

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-14\_\_\_\_\_

DOCKET NO. UG-14\_\_\_\_\_

EXHIBIT NO. \_\_\_\_\_ (SLM-2)

SCOTT L. MORRIS

REPRESENTING AVISTA CORPORATION

1 **Description of Avista Utilities:**

2 Avista Utilities provides electric and natural gas service within a 26,000 square mile area  
3 of eastern Washington and northern Idaho<sup>1</sup>. Of the Company's 366,305 electric and 325,919  
4 natural gas customers (as of December 31, 2013), 240,246 and 151,676, respectively, were  
5 Washington customers. The Company, headquartered in Spokane, also provides natural gas  
6 distribution service in southwestern and northeastern Oregon. A map showing Avista's electric  
7 and natural gas service areas is provided in Exhibit No. \_\_\_\_ (SLM-3).

8 As of December 31, 2013, Avista Utilities had total assets (electric and natural gas) of  
9 approximately \$4.0 billion (on a system basis), with electric retail revenues of \$743 million  
10 (system) and natural gas retail revenues of \$314 million (system). As of December 2013, the  
11 Utility had 1,643 employees.

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<sup>1</sup> Avista also serves approximately 20 retail electric customers in western Montana.

1 **Description of Avista's subsidiary businesses:**

2 Avista Corp.'s primary subsidiary is the information and technology business, Ecova,  
3 which is headquartered in Spokane, Washington. Ecova provides utility expense management  
4 and energy management solutions to multi-site companies across North America. This includes  
5 more than 450,000 business sites. Ecova clients include Fortune 1000 companies such as  
6 GameStop, Panda Restaurant Group, Petco, Shell, Staples and, many North American electric  
7 and natural gas utilities. Avista currently holds a 79.2% share in Ecova, which is held under  
8 Avista Capital.

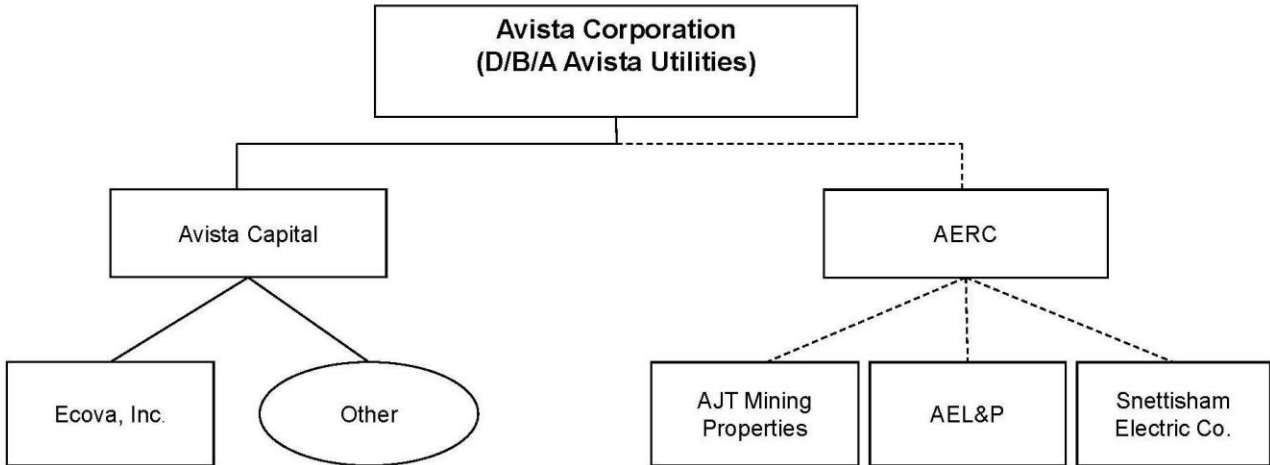
9 On November 4, 2013, Avista entered into an Agreement and Plan of Merger (Merger  
10 Agreement), with Alaska Merger Sub, Inc. (Merger Sub), and Alaska Energy and Resources  
11 Company (AERC). Merger Sub is a wholly-owned corporation of Avista and was created solely  
12 for the purpose of facilitating Avista's acquisition of AERC, which includes the utility operations  
13 of Alaska Electric Light and Power (AEL&P). Upon receipt of all necessary approvals, Merger  
14 Sub would merge with and into AERC and dissolve as a corporate entity, leaving AERC as a  
15 wholly-owned subsidiary of Avista.

16 AEL&P is a wholly-owned subsidiary of AERC, and would continue to be a wholly-  
17 owned subsidiary of AERC following the completion of the proposed acquisition by Avista.  
18 AEL&P would continue to be operated by the same employees operating the utility today,  
19 including the existing management team of AEL&P. AEL&P has 60 full-time employees.  
20 AEL&P serves approximately 15,900 retail customers under the authority of the Regulatory  
21 Commission of Alaska, and is the sole electric utility serving the City and Borough of Juneau,  
22 Alaska.

1 The proposed acquisition of AERC is expected to be completed on or before July 1,  
2 2014.

3 The following is a diagram of Avista’s corporate structure, including the proposed  
4 addition of AERC:

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6 **Avista Proposed Corporate Structure<sup>(1)</sup>**  
7 **After Proposed Purchase of AERC**



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16 (1) Reflects primary subsidiaries of Avista. Other subsidiaries that have limited or no operations, or were formed  
for a limited purpose, are excluded.