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10-K

AVISTA CORP filed this Form 10-K on 02/27/07

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE FISCAL YEAR ENDED **DECEMBER 31, 2006** OR

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission file number 1-3701

AVISTA CORPORATION

(Exact name of Registrant as specified in its charter)

Washington	91-0462470
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1411 East Mission Avenue, Spokane, Washington	99202-2600
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code:	509-489-0500
Web site: http://www.avistacorp.com	

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange on Which Registered
Common Stock, no par value, together with Preferred Share Purchase Rights appurtenant thereto	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of Class
Preferred Stock, Cumulative, Without Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes ☒ No ☐Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes ☐ No ☒

The aggregate market value of the Registrant's outstanding Common Stock, no par value (the only class of voting stock), held by non-affiliates is \$1,119,674,292 based on the last reported sale price thereof on the consolidated tape on June 30, 2006.

As of January 31, 2007, 52,674,857 shares of Registrant's Common Stock, no par value (the only class of common stock), were outstanding.

Documents Incorporated By Reference

Document	Part of Form 10-K into Which Document is Incorporated
Proxy Statement to be filed in connection with the annual meeting of shareholders to be held May 10, 2007	Part III, Items 10, 11, 12, 13 and 14

Table of Contents**AVISTA CORPORATION**

	Pension Benefits		Other Post-retirement Benefits	
	2006	2005	2006	2005
Accumulated postretirement benefit obligation:				
For retirees			\$18,548	\$14,662
For fully eligible employees			\$5,401	\$5,980
For other participants			\$6,112	\$8,321
Weighted-average asset allocations as of December 31:				
Equity securities	53%	63%	64%	62%
Debt securities	28%	27%	33%	36%
Real estate	5%	5%	-	-
Other	14%	5%	3%	2%
Target asset allocations as of December 31:				
Equity securities	39-61%	54-68%	52-72%	52-72%
Debt securities	27-33%	22-28%	28-48%	28-48%
Real estate	3-7%	3-7%	-	-
Other	10-22%	5-13%	-	-
Weighted average assumptions as of December 31:				
Discount rate for benefit obligation	6.15%	5.75%	6.15%	5.75%
Discount rate for annual expense	5.75%	5.75%	5.75%	5.75%
Expected long-term return on plan assets	8.50%	8.50%	8.50%	8.50%
Rate of compensation increase	4.84%	4.84%		
Medical cost trend pre-age 65 – initial			9.00%	9.00%
Medical cost trend pre-age 65 – ultimate			5.00%	5.00%
Ultimate medical cost trend year pre-age 65			2011	2010
Medical cost trend post-age 65 – initial			9.00%	9.00%
Medical cost trend post-age 65 – ultimate			6.00%	6.00%
Ultimate medical cost trend year post-age 65			2010	2009

	2006	2005	2004	2006	2005	2004
Components of net periodic benefit cost:						
Service cost	\$ 9,963	\$ 9,480	\$ 8,914	\$ 544	\$ 566	\$ 480
Interest cost	17,158	16,228	16,406	1,755	1,652	2,019
Expected return on plan assets	(16,997)	(15,917)	(13,436)	(1,562)	(1,368)	(1,106)
Transition (asset)/obligation recognition	-	(499)	(1,086)	505	505	505
Amortization of prior service cost	653	654	654	-	-	-
Net loss recognition	3,772	3,442	3,447	90	-	245
Net periodic benefit cost	<u>\$ 14,549</u>	<u>\$ 13,388</u>	<u>\$ 14,899</u>	<u>\$ 1,332</u>	<u>\$ 1,355</u>	<u>\$ 2,143</u>

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 2006 by \$1.4 million and the service and interest cost by \$0.1 million. A one-percentage-point decrease in the assumed health care cost trend rate for each year would decrease the accumulated postretirement benefit obligation as of December 31, 2006 by \$1.2 million and the service and interest cost by \$0.1 million.