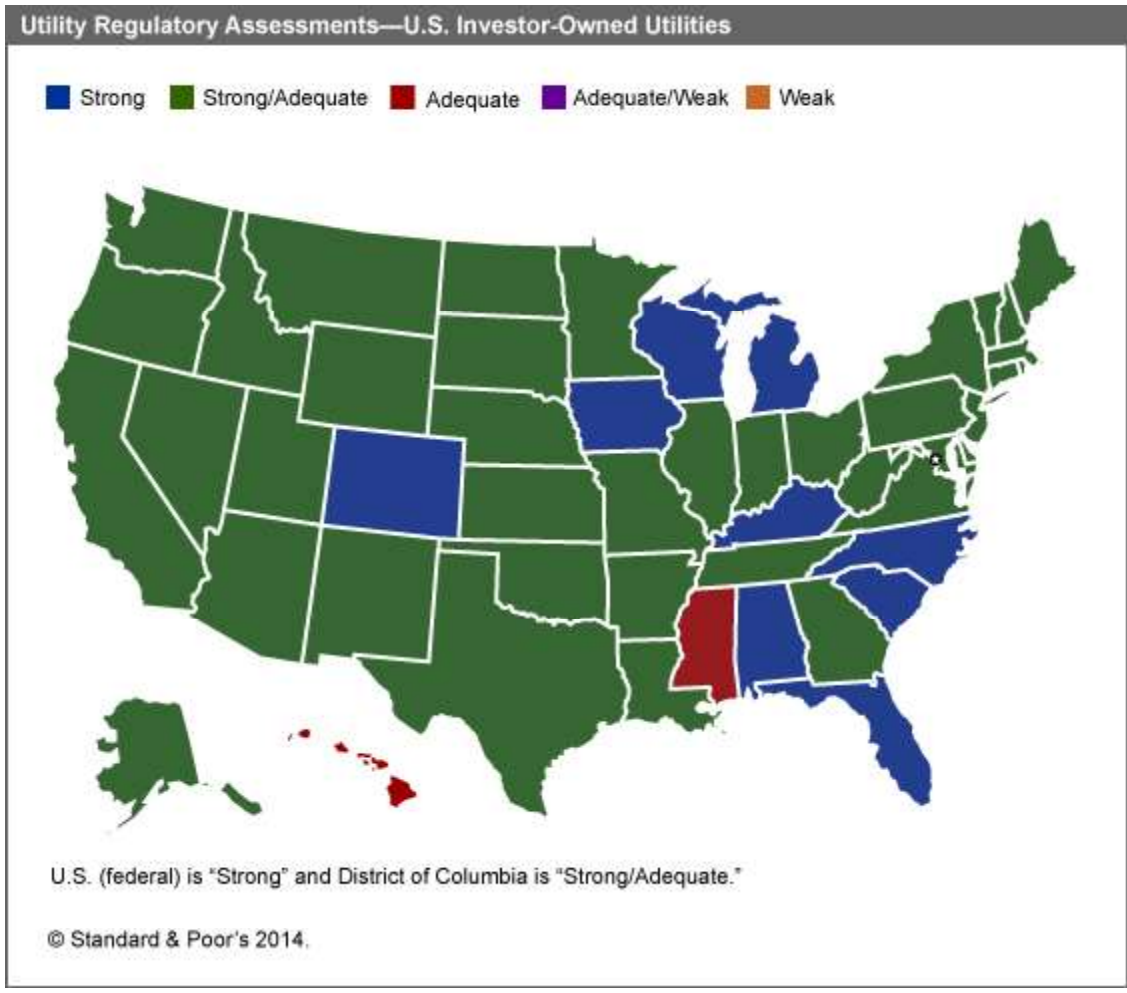
We use those factors to create assessments of the regulatory environments in jurisdictions that regulate the electric, gas, and water utilities that we rate. We base the assessments on quantitative and qualitative factors, focusing on four main categories: the stability of the basic regulatory paradigm employed in the jurisdiction, tariff-setting procedures, financial stability, and the political independence of the regulator.

The following table, which lists the jurisdictions in rank order, and map show our updated assessments of regulatory jurisdictions. Since the scale is now global and the categories are different, comparisons to the previous assessments are not valid.

Regulatory Jurisdictions For Investor-Owned Utilities In The U.S.				
Strong	Strong/Adequate	Adequate	Adequate/Weak	Weak
U.S. (federal)	California	Hawaii		
Wisconsin	Georgia	Mississippi		
Florida	Louisiana			
Michigan	Minnesota			
Alabama	Oklahoma			
Iowa	Texas (RR Comm.)			
South Carolina	Vermont			
North Carolina	Pennsylvania			
Kentucky	Virginia			
Colorado	Oregon			
	Kansas			
	Tennessee			
	Nevada			
	Maine			
	Utah			
	Wyoming			
	Indiana			
	Arkansas			
	South Dakota			
	Arizona			
	North Dakota			
	Idaho			
	Nebraska			
	New York			
	Illinois			

Regulatory Jurisdictions For Investor-Owned Utilities In The U.S. (cont.)

Ohio
Massachusetts
New Jersey
West Virginia
Rhode Island
Delaware
Alaska
Missouri
Texas (PUC)
Connecticut
District of Columbia
Maryland
Washington
New Mexico
New Hampshire
Montana



Related Criteria And Research

Related Criteria

- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013

Related Research

- Assessing U.S. Investor-Owned Utility Regulatory Environments, Jan. 7, 2014

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.