

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 2 Approved
OMB No.1902-0028
(Expires 10/31/2014)
Form 3-Q Approved
OMB No.1902-0205
(Expires 05/31/2014)



FERC FINANCIAL REPORT

FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Avista Corporation

Year/Period of Report

End of 2013/Q4

QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

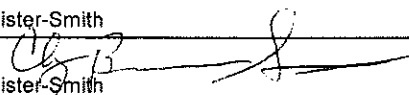
IDENTIFICATION

01 Exact Legal Name of Respondent Avista Corporation		Year/Period of Report End of <u>2013/Q4</u>	
03 Previous Name and Date of Change (If name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1411 East Mission Avenue, Spokane, WA 99207			
05 Name of Contact Person Christy Burmeister-Smith		06 Title of Contact Person VP, Controller, Prin. Acctg Officer	
07 Address of Contact Person (Street, City, State, Zip Code) 1411 East Mission Avenue, Spokane, WA 99207			
08 Telephone of Contact Person, Including Area Code 509-495-4256		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 04/11/2014

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

11 Name Christy Burmeister-Smith		12 Title VP, Controller, Prin. Accounting Officer	
13 Signature Christy Burmeister-Smith 		14 Date Signed 04/11/2014	

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

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List of Schedules (Natural Gas Company)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

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List of Schedules (Natural Gas Company) (continued)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
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73	System Map	522		N/A
74	Footnote Reference	551		
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76	Stockholder's Reports (check appropriate box)			
	<input checked="" type="checkbox"/> Four copies will be submitted <input type="checkbox"/> No annual report to stockholders is prepared			

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General Information

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Christy Burmeister-Smith, Vice President and Controller
1411 E Mission Avenue
Spokane, WA 99207

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Washington, Incorporated March 15, 1889

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric service in the states of Washington, Idaho and Montana
Natural gas service in the states of Washington, Idaho and Oregon

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1) Yes... Enter the date when such independent accountant was initially engaged:
(2) No

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Corporations Controlled by Respondent

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Reference (e)
1	Avista Capital, Inc.	D	Parent company to the Company's subsidiaries.	100	Not used
2	Ecova, Inc.	I	Provides utility bill processing services	80	Not used
3					
4	Avista Development, Inc.	I	Maintains investment portfolio incl. real estate	100	Not used
5	Avista Energy, Inc.	I	Inactive	100	Not used
6	Pentzer Corporation	I	Parent of Bay Area Mfg and Pentzer Venture Hldngs	100	Not used
7	Pentzer Venture Holdings	I	Inactive	100	Not used
8	Bay Area Manufacturing	I	Holding co. of AM&D dba MetalFX	100	Not used
9	Advanced Manufacturing & Development	I	Custom mfg of electronic enclosures	83	Not used
10	dba MetalFX	I			Not used
11	Spokane Energy, LLC	D	Owens an electric capacity contract.	100	Not used
12	Avista Capital II	D	Affiliated business trust issued pref trust sec.	100	Not used
13	Avista Northwest Resources, LLC	I	Owens an interest in a venture fund investment	100	Not used
14	Steam Plant Square, LLC	I	Commercial office and retail leasing	85	Not used
15	Courtyard Office Center, LLC	I	Commercial office and retail leasing	100	Not used
16	Steam Plant Brew Pub, LLC	I	Restaurant operations	85	Not used
17	Alaska Merger Sub, Inc.	D	Merger company formed to effect the merger	100	Not used
18		I	transaction with Alaska Energy and Resources		
19		I	Company		
20	Salix, Inc.	I	Liquified natural gas operations	100	Not used
21					
22					
23					
24					
25					
26					
27					
28					

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Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants,

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing: 11/21/2013	2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy. Total: 54022616 By Proxy: 54022596	3. Give the date and place of such meeting: 5/9/2013 Spokane, Washington
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Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
		4. Number of votes as of (date): 11/21/2013			
5	TOTAL votes of all voting securities	59,876,355	59,876,355		
6	TOTAL number of security holders	10,031	10,031		
7	TOTAL votes of security holders listed below	326,382	326,382		
8	Gary Ely; Liberty Lake, WA	121,984	121,984		
9	Jack W. Gustavel; Coeur d'Alene, ID	42,677	42,677		
10	Mark T. Thies; Spokane, WA	27,600	27,600		
11	Marian M. Durkin; Spokane, WA	27,423	27,423		
12	Frederick W. Schott Tr FW Schott Living Trust UA 09/02/98; Santa Monica, CA	20,423	20,423		
13	Thomas A. Lowe & Kathleen B. Lowe Tr UA 23-May-07; Satellite Beach, FL	18,207	18,207		
14	John F. Kelly; Winter Park, FL	17,967	17,967		
15	Dennis P. Vermillion; Spokane, WA	16,840	16,840		
16	Dolores Marilyn Ruhl Kellam TR UA 08/11/86; Sanford, FL	16,835	16,835		
17	William A. Dickerhoof; Palos Park, IL	16,425	16,425		
18					
19					
20					

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/11/2014	2013/Q4
FOOTNOTE DATA			

Schedule Page: 107 Line No.: 1 Column: 1

To pay the 12/13/2013 dividend.

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Avista Corporation			
Important Changes During the Quarter/Year			

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

- Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
- Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
- Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
- Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
- Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.

Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.

- Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
- Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
- State the estimated annual effect and nature of any important wage scale changes during the year.
- State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
- Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
- Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
- Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
- In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

- None
- A merger transaction with Alaska Energy and Resources Company was entered into on November 4, 2013; however, the consummation of the transaction is subject to the satisfaction or waiver of specified closing conditions. Refer to Note 3 of the Notes to Financial Statements for further details regarding this merger transaction.
- None
- None
- None
- Avista Corp. has a committed line of credit with various financial institutions in the total amount of \$400.0 million with an expiration date of February 2017. The committed line of credit is secured by non-transferable First Mortgage Bonds of the Company issued to the agent bank that would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed line of credit.

Balances outstanding under the Company's revolving committed line of credit were as follows as of December 31, 2013 and December 31, 2012 (dollars in thousands):

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Important Changes During the Quarter/Year			

	December 31, 2013	December 31, 2012
Balance outstanding at end of period	\$171,000	\$52,000
Letters of credit outstanding at end of period	\$27,434	\$35,885

In August 2013, Avista Corp. entered into a \$90.0 million term loan agreement with an institutional investor that bears an annual interest rate of 0.84 percent and matures in 2016. The term loan agreement is secured by non-transferable First Mortgage Bonds of the Company issued to the agent bank that will only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the term loan agreement. The net proceeds from the \$90.0 million term loan agreement were used to repay a portion of corporate indebtedness in anticipation of \$50.0 million in First Mortgage Bonds that matured in December 2013. The debt issuance was approved by regulatory commissions as follows: WUTC (Docket No. U-111176 Order 02) IPUC (Case No. AVU-U-11-01 Order No. 32338) and the OPUC (Docket UF 4269 Order No. 11-334).

7. None

8. Average annual wage increases were 2.2% for non-exempt employees effective February 25, 2013. Average annual wage increases were 2.8% for exempt employees effective February 25, 2013. Officers received average increases of 5.5% effective February 25, 2013. Certain bargaining unit employees received increases of 3.0% effective March 26, 2013.

9. Reference is made to Note 17 of the Notes to Financial Statements.

10. See page 123 of this report.

11. Reference is made to Note 19 of the Notes to Financial Statements.

12. Michael L. Noël, a director of Avista Corporation (Avista Corp. or the Company) whose term expired on May 9, 2013, retired from Avista Corp.'s Board of Directors as he has reached the mandatory retirement age of 72 as outlined in the Company's Bylaws.

On February 11, 2014, Rick R. Holley provided notification to the Company that he will not stand for reelection to Avista Corp.'s Board of Directors and he resigned effective February 15, 2014. This is due to the fact that the time requirements for his board service conflicts with his other professional commitments. He has no disagreements with the Company.

On February 13, 2014, Avista Corp.'s Board of Directors took action to reduce the number of board members from 10 to 9 effective February 15, 2014.

Effective January 2014, Jason R. Thackston was promoted to Senior Vice President. He has been Vice President of Energy Resources since December 2012.

13. Proprietary capital is not less than 30 percent.

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Comparative Balance Sheet (Assets and Other Debits)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	4,280,005,611	4,044,184,930
3	Construction Work in Progress (107)	200-201	157,258,690	139,513,892
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	4,437,264,301	4,183,698,822
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,491,212,830	1,408,153,972
6	Net Utility Plant (Total of line 4 less 5)		2,946,051,471	2,775,544,850
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		0	0
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		0	0
9	Nuclear Fuel (Total of line 7 less 8)		0	0
10	Net Utility Plant (Total of lines 6 and 9)		2,946,051,471	2,775,544,850
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored-Base Gas (117.1)	220	6,992,076	6,992,076
13	System Balancing Gas (117.2)	220	0	0
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0
15	Gas Owed to System Gas (117.4)	220	0	0
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)		5,438,891	5,536,702
18	(Less) Accum. Provision for Depreciation and Amortization (122)		920,905	921,820
19	Investments in Associated Companies (123)	222-223	12,047,000	12,047,000
20	Investments in Subsidiary Companies (123.1)	224-225	112,232,104	118,714,423
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances		0	0
23	Other Investments (124)	222-223	13,980,638	16,439,055
24	Sinking Funds (125)		0	0
25	Depreciation Fund (126)		0	0
26	Amortization Fund - Federal (127)		0	0
27	Other Special Funds (128)		10,897,909	9,154,874
28	Long-Term Portion of Derivative Assets (175)		853,757	1,092,593
29	Long-Term Portion of Derivative Assets - Hedges (176)		19,574,858	7,265,426
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		174,104,252	169,328,253
31	CURRENT AND ACCRUED ASSETS			
32	Cash (131)		3,949,469	2,624,516
33	Special Deposits (132-134)		19,283,082	2,716,333
34	Working Funds (135)		864,092	799,065
35	Temporary Cash Investments (136)	222-223	0	251,390
36	Notes Receivable (141)		0	234,901
37	Customer Accounts Receivable (142)		182,617,384	159,703,153
38	Other Accounts Receivable (143)		8,417,179	5,188,679
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		4,830,036	4,653,167
40	Notes Receivable from Associated Companies (145)		5,720,836	314,682
41	Accounts Receivable from Associated Companies (146)		286,696	700,835
42	Fuel Stock (151)		3,170,050	4,120,767
43	Fuel Stock Expenses Undistributed (152)		0	0

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Comparative Balance Sheet (Assets and Other Debits)(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0
45	Plant Materials and Operating Supplies (154)		26,655,710	23,875,397
46	Merchandise (155)		0	0
47	Other Materials and Supplies (156)		0	0
48	Nuclear Materials Held for Sale (157)		0	0
49	Allowances (158.1 and 158.2)		0	0
50	(Less) Noncurrent Portion of Allowances		0	0
51	Stores Expense Undistributed (163)		0	0
52	Gas Stored Underground-Current (164.1)	220	13,028,710	17,276,287
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0
54	Prepayments (165)	230	7,938,050	16,090,480
55	Advances for Gas (166 thru 167)		0	0
56	Interest and Dividends Receivable (171)		30,982	31,981
57	Rents Receivable (172)		1,360,262	830,718
58	Accrued Utility Revenues (173)		0	0
59	Miscellaneous Current and Accrued Assets (174)		752,953	429,169
60	Derivative Instrument Assets (175)		3,875,269	5,231,375
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)		853,757	1,092,593
62	Derivative Instrument Assets - Hedges (176)		33,544,588	7,265,426
63	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		19,574,858	7,265,426
64	TOTAL Current and Accrued Assets (Total of lines 32 thru 63)		286,236,661	234,673,968
65	DEFERRED DEBITS			
66	Unamortized Debt Expense (181)		12,505,134	13,532,890
67	Extraordinary Property Losses (182.1)	230	0	0
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
69	Other Regulatory Assets (182.3)	232	381,581,939	559,831,454
70	Preliminary Survey and Investigation Charges (Electric)(183)		875,153	3,894,551
71	Preliminary Survey and Investigation Charges (Gas)(183.1 and 183.2)		0	0
72	Clearing Accounts (184)		0	0
73	Temporary Facilities (185)		0	0
74	Miscellaneous Deferred Debits (186)	233	13,312,292	15,701,369
75	Deferred Losses from Disposition of Utility Plant (187)		0	0
76	Research, Development, and Demonstration Expend. (188)		0	0
77	Unamortized Loss on Reacquired Debt (189)		19,417,103	21,635,414
78	Accumulated Deferred Income Taxes (190)	234-235	70,239,422	148,425,469
79	Unrecovered Purchased Gas Costs (191)		(12,074,780)	(6,916,577)
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		485,856,263	756,104,570
81	TOTAL Assets and Other Debits (Total of lines 10-15,30,64,and 80)		3,899,240,723	3,942,643,717

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of <u>2013/Q4</u>
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Comparative Balance Sheet (Liabilities and Other Credits)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	869,342,827	863,316,222
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	8,089,025	10,942,942
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	(19,561,527)	(14,977,565)
11	Retained Earnings (215, 215.1, 216)	118-119	413,009,873	377,687,824
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	(5,918,024)	(747,337)
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	117	(5,819,930)	(6,700,160)
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		1,298,265,298	1,259,477,056
16	LONG TERM DEBT			
17	Bonds (221)	256-257	1,376,700,000	1,336,700,000
18	(Less) Reacquired Bonds (222)	256-257	83,700,000	83,700,000
19	Advances from Associated Companies (223)	256-257	51,547,000	51,547,000
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)	258-259	195,433	204,316
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	1,482,644	1,656,685
23	(Less) Current Portion of Long-Term Debt		0	0
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)		1,343,259,789	1,303,094,631
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases-Noncurrent (227)		4,193,852	4,491,191
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		240,000	700,447
29	Accumulated Provision for Pensions and Benefits (228.3)		122,512,892	283,984,764
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		2,489,686	0

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Comparative Balance Sheet (Liabilities and Other Credits)(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)
32	Long-Term Portion of Derivative Instrument Liabilities		18,355,040	26,310,290
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		2,847,207	3,167,936
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		150,638,677	318,654,628
36	CURRENT AND ACCRUED LIABILITIES			
37	Current Portion of Long-Term Debt		0	0
38	Notes Payable (231)		171,000,000	52,000,000
39	Accounts Payable (232)		107,675,819	116,147,642
40	Notes Payable to Associated Companies (233)		0	598
41	Accounts Payable to Associated Companies (234)		810,911	709,623
42	Customer Deposits (235)		3,393,269	3,323,152
43	Taxes Accrued (236)	262-263	22,103,801	22,309,642
44	Interest Accrued (237)		13,444,066	12,038,698
45	Dividends Declared (238)		0	0
46	Matured Long-Term Debt (239)		0	0
47	Matured Interest (240)		0	0
48	Tax Collections Payable (241)		115,213	120,427
49	Miscellaneous Current and Accrued Liabilities (242)	268	55,243,462	61,331,657
50	Obligations Under Capital Leases-Current (243)		297,339	258,586
51	Derivative Instrument Liabilities (244)		29,230,059	55,825,491
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		18,355,041	26,310,290
53	Derivative Instrument Liabilities - Hedges (245)		0	1,433,160
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		384,958,898	299,188,386
56	DEFERRED CREDITS			
57	Customer Advances for Construction (252)		1,459,117	947,342
58	Accumulated Deferred Investment Tax Credits (255)		12,387,031	12,613,058
59	Deferred Gains from Disposition of Utility Plant (256)		0	0
60	Other Deferred Credits (253)	269	25,359,333	26,169,966
61	Other Regulatory Liabilities (254)	278	71,742,330	55,244,962
62	Unamortized Gain on Reacquired Debt (257)	260	2,225,581	2,355,118
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		0	0
64	Accumulated Deferred Income Taxes - Other Property (282)		447,100,235	419,216,613
65	Accumulated Deferred Income Taxes - Other (283)		161,844,434	245,681,957
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		722,118,061	762,229,016
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		3,899,240,723	3,942,643,717

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of <u>2013/Q4</u>
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Statement of Income

Quarterly

- Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
- Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
- Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
- If additional columns are needed place them in a footnote.

Annual or Quarterly, if applicable

- Do not report fourth quarter data in columns (e) and (f)
- Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
- Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
- Use page 122 for important notes regarding the statement of income for any account thereof.
- Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
- Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
- If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
- Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
- Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
- If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	1,574,987,368	1,494,227,540	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	1,054,508,447	1,051,630,004	0	0
5	Maintenance Expenses (402)	317-325	60,947,443	61,377,568	0	0
6	Depreciation Expense (403)	336-338	105,822,752	102,188,312	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	13,800,853	12,353,382	0	0
9	Amortization of Utility Plant Acu. Adjustment (406)	336-338	99,047	99,047	0	0
10	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		0	0	0	0
11	Amortization of Conversion Expenses (407.2)		0	0	0	0
12	Regulatory Debits (407.3)		12,986,972	5,612,331	0	0
13	(Less) Regulatory Credits (407.4)		13,582,146	24,170,474	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	88,262,771	83,263,801	0	0
15	Income Taxes-Federal (409.1)	262-263	39,972,039	14,435,558	0	0
16	Income Taxes-Other (409.1)	262-263	2,066,338	379,911	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	31,154,269	35,782,466	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	4,770,686	4,224,555	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		(238,869)	2,073,106	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		0	0	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		1,391,029,230	1,340,800,457	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		183,958,138	153,427,083	0	0

Statement of Income

Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	1,049,456,902	1,017,916,105	525,530,466	476,311,435	0	0
3						
4	635,615,026	664,363,922	418,893,421	387,266,082	0	0
5	48,867,669	50,481,432	12,079,774	10,896,136	0	0
6	84,631,445	83,017,204	21,191,307	19,171,108	0	0
7	0	0	0	0	0	0
8	10,778,960	9,725,903	3,021,893	2,627,479	0	0
9	99,047	99,047	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	12,125,143	4,618,160	861,829	994,171	0	0
13	13,080,536	22,537,730	501,610	1,632,744	0	0
14	66,342,004	62,217,029	21,920,767	21,046,772	0	0
15	31,663,448	16,824,429	8,308,591	(2,388,871)	0	0
16	1,388,109	432,992	678,229	(53,081)	0	0
17	25,700,222	24,012,637	5,454,047	11,769,829	0	0
18	4,871,648	4,120,508	(100,962)	104,047	0	0
19	(199,113)	2,115,166	(39,756)	(42,060)	0	0
20	0	0	0	0	0	0
21	0	0	0	0	0	0
22	0	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	899,059,776	891,249,683	491,969,454	449,550,774	0	0
26	150,397,126	126,666,422	33,561,012	26,760,661	0	0

Statement of Income(continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		183,958,138	153,427,083	0	0
28	OTHER INCOME AND DEDUCTIONS					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues from Merchandising, Jobbing and Contract Work (415)		0	0	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		0	0	0	0
33	Revenues from Nonutility Operations (417)		(13,172)	(236)	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		10,644,789	8,415,859	0	0
35	Nonoperating Rental Income (418)		(3,699)	(2,749)	0	0
36	Equity in Earnings of Subsidiary Companies (418.1)	119	4,593,239	(1,206,861)	0	0
37	Interest and Dividend Income (419)		2,432,397	1,864,293	0	0
38	Allowance for Other Funds Used During Construction (419.1)		6,065,628	4,054,947	0	0
39	Miscellaneous Nonoperating Income (421)		0	0	0	0
40	Gain on Disposition of Property (421.1)		0	0	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		2,429,604	(3,706,465)	0	0
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		0	0	0	0
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426.1)	340	3,320,437	2,272,123	0	0
46	Life Insurance (426.2)		2,599,896	2,533,552	0	0
47	Penalties (426.3)		109,224	15,251	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		1,605,677	1,414,338	0	0
49	Other Deductions (426.5)		4,366,477	1,815,326	0	0
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	12,001,711	8,050,590	0	0
51	Taxes Applicable to Other Income and Deductions					
52	Taxes Other than Income Taxes (408.2)	262-263	172,447	145,213	0	0
53	Income Taxes-Federal (409.2)	262-263	(481,927)	106,965	0	0
54	Income Taxes-Other (409.2)	262-263	(1,004,519)	(1,231,456)	0	0
55	Provision for Deferred Income Taxes (410.2)	234-235	(1,731,439)	(520,718)	0	0
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	5,632,031	5,190,742	0	0
57	Investment Tax Credit Adjustments-Net (411.5)		0	0	0	0
58	(Less) Investment Tax Credits (420)		0	0	0	0
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(8,677,469)	(6,690,738)	0	0
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		(894,638)	(5,066,317)	0	0
61	INTEREST CHARGES					
62	Interest on Long-Term Debt (427)		68,485,495	65,281,624	0	0
63	Amortization of Debt Disc. and Expense (428)	258-259	448,328	447,351	0	0
64	Amortization of Loss on Reacquired Debt (428.1)		3,373,538	3,364,150	0	0
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	8,883	8,883	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	0	0
67	Interest on Debt to Associated Companies (430)	340	750,512	885,123	0	0
68	Other Interest Expense (431)	340	2,613,463	2,582,407	0	0
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		3,675,786	2,401,072	0	0
70	Net Interest Charges (Total of lines 62 thru 69)		71,986,667	70,150,700	0	0
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		111,076,833	78,210,066	0	0
72	EXTRAORDINARY ITEMS					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		111,076,833	78,210,066	0	0

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Statement of Accumulated Comprehensive Income and Hedging Activities(continued)

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges (Insert Category) (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 116, Line 78) (i)	Total Comprehensive Income (j)
1			(5,636,826)		
2			(290,263)		
3			(773,071)		
4			(1,063,334)	78,210,066	77,146,732
5			(6,700,160)		
6			(6,700,160)		
7			(12,411)		
8			892,641		
9			880,230	111,076,833	111,957,063
10			(5,819,930)		

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Statement of Retained Earnings

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter Year to Date Balance (c)	Previous Quarter Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance-Beginning of Period		376,139,703	362,988,164
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)			
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)			
6	Balance Transferred from Income (Acct 433 less Acct 418.1)		98,317,714	79,416,927
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436) (footnote details)			
9	Dividends Declared-Preferred Stock (Account 437)			
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (footnote details)			
11	Dividends Declared-Common Stock (Account 438)			
12	TOTAL Dividends Declared-Common Stock (Account 438) (footnote details)		73,276,102	68,552,375
13	Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings		2,114,557	2,286,987
14	Balance-End of Period (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		403,295,872	376,139,703
15	APPROPRIATED RETAINED EARNINGS (Account 215)			
16	TOTAL Appropriated Retained Earnings (Account 215) (footnote details)		9,714,001	1,548,121
17	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account			
18	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account			
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines		9,714,001	1,548,121
20	TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1		413,009,873	377,687,824
21	UNAPPROPRIATED UNDISTRICTED SUBSIDIARY EARNINGS (Account 216.1)			
	Report only on an Annual Basis no Quarterly			
22	Balance-Beginning of Year (Debit or Credit)		(747,337)	(28,386,302)
23	Equity in Earnings for Year (Credit) (Account 418.1)		4,593,239	(1,206,861)
24	(Less) Dividends Received (Debit)			
25	Other Changes (Explain)		(9,763,926)	28,845,826
26	Balance-End of Year		(5,918,024)	(747,337)

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The balance transferred from income to unappropriated retained earnings does not equal net income less subsidiary earnings in the current year because a portion of net income for the current year was recorded to appropriated retained earnings in accordance with the hydroelectric licensing requirements of section 10(d) of the Federal Power Act (FPA). The Company maintains an appropriated retained earnings account for any earnings in excess of the specified rate of return on the Company's investment in the licenses for its various hydro projects. The rate of return on investment is specified in the various hydroelectric licensing agreements for the Clark Fork River and Spokane River. Per section 10(d) of the FPA, the Company must maintain these excess earnings in an appropriated retained earnings account until the termination of the licensing agreements or apply them to reduce the net investment in the licenses of the hydroelectric projects at the discretion of the FERC.

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Statement of Cash Flows

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 78(c) on page 116)	111,076,833	78,210,066
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	117,173,574	112,091,663
5	Amortization of deferred power and gas costs, debt expense and exchange power	(3,144,520)	12,954,915
6	Deferred Income Taxes (Net)	20,846,650	19,589,845
7	Investment Tax Credit Adjustments (Net)	(226,027)	2,212,172
8	Net (Increase) Decrease in Receivables	(30,523,370)	12,838,942
9	Net (Increase) Decrease in Inventory	2,417,981	4,331,613
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	(4,903,140)	31,767,362
12	Net (Increase) Decrease in Other Regulatory Assets	(899,982)	(4,674,400)
13	Net Increase (Decrease) in Other Regulatory Liabilities	7,774,282	(4,241,041)
14	(Less) Allowance for Other Funds Used During Construction	6,065,628	4,054,947
15	(Less) Undistributed Earnings from Subsidiary Companies	4,593,239	(1,206,861)
16	Other (footnote details):	(4,880,827)	13,747,902
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16)	204,052,587	275,980,953
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	(294,363,192)	(268,743,138)
23	Gross Additions to Nuclear Fuel		
24	Gross Additions to Common Utility Plant		
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction		
27	Other (footnote details):		
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(294,363,192)	(268,743,138)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)		
32	Federal grant payments received	3,409,479	8,277,036
33	Investments in and Advances to Assoc. and Subsidiary Companies	(4,891,325)	(19,138,510)
34	Contributions and Advances from Assoc. and Subsidiary Companies		
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

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Statement of Cash Flows (continued)

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
40	Loans Made or Purchased		
41	Collections on Loans		
42	Restricted cash	481,170	
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Changes in other property and investments	6,167	4,540,198
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	(295,357,701)	(275,064,414)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	90,000,000	80,000,000
54	Preferred Stock		
55	Common Stock	4,609,006	29,078,745
56	Other (footnote details):		
57	Net Increase in Short-term Debt (c)		
58	Cash received for settlement of interest rate swap agreements		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	94,609,006	109,078,745
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	(50,258,586)	(11,324,884)
63	Preferred Stock		
64	Common Stock		
65	Other	2,369,386	(19,310,473)
66	Net Decrease in Short-Term Debt (c)	119,000,000	(9,000,000)
67	Premium paid to repurchase long-term debt		
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	(73,276,102)	(68,552,375)
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	92,443,704	891,013
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of line 18, 49 and 71)	1,138,590	1,807,552
75			
76	Cash and Cash Equivalents at Beginning of Period	3,674,971	1,867,419
77			
78	Cash and Cash Equivalents at End of Period	4,813,561	3,674,971

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Power and natural gas deferrals	1,284,946
Change in special deposits	(16,072,800)
Change in other current assets	7,300,101
Non-cash stock compensation	5,036,659
Cash paid for foreign currency hedges	(30,270)
Allowance for doubtful accounts	4,792,409
Change in other non-current assets and liabilities	(7,470,522)
Write-off of Reardan wind generation assets	2,533,578
Change in Coyote Springs 2 O&M LTSA	(1,376,514)
Prelim survey and investigation costs	(878,414)

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Power and natural gas deferrals	1,704,991
Change in special deposits	9,792,264
Change in other current assets	1,080,222
Non-cash stock compensation	4,549,448
Cash paid for foreign currency hedges	35,881
Allowance for doubtful accounts	3,973,772
Change in other non-current assets and liabilities	(7,388,676)

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Notes to Financial Statements

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these item. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Avista Corporation (Avista Corp. or the Company) is an energy company engaged in the generation, transmission and distribution of electricity and the distribution of natural gas, as well as other energy-related businesses. Avista Corp. provides electric distribution and transmission, as well as natural gas distribution, services in parts of eastern Washington and northern Idaho. Avista Corp. also provides natural gas distribution service in parts of northeastern and southwestern Oregon. Avista Corp. has generating facilities in Washington, Idaho, Oregon and Montana. The Company also supplies electricity to a small number of customers in Montana, most of whom are employees who operate one of the Montana generating facilities. Avista Capital, Inc. (Avista Capital), a wholly owned subsidiary of Avista Corp., is the parent company of all of the subsidiary companies, except Spokane Energy, LLC (Spokane Energy). Avista

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Capital's subsidiaries include Ecova, Inc. (Ecova), a 80.2 percent owned subsidiary as of December 31, 2013. Ecova is a provider of energy efficiency and other facility information and cost management programs and services for multi-site customers and utilities throughout North America.

Basis of Reporting

The financial statements include the assets, liabilities, revenues and expenses of the Company and have been prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). As required by the FERC, the Company accounts for its investment in majority-owned subsidiaries on the equity method rather than consolidating the assets, liabilities, revenues, and expenses of these subsidiaries, as required by U.S. GAAP. The accompanying financial statements include the Company's proportionate share of utility plant and related operations resulting from its interests in jointly owned plants. In addition, under the requirements of the FERC, there are differences from U.S. GAAP in the presentation of (1) current portion of long-term debt (2) assets and liabilities for cost of removal of assets, (3) assets held for sale, (4) regulatory assets and liabilities, (5) deferred income taxes and (6) comprehensive income.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect amounts reported in the financial statements. Significant estimates include:

- determining the market value of energy commodity derivative assets and liabilities,
- pension and other postretirement benefit plan obligations,
- contingent liabilities,
- recoverability of regulatory assets, and
- unbilled revenues.

Changes in these estimates and assumptions are considered reasonably possible and may have a material effect on the financial statements and thus actual results could differ from the amounts reported and disclosed herein.

System of Accounts

The accounting records of the Company's utility operations are maintained in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and adopted by the state regulatory commissions in Washington, Idaho, Montana and Oregon.

Regulation

The Company is subject to state regulation in Washington, Idaho, Montana and Oregon. The Company is also subject to federal regulation primarily by the FERC, as well as various other federal agencies with regulatory oversight of particular aspects of its operations.

Operating Revenues

Revenues related to the sale of energy are recorded when service is rendered or energy is delivered to customers. The determination of the energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the

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month. At the end of each calendar month, the amount of energy delivered to customers since the date of the last meter reading is estimated and the corresponding unbilled revenue is estimated and recorded.

Accounts receivable includes unbilled energy revenues of the following amounts as of December 31 (dollars in thousands):

	2013	2012
Unbilled accounts receivable	\$ 81,059	\$ 77,298

Advertising Expenses

The Company expenses advertising costs as incurred. Advertising expenses were not a material portion of the Company's operating expenses in 2013 and 2012.

Depreciation

For utility operations, depreciation expense is estimated by a method of depreciation accounting utilizing composite rates for utility plant. Such rates are designed to provide for retirements of properties at the expiration of their service lives. For utility operations, the ratio of depreciation provisions to average depreciable property was as follows for the years ended December 31:

	2013	2012
Ratio of depreciation to average depreciable property	2.90%	2.92%

The average service lives for the following broad categories of utility plant in service are:

- electric thermal production - 41 years,
- hydroelectric production - 79 years,
- electric transmission - 56 years,
- electric distribution - 36 years, and
- natural gas distribution property - 48 years.

Taxes Other Than Income Taxes

Taxes other than income taxes include state excise taxes, city occupational and franchise taxes, real and personal property taxes and certain other taxes not based on net income. These taxes are generally based on revenues or the value of property. Utility related taxes collected from customers (primarily state excise taxes and city utility taxes) are recorded as operating revenue and expense and totaled the following amounts for the years ended December 31 (dollars in thousands):

	2013	2012
Utility taxes	\$ 55,565	\$ 53,716

Allowance for Funds Used During Construction

The Allowance for Funds Used During Construction (AFUDC) represents the cost of both the debt and equity funds used to finance utility plant additions during the construction period. As prescribed by regulatory authorities, AFUDC is capitalized as a part of the cost of utility plant and the debt related portion is credited against total interest expense in the Statements of Income. The Company is permitted, under established regulatory rate practices, to recover the capitalized AFUDC, and a reasonable return thereon, through its inclusion in rate base and the provision for depreciation after the related utility plant is placed in service. Cash inflow related to AFUDC does not occur until the related utility plant is placed in service and included in rate base. The effective AFUDC rate was the

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following for the years ended December 31:

	2013	2012
Effective AFUDC rate	7.64%	7.62%

Income Taxes

A deferred income tax asset or liability is determined based on the enacted tax rates that will be in effect when the differences between the financial statement carrying amounts and tax basis of existing assets and liabilities are expected to be reported in the Company's consolidated income tax returns. The deferred income tax expense for the period is equal to the net change in the deferred income tax asset and liability accounts from the beginning to the end of the period. The effect on deferred income taxes from a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax liabilities and regulatory assets are established for income tax benefits flowed through to customers as prescribed by the respective regulatory commissions.

Stock-Based Compensation

Compensation cost relating to share-based payment transactions is recognized in the Company's financial statements based on the fair value of the equity or liability instruments issued and recorded over the requisite service period. See Note 16 for further information.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Company considers all temporary investments with a maturity of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts to provide for estimated and potential losses on accounts receivable. The Company determines the allowance for utility and other customer accounts receivable based on historical write-offs as compared to accounts receivable and operating revenues. Additionally, the Company establishes specific allowances for certain individual accounts.

Utility Plant in Service

The cost of additions to utility plant in service, including an allowance for funds used during construction and replacements of units of property and improvements, is capitalized. The cost of depreciable units of property retired plus the cost of removal less salvage is charged to accumulated depreciation.

Derivative Assets and Liabilities

Derivatives are recorded as either assets or liabilities on the Balance Sheets measured at estimated fair value. In certain defined conditions, a derivative may be specifically designated as a hedge for a particular exposure. The accounting for derivatives depends on the intended use of the derivatives and the resulting designation.

The Washington Utilities and Transportation Commission (UTC) and the Idaho Public Utilities Commission (IPUC) issued accounting orders authorizing Avista Corp. to offset commodity derivative assets or liabilities with a regulatory asset or liability. This accounting treatment is intended to defer the recognition of mark-to-market gains and losses on energy commodity transactions until the period of delivery. The orders provide for Avista Corp. to not recognize the unrealized gain or loss on utility derivative commodity instruments in the Statements of Income. Realized gains or losses are recognized in the period of delivery, subject to approval for recovery through retail rates. Realized gains and losses, subject to regulatory approval, result in adjustments to retail rates through purchased gas cost adjustments, the Energy Recovery Mechanism (ERM) in Washington, the Power Cost Adjustment (PCA) mechanism in Idaho, and periodic general rates cases. Regulatory assets are assessed regularly and are probable for recovery through future rates.

Substantially all forward contracts to purchase or sell power and natural gas are recorded as derivative assets or liabilities at estimated

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fair value with an offsetting regulatory asset or liability. Contracts that are not considered derivatives are accounted for on the accrual basis until they are settled or realized, unless there is a decline in the fair value of the contract that is determined to be other than temporary.

Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Energy commodity derivative assets and liabilities, deferred compensation assets, as well as derivatives related to interest rate swap agreements and foreign currency exchange contracts, are reported at estimated fair value on the Balance Sheets. See Note 14 for the Company's fair value disclosures.

Regulatory Deferred Charges and Credits

The Company prepares its financial statements in accordance with regulatory accounting practices because:

- rates for regulated services are established by or subject to approval by independent third-party regulators,
- the regulated rates are designed to recover the cost of providing the regulated services, and
- in view of demand for the regulated services and the level of competition, it is reasonable to assume that rates can be charged to and collected from customers at levels that will recover costs.

Regulatory accounting practices require that certain costs and/or obligations (such as incurred power and natural gas costs not currently included in rates, but expected to be recovered or refunded in the future) are reflected as deferred charges or credits on the Balance Sheets. These costs and/or obligations are not reflected in the Statements of Income until the period during which matching revenues are recognized. If at some point in the future the Company determines that it no longer meets the criteria for continued application of regulatory accounting practices for all or a portion of its regulated operations, the Company could be:

- required to write off its regulatory assets, and
- precluded from the future deferral of costs not recovered through rates at the time such costs are incurred, even if the Company expected to recover such costs in the future.

See Note 19 for further details of regulatory assets and liabilities.

Investment in Exchange Power-Net

The investment in exchange power represents the Company's previous investment in Washington Public Power Supply System Project 3 (WNP-3), a nuclear project that was terminated prior to completion. Under a settlement agreement with the Bonneville Power Administration in 1985, Avista Corp. began receiving power in 1987, for a 32.5-year period, related to its investment in WNP-3. Through a settlement agreement with the UTC in the Washington jurisdiction, Avista Corp. is amortizing the recoverable portion of its investment in WNP-3 (recorded as investment in exchange power) over a 32.5-year period that began in 1987. For the Idaho jurisdiction, Avista Corp. fully amortized the recoverable portion of its investment in exchange power.

Unamortized Debt Expense

Unamortized debt expense includes debt issuance costs that are amortized over the life of the related debt.

Unamortized Loss on Recquired Debt

For the Company's Washington regulatory jurisdiction and for any debt repurchases beginning in 2007 in all jurisdictions, premiums paid to repurchase debt are amortized over the remaining life of the original debt that was repurchased or, if new debt is issued in connection with the repurchase, these costs are amortized over the life of the new debt. In the Company's other regulatory

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jurisdictions, premiums paid to repurchase debt prior to 2007 are being amortized over the average remaining maturity of outstanding debt when no new debt was issued in connection with the debt repurchase. These costs are recovered through retail rates as a component of interest expense.

Appropriated Retained Earnings

In accordance with the hydroelectric licensing requirements of section 10(d) of the Federal Power Act (FPA), the Company maintains an appropriated retained earnings account for any earnings in excess of the specified rate of return on the Company's investment in the licenses for its various hydro projects. The rate of return on investment is specified in the various hydroelectric licensing agreements for the Clark Fork River and Spokane River. Per section 10(d) of the FPA, the Company must maintain these excess earnings in an appropriated retained earnings account until the termination of the licensing agreements or apply them to reduce the net investment in the licenses of the hydroelectric projects at the discretion of the FERC. The appropriated retained earnings amounts included in retained earnings were as follows as of December 31 (dollars in thousands):

	2013	2012
Appropriated retained earnings	\$ 9,714	\$ 1,548

Contingencies

The Company has unresolved regulatory, legal and tax issues which have inherently uncertain outcomes. The Company accrues a loss contingency if it is probable that a liability has been incurred and the amount of the loss or impairment can be reasonably estimated. The Company also discloses losses that do not meet these conditions for accrual, if there is a reasonable possibility that a loss may be incurred.

Voluntary Severance Incentive Program

At December 31, 2012, the Company accrued total severance costs of \$7.3 million (pre-tax) related to the voluntary termination of 55 employees. The total severance costs were made up of the severance payments and the related payroll taxes and employee benefit costs. All terminations under the voluntary severance incentive program were completed by December 31, 2012. The cost of the program was recognized as expense during the fourth quarter of 2012 and severance pay was distributed in a single lump sum cash payment to each participant during January 2013. As of December 31, 2013, there was no remaining liability accrued.

NOTE 2. NEW ACCOUNTING STANDARDS

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." This ASU does not change current requirements for reporting net income or other comprehensive income in financial statements; however, it requires entities to disclose the effect on the line items of net income for reclassifications out of accumulated other comprehensive income if the item being reclassified is required to be reclassified in its entirety to net income under U.S. GAAP. For other items that are not required to be reclassified in their entirety to net income under U.S. GAAP, an entity is required to cross-reference other disclosures required under U.S. GAAP to provide additional detail about those items. The Company adopted this ASU effective January 1, 2013. The adoption of this ASU required additional disclosures in the Company's financial statements; however, it did not have any impact on the Company's financial condition, results of operations and cash flows.

In December 2011, the FASB issued ASU No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." This ASU enhances disclosure requirements about the nature of an entity's right to offset and related arrangements associated with its financial instruments and derivative instruments. ASU No. 2011-11 requires the disclosure of the gross amounts subject to rights of set off, amounts offset in accordance with the accounting standards followed, and the related net exposure. The Company adopted this ASU effective January 1, 2013. The adoption of this ASU required additional disclosures in the Company's

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financial statements; however, it did not have any impact on the Company's financial condition, results of operations and cash flows.

In January 2013, the FASB issued ASU No. 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." This ASU clarifies which instruments and transactions are subject to the enhanced disclosure requirements of ASU 2011-11 regarding the offsetting of financial assets and liabilities. ASU No. 2013-01 limits the scope of ASU No. 2011-11 to only recognized derivative instruments, repurchase agreements and reverse repurchase agreements, and borrowing and lending securities transactions that are offset in accordance with either Accounting Standards Codification (ASC) 210-20-45 or ASC 815-10-45. The Company adopted this ASU effective January 1, 2013. The adoption of this ASU did not have any impact on the Company's financial condition, results of operations and cash flows.

NOTE 3. BUSINESS ACQUISITIONS

Alaska Energy and Resources Company - Avista Corporation

On November 4, 2013, the Company entered into an agreement and plan of merger (Merger Agreement) with AERC, a privately-held company based in Juneau, Alaska. When the transaction is completed, AERC will become a wholly-owned subsidiary of Avista Corp.

The primary subsidiary of AERC is AEL&P, the sole provider of electric services to approximately 16,000 customers in the City and Borough of Juneau, Alaska. In 2012, AEL&P had annual revenues of \$42 million, a total rate base of \$111 million and had 60 full-time employees. The utility has a firm retail peak load of approximately 80 MW. AEL&P owns four hydroelectric generating facilities, having a total present capacity of 24.7 MW, and has a power purchase commitment for the output of the Snettisham hydroelectric project, having a present capacity of 78 MW, for a total hydroelectric capacity of 102.7 MW. AEL&P is not interconnected to any other electric system; therefore, the utility has 93.9 MW of diesel generating present capacity to provide back-up service to firm customers when necessary.

In addition to the regulated utility, AERC owns the AJT Mining subsidiary, which is an inactive mining company holding certain mining properties.

The merger consideration at closing will be \$170 million, less AERC's indebtedness and is subject to other customary closing adjustments (Merger Consideration). The transaction will be funded primarily through the issuance of Avista Corp. common stock to the shareholders of AERC. The transaction is expected to close by July 1, 2014, following the receipt of necessary regulatory approvals, the approval of the merger transaction by the requisite number of AERC shareholders and the satisfaction of other closing conditions. Avista Corp. shareholder approval is not required.

Pursuant to the Merger Agreement, among other things, each of the issued and outstanding shares of AERC common stock (other than Dissenting Shares) will be converted into the right to receive consideration as follows:

- i. the number of shares of Avista Corp. common stock equal to one share of AERC common stock multiplied by the Exchange Ratio; and
- ii. a portion of the Representative Reimbursement Amount.

For purposes of the foregoing:

The **Exchange Ratio** is the ratio obtained by dividing the Per Share Amount by (i) \$21.48 if the Avista Corp. Closing Price is less than or equal to \$21.48, (ii) the Avista Corp. Closing Price, if the Avista Corp. Closing Price is greater than \$21.48 and less than \$34.30 or (iii) \$34.30 if the Avista Corp. Closing Price is greater than or equal to \$34.30.

The **Per Share Amount** is the amount determined by *dividing* (a) the Merger Consideration (as adjusted) *by* (b) the aggregate number of shares of AERC common stock outstanding immediately prior to the closing of the transaction.

The **Representative Reimbursement Amount** is a \$500,000 cash payment to be made by Avista Corp. at the Closing to the Shareholders' Representative account. The purpose of the Representative Reimbursement Amount is to reimburse the

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Shareholders' Representative for expenses incurred by the Shareholders' Representative in acting for the current shareholders of AERC in connection with the Merger. The total Merger Consideration will be reduced by the Representative Reimbursement Amount.

Dissenting Shares will not be converted into, or represent the right to receive, the Merger Consideration or any portion of the Representative Reimbursement Amount. Such shareholders will be entitled to receive payment of the fair value of Dissenting Shares held by them in accordance with the provisions of AS 10.06.580 of the Alaska Corporations Code. Any amounts paid to Dissenting Shares over the amounts otherwise payable in the form of Merger Consideration are indemnified expenses owed by AERC to Avista Corp.

The Merger Agreement has been approved by Avista Corp.'s and AERC's Boards of Directors, the UTC, the U.S. Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice, but the consummation of the transaction is subject to the satisfaction or waiver of specified closing conditions, including:

- the registration under the Securities Act of 1933 of the shares of common stock that will be issued to AERC shareholders;
- the approval of such shares for listing on the New York Stock Exchange;
- the approval of the merger transaction by the requisite number of AERC shareholders;
- the receipt of regulatory approvals and other consents required to consummate the merger transaction, including, among others, approvals from the RCA, the IPUC, the OPUC and any other applicable regulatory bodies on the terms and conditions specified in the definitive purchase agreement;
- the absence of the occurrence of a material adverse effect (as defined in the Merger Agreement) relating to either AERC or Avista Corp. after the date of the signed agreement; and
- other customary closing conditions.

The Merger Agreement also provides for customary termination rights for each of the Company and AERC, including the right for either party to terminate if the Merger has not been consummated by December 31, 2014 provided, however, that the failure of the Merger to have been consummated on or before December 31, 2014 was not caused by the failure of such party or any affiliate of such party to perform any of its obligations under the Merger Agreement. Upon termination of the Merger Agreement in accordance with its terms, there will be no further liability under the agreement except that nothing shall relieve any party thereto from liability for any breach of the agreement.

There may be certain commitments and contingencies that will be assumed when the merger transaction is consummated; however, Avista Corp. has not fully completed its evaluation of all the potential commitments and contingencies.

For the year ended December 31, 2013, Avista Corp. incurred \$1.6 million (pre-tax) of transaction related fees which have been expensed and presented in the Statements of Income in other operating expenses within utility operating expenses. Avista Corp. expects to incur additional transaction related fees upon consummation of the transaction.

NOTE 4. DERIVATIVES AND RISK MANAGEMENT

Energy Commodity Derivatives

Avista Corp. is exposed to market risks relating to changes in electricity and natural gas commodity prices and certain other fuel prices. Market risk is, in general, the risk of fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Market risk includes the fluctuation in the market price of associated derivative commodity instruments. Avista Corp. utilizes derivative instruments, such as forwards, futures, swaps and options in order to manage the various risks relating to these commodity price exposures. The Company has an energy resources risk policy and control procedures to manage these risks. The Company's Risk Management Committee establishes the Company's energy resources risk policy and monitors compliance. The Risk

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Management Committee is comprised of certain Company officers and other members of management. The Audit Committee of the Company's Board of Directors periodically reviews and discusses enterprise risk management processes, and it focuses on the Company's material financial and accounting risk exposures and the steps management has undertaken to control them.

As part of its resource procurement and management operations in the electric business, the Company engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve the Company's load obligations and the use of these resources to capture available economic value. The Company transacts in wholesale markets by selling and purchasing electric capacity and energy, fuel for electric generation, and contracts related to capacity, energy and fuel. Such transactions are part of the process of matching resources with load obligations and hedging the related financial risks. These transactions range from terms of intra-hour up to multiple years.

Avista Corp. makes continuing projections of:

- electric loads at various points in time (ranging from intra-hour to multiple years) based on, among other things, estimates of customer usage and weather, historical data and contract terms, and
- resource availability at these points in time based on, among other things, fuel choices and fuel markets, estimates of streamflows, availability of generating units, historic and forward market information, contract terms, and experience.

On the basis of these projections, we make purchases and sales of electric capacity and energy, fuel for electric generation, and related derivative instruments to match expected resources to expected electric load requirements and reduce our exposure to electricity (or fuel) market price changes. Resource optimization involves generating plant dispatch and scheduling available resources and also includes transactions such as:

- purchasing fuel for generation,
- when economical, selling fuel and substituting wholesale electric purchases, and
- other wholesale transactions to capture the value of generation and transmission resources and fuel delivery capacity contracts.

Avista Corp.'s optimization process includes entering into hedging transactions to manage risks. Transactions include both physical energy contracts and related derivative financial instruments.

As part of its resource procurement and management of its natural gas business, Avista Corp. makes continuing projections of its natural gas loads and assesses available natural gas resources including natural gas storage availability. Natural gas resource planning typically includes peak requirements, low and average monthly requirements and delivery constraints from natural gas supply locations to Avista Corp.'s distribution system. However, daily variations in natural gas demand can be significantly different than monthly demand projections. On the basis of these projections, Avista Corp. plans and executes a series of transactions to hedge a significant portion of its projected natural gas requirements through forward market transactions and derivative instruments. These transactions may extend as much as four natural gas operating years (November through October) into the future. Avista Corp. also leaves a significant portion of its natural gas supply requirements unhedged for purchase in short-term and spot markets.

Natural gas resource optimization activities include:

- wholesale market sales of surplus natural gas supplies,
- optimization of interstate pipeline transportation capacity not needed to serve daily load, and
- purchases and sales of natural gas to optimize use of storage capacity.

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The following table presents the underlying energy commodity derivative volumes as of December 31, 2013 that are expected to be delivered in each respective year (in thousands of MWhs and mmBTUs):

Year	Purchases				Sales			
	Electric Derivatives		Gas Derivatives		Electric Derivatives		Gas Derivatives	
	Physical (1) MWH	Financial (1) MWH	Physical (1) mmBTUs	Financial (1) mmBTUs	Physical (1) MWH	Financial (1) MWH	Physical (1) mmBTUs	Financial (1) mmBTUs
2014	769	2,156	29,642	145,719	509	3,116	3,504	105,433
2015	397	1,043	4,973	73,580	222	2,542	—	46,840
2016	397	—	2,505	46,150	287	1,634	—	21,320
2017	397	—	675	—	286	—	—	—
2018	397	—	—	—	286	—	—	—
Thereafter	235	—	—	—	158	—	—	—

(1) Physical transactions represent commodity transactions where Avista Corp. will take delivery of either electricity or natural gas and financial transactions represent derivative instruments with no physical delivery, such as futures, swaps or options.

The above electric and natural gas derivative contracts will be included in either power supply costs or natural gas supply costs during the period they are delivered and will be included in the various recovery mechanisms (ERM, PCA, and PGAs), or in the general rate case process, and are expected to be collected through retail rates from customers.

Foreign Currency Exchange Contracts

A significant portion of Avista Corp.'s natural gas supply (including fuel for power generation) is obtained from Canadian sources. Most of those transactions are executed in U.S. dollars, which avoids foreign currency risk. A portion of Avista Corp.'s short-term natural gas transactions and long-term Canadian transportation contracts are committed based on Canadian currency prices and settled within 60 days with U.S. dollars. Avista Corp. hedges a portion of the foreign currency risk by purchasing Canadian currency contracts when such commodity transactions are initiated. This risk has not had a material effect on the Company's financial condition, results of operations or cash flows and these differences in cost related to currency fluctuations were included with natural gas supply costs for ratemaking. The following table summarizes the foreign currency hedges that the Company has entered into as of December 31 (dollars in thousands):

	2013	2012
Number of contracts	23	20
Notional amount (in United States dollars)	\$ 8,631	\$ 12,621
Notional amount (in Canadian dollars)	9,191	12,502

Interest Rate Swap Agreements

Avista Corp. is affected by fluctuating interest rates related to a portion of its existing debt, and future borrowing requirements. The Finance Committee of the Board of Directors periodically reviews and discusses interest rate risk management processes, and it focuses on the steps management has undertaken to control it. The Risk Management Committee also reviews the interest risk management plan. Avista Corp. manages interest rate exposure by limiting the variable rate exposures to a percentage of total capitalization. Additionally, interest rate risk is managed by monitoring market conditions when timing the issuance of long-term debt and optional debt redemptions and through the use of fixed rate long-term debt with varying maturities. The Company also hedges a portion of its interest rate risk with financial derivative instruments, which may include interest rate swaps and U.S. Treasury lock agreements. These interest rate swaps and U.S. Treasury lock agreements are considered economic hedges against fluctuations in future cash flows associated with anticipated debt issuances.

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The following table summarizes the interest rate swaps that the Company has entered into as of December 31 (dollars in thousands):

Balance Sheet Date	Number of Contracts	Notional Amount	Mandatory Cash Settlement Date
December 31, 2013	2	\$ 50,000	2014
	2	45,000	2015
	2	40,000	2016
	1	15,000	2017
	4	95,000	2018
December 31, 2012	2	85,000	2013
	2	50,000	2014
	1	25,000	2015

In June 2013, the Company cash settled two interest rate swap contracts (notional amount of \$85.0 million) and received a total of \$2.9 million. The interest rate swap contracts were settled in connection with the pricing of \$90.0 million of First Mortgage Bonds that were issued in August 2013 (see Note 11). Upon settlement of interest rate swaps, the regulatory asset or liability (included as part of long-term debt) is amortized as a component of interest expense over the term of the associated debt.

The following table presents the fair values and locations of derivative instruments recorded on the Balance Sheet as of December 31, 2013 (in thousands):

Derivative	Balance Sheet Location	Fair Value						
		Gross	Gross	Collateral	Net Asset (Liability) in Balance Sheet	Gross Assets	Gross Liabilities Not Offset	Net Asset
Foreign currency contracts	Derivative instrument assets -Hedges	\$ 7	\$ (6)	\$ —	\$ 1	\$ —	\$ —	\$ 1
Interest rate contracts	Derivative instrument assets -Hedges	13,968	—	—	13,968	—	—	13,968
Interest rate contracts	Long-term portion of derivative instrument assets -Hedges	19,575	—	—	19,575	—	—	19,575
Commodity contracts (1)	Derivative instrument assets current	7,416	(4,394)	—	3,022	—	—	3,022
Commodity contracts (1)	Long-term portion of derivative assets	7,610	(6,756)	—	854	—	—	854
Commodity contracts (1)	Derivative instrument liabilities current	23,455	(37,306)	2,976	(10,875)	—	—	(10,875)
Commodity contracts (1)	Long-term portion of derivative liabilities	17,101	(41,213)	5,756	(18,356)	—	—	(18,356)
Total derivative instruments recorded on the balance sheet		\$ 89,132	\$ (89,675)	\$ 8,732	\$ 8,189	\$ —	\$ —	\$ 8,189

The following table presents the fair values and locations of derivative instruments recorded on the Balance Sheet as of December 31, 2012 (in thousands):

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Derivative	Balance Sheet Location	Fair Value						
		Gross	Gross	Collateral	Net Asset (Liability) in Balance Sheet	Gross Assets	Gross Liabilities Not Offset	Net Asset
Foreign currency contracts	Derivative instrument liabilities –Hedges	\$ 7	\$ (34)	\$ —	\$ (27)	\$ —	\$ —	\$ (27)
Interest rate contracts	Derivative instrument liabilities –Hedges	—	(1,406)	—	(1,406)	—	—	(1,406)
Interest rate contracts	Long-term portion of derivative instrument assets -Hedges	7,265	—	—	7,265	—	—	7,265
Commodity contracts (1)	Derivative instrument assets current	10,772	(6,633)	—	4,139	(9,678)	6,572	1,033
Commodity contracts (1)	Long-term portion of derivative assets	18,779	(17,686)	—	1,093	—	—	1,093
Commodity contracts (1)	Derivative instrument liabilities current	50,227	(89,449)	9,707	(29,515)	9,678	(6,572)	(26,409)
Commodity contracts (1)	Long-term portion of derivative liabilities	2,247	(28,558)	—	(26,311)	—	—	(26,311)
Total derivative instruments recorded on the balance sheet		\$ 89,297	\$ (143,766)	\$ 9,707	\$ (44,762)	\$ —	\$ —	\$ (44,762)

- (1) Avista Corp. has a master netting agreement that governs the transactions of multiple affiliated legal entities under this single master netting agreement. This master netting agreement allows for cross-commodity netting (i.e. netting physical power, physical natural gas, and financial transactions) and cross-affiliate netting for the parties to the agreement. Avista Corp. performs cross-commodity netting for each legal entity that is a party to the master netting agreement for presentation in the Balance Sheets; however, Avista Corp. does not perform cross-affiliate netting because the Company believes that cross-affiliate netting may not be enforceable. Therefore, the requirements for cross-affiliate netting under ASC 210-20-45 are not applicable for Avista Corp. As of December 31, 2013, all derivatives for each affiliated entity under this master netting agreement were in a net liability position. As such, there is no additional netting which requires disclosure.

Exposure to Demands for Collateral

The Company's derivative contracts often require collateral (in the form of cash or letters of credit) or other credit enhancements, or reductions or terminations of a portion of the contract through cash settlement, in the event of a downgrade in the Company's credit ratings or changes in market prices. In periods of price volatility, the level of exposure can change significantly. As a result, sudden and significant demands may be made against the Company's credit facilities and cash. The Company actively monitors the exposure to possible collateral calls and takes steps to mitigate capital requirements. As of December 31, 2013, the Company had cash deposited as collateral of \$26.1 million and letters of credit of \$20.3 million outstanding related to its energy derivative contracts. The Balance Sheet at December 31, 2013 reflects the offsetting of \$8.7 million of cash collateral against net derivative positions where a legal right of offset exists. As of December 31, 2012, the Company had cash deposited as collateral of \$10.1 million and letters of credit of \$28.1 million outstanding related to its energy derivative contracts. The Balance Sheet at December 31, 2012 reflects the offsetting of \$9.7 million of cash collateral against net derivative positions where a legal right of offset exists.

Certain of the Company's derivative instruments contain provisions that require the Company to maintain an investment grade credit

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rating from the major credit rating agencies. If the Company's credit ratings were to fall below "investment grade," it would be in violation of these provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position as of December 31, 2013 was \$13.3 million. If the credit-risk-related contingent features underlying these agreements had been triggered on December 31, 2013, the Company could have been required to post \$12.6 million of additional collateral to its counterparties. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position as of December 31, 2012 was \$35.9 million. If the credit-risk-related contingent features underlying these agreements had been triggered on December 31, 2012, the Company could have been required to post \$25.8 million of additional collateral to its counterparties.

Credit Risk

Credit risk relates to the potential losses that the Company would incur as a result of non-performance by counterparties of their contractual obligations to deliver energy or make financial settlements. The Company often extends credit to counterparties and customers and is exposed to the risk that it may not be able to collect amounts owed to the Company. Credit risk includes potential counterparty default due to circumstances:

- relating directly to it,
- caused by market price changes, and
- relating to other market participants that have a direct or indirect relationship with such counterparty.

Changes in market prices may dramatically alter the size of credit risk with counterparties, even when conservative credit limits are established. Should a counterparty fail to perform, the Company may be required to honor the underlying commitment or to replace existing contracts with contracts at then-current market prices.

We enter into bilateral transactions between Avista Corp. and various counterparties. We also trade energy and related derivative instruments through clearinghouse exchanges.

The Company seeks to mitigate bilateral credit risk by:

- entering into bilateral contracts that specify credit terms and protections against default,
- applying credit limits and duration criteria to existing and prospective counterparties,
- actively monitoring current credit exposures,
- asserting our collateral rights with counterparties,
- carrying out transaction settlements timely and effectively, and
- conducting transactions on exchanges with fully collateralized clearing arrangements that significantly reduce counterparty default risk.

The Company's credit policy includes an evaluation of the financial condition of counterparties. Credit risk management includes collateral requirements or other credit enhancements, such as letters of credit or parent company guarantees. The Company enters into various agreements that address credit risks including standardized agreements that allow for the netting or offsetting of positive and negative exposures.

The Company has concentrations of suppliers and customers in the electric and natural gas industries including:

- electric and natural gas utilities,

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- electric generators and transmission providers,
- natural gas producers and pipelines,
- financial institutions including commodity clearing exchanges and related parties, and
- energy marketing and trading companies.

In addition, the Company has concentrations of credit risk related to geographic location as it operates in the western United States and western Canada. These concentrations of counterparties and concentrations of geographic location may impact the Company's overall exposure to credit risk because the counterparties may be similarly affected by changes in conditions.

The Company maintains credit support agreements with certain counterparties and margin calls are periodically made and/or received. Margin calls are triggered when exposures exceed contractual limits or when there are changes in a counterparty's creditworthiness. Price movements in electricity and natural gas can generate exposure levels in excess of these contractual limits. Negotiating for collateral in the form of cash, letters of credit, or performance guarantees is common industry practice.

NOTE 5. JOINTLY OWNED ELECTRIC FACILITIES

The Company has a 15 percent ownership interest in a twin-unit coal-fired generating facility, the Colstrip Generating Project (Colstrip) located in southeastern Montana, and provides financing for its ownership interest in the project. The Company's share of related fuel costs as well as operating expenses for plant in service are included in the corresponding accounts in the Statements of Income. The Company's share of utility plant in service for Colstrip and accumulated depreciation were as follows as of December 31 (dollars in thousands):

	2013	2012
Utility plant in service	\$ 349,781	\$ 344,958
Accumulated depreciation	(239,538)	(234,126)

NOTE 6. ASSET RETIREMENT OBLIGATIONS

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the associated costs of the asset retirement obligation are capitalized as part of the carrying amount of the related long-lived asset. The liability is accreted to its present value each period and the related capitalized costs are depreciated over the useful life of the related asset. Upon retirement of the asset, the Company either settles the retirement obligation for its recorded amount or incurs a gain or loss. The Company records regulatory assets and liabilities for the difference between asset retirement costs currently recovered in rates and asset retirement obligations recorded since asset retirement costs are recovered through rates charged to customers. The regulatory assets do not earn a return.

Specifically, the Company has recorded liabilities for future asset retirement obligations to:

- restore ponds at Colstrip,
- cap a landfill at the Kettle Falls Plant,
- remove plant and restore the land at the Coyote Springs 2 site at the termination of the land lease,
- remove asbestos at the corporate office building, and
- dispose of PCBs in certain transformers.

Due to an inability to estimate a range of settlement dates, the Company cannot estimate a liability for the:

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- removal and disposal of certain transmission and distribution assets, and
- abandonment and decommissioning of certain hydroelectric generation and natural gas storage facilities.

The following table documents the changes in the Company's asset retirement obligation during the years ended December 31 (dollars in thousands):

	2013	2012
Asset retirement obligation at beginning of year	\$ 3,168	\$ 3,513
Liability settled	(263)	(559)
Accretion expense (income)	(46)	214
Asset retirement obligation at end of year	<u>\$ 2,859</u>	<u>\$ 3,168</u>

NOTE 7. PENSION PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has a defined benefit pension plan covering substantially all regular full-time employees at Avista Corp.. Individual benefits under this plan are based upon the employee's years of service, date of hire and average compensation as specified in the plan. The Company's funding policy is to contribute at least the minimum amounts that are required to be funded under the Employee Retirement Income Security Act, but not more than the maximum amounts that are currently deductible for income tax purposes. The Company contributed \$44.3 million in cash to the pension plan in 2013 and \$44.0 million in 2012. The Company expects to contribute \$32.0 million in cash to the pension plan in 2014.

In October 2013, the Company revised its defined benefit pension plan such that as of January 1, 2014 the plan is closed to all non-union employees hired or rehired by the Company on or after January 1, 2014. All actively employed non-union employees that were hired prior to January 1, 2014 and are currently covered under the defined benefit pension plan will continue accruing benefits as originally specified in the plan. A new and separate defined contribution 401(k) plan replaced the defined benefit pension plan for all non-union employees hired or rehired on or after January 1, 2014. Under the new defined contribution plan, the Company provides a non-elective contribution as a percentage of each employee's pay based on his or her age. This new defined contribution plan is in addition to the existing 401(k) plan in which the Company matches a portion of the pay deferred by each participant. In addition to the above changes, the Company has also revised its lump sum calculation from its previous lump sum calculation for non-union participants who retire under the defined benefit pension plan to provide non-union retirees on or after January 1, 2014 with a lump sum amount equivalent to the present value of the annuity based upon applicable discount rates.

The Company also has a Supplemental Executive Retirement Plan (SERP) that provides additional pension benefits to executive officers of the Company. The SERP is intended to provide benefits to executive officers whose benefits under the pension plan are reduced due to the application of Section 415 of the Internal Revenue Code of 1986 and the deferral of salary under deferred compensation plans. The liability and expense for this plan are included as pension benefits in the tables included in this Note.

The Company expects that benefit payments under the pension plan and the SERP will total (dollars in thousands):

	2014	2015	2016	2017	2018	Total 2019-2023
Expected benefit payments	<u>\$ 25,176</u>	<u>\$ 26,735</u>	<u>\$ 27,731</u>	<u>\$ 28,880</u>	<u>\$ 30,379</u>	<u>\$ 172,887</u>

The expected long-term rate of return on plan assets is based on past performance and economic forecasts for the types of investments held by the plan. In selecting a discount rate, the Company considers yield rates for highly rated corporate bond portfolios with maturities similar to that of the expected term of pension benefits.

The Company provides certain health care and life insurance benefits for substantially all of its retired employees. The Company

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accrues the estimated cost of postretirement benefit obligations during the years that employees provide services. The Company elected to amortize the transition obligation of \$34.5 million over a period of 20 years, beginning in 1993. In October 2013, the Company revised the health care benefit plan such that beginning on January 1, 2020, the method for calculating health insurance premiums for non-union retirees under age 65 and active Company employees was revised. The revisions resulted in separate health insurance premium calculations for each group. In addition, for non-union employees hired or rehired on or after January 1, 2014, upon retirement the Company no longer provides a contribution towards his or her medical premiums. The Company will provide access to its retiree medical plan, but the non-union employees hired or rehired on or after January 1, 2014 will pay the full cost of premiums upon retirement.

The Company has a Health Reimbursement Arrangement to provide employees with tax-advantaged funds to pay for allowable medical expenses upon retirement. The amount earned by the employee is fixed on the retirement date based on the employee's years of service and the ending salary. The liability and expense of this plan are included as other postretirement benefits.

The Company provides death benefits to beneficiaries of executive officers who die during their term of office or after retirement. Under the plan, an executive officer's designated beneficiary will receive a payment equal to twice the executive officer's annual base salary at the time of death (or if death occurs after retirement, a payment equal to twice the executive officer's total annual pension benefit). The liability and expense for this plan are included as other postretirement benefits.

The Company expects that benefit payments under other postretirement benefit plans will total (dollars in thousands):

	2014	2015	2016	2017	2018	Total 2019-2023
Expected benefit payments	\$ 6,969	\$ 6,707	\$ 7,056	\$ 7,120	\$ 7,247	\$ 35,121

The Company expects to contribute \$7.0 million to other postretirement benefit plans in 2014, representing expected benefit payments to be paid during the year. The Company uses a December 31 measurement date for its pension and other postretirement benefit plans.

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The following table sets forth the pension and other postretirement benefit plan disclosures as of December 31, 2013 and 2012 and the components of net periodic benefit costs for the years ended December 31, 2013 and 2012 (dollars in thousands):

	Pension Benefits		Other Post-retirement Benefits	
	2013	2012	2013	2012
Change in benefit obligation:				
Benefit obligation as of beginning of year	\$ 584,619	\$ 494,192	\$ 132,541	\$ 104,730
Service cost	19,045	15,551	4,144	2,804
Interest cost	23,896	24,349	5,216	5,056
Actuarial (gain)/loss	(78,234)	72,170	(18,017)	24,543
Plan change	277	—	(10,788)	—
Transfer of accrued vacation	—	—	1,189	336
Benefits paid	(22,599)	(21,643)	(6,036)	(4,928)
Benefit obligation as of end of year	<u>\$ 527,004</u>	<u>\$ 584,619</u>	<u>\$ 108,249</u>	<u>\$ 132,541</u>
Change in plan assets:				
Fair value of plan assets as of beginning of year	\$ 406,061	\$ 328,150	\$ 25,288	\$ 22,455
Actual return on plan assets	52,502	54,318	4,444	2,833
Employer contributions	44,263	44,000	—	—
Benefits paid	(21,324)	(20,407)	—	—
Fair value of plan assets as of end of year	<u>\$ 481,502</u>	<u>\$ 406,061</u>	<u>\$ 29,732</u>	<u>\$ 25,288</u>
Funded status	<u>\$ (45,502)</u>	<u>\$ (178,558)</u>	<u>\$ (78,517)</u>	<u>\$ (107,253)</u>
Unrecognized net actuarial loss	107,043	223,308	56,885	94,202
Unrecognized prior service cost	278	319	(707)	(856)
Prepaid (accrued) benefit cost	61,819	45,069	(22,339)	(13,907)
Additional liability	(107,321)	(223,627)	(56,178)	(93,346)
Accrued benefit liability	<u>\$ (45,502)</u>	<u>\$ (178,558)</u>	<u>\$ (78,517)</u>	<u>\$ (107,253)</u>
Accumulated pension benefit obligation	<u>\$ 464,432</u>	<u>\$ 505,695</u>	—	—
Accumulated postretirement benefit obligation:				
For retirees			\$ 52,384	\$ 49,232
For fully eligible employees			\$ 24,320	\$ 35,570
For other participants			\$ 31,545	\$ 47,739
Included in accumulated other comprehensive loss (income) (net of tax):				
Unrecognized prior service cost	\$ 180	\$ 207	\$ (7,472)	\$ (556)
Unrecognized net actuarial loss	69,578	145,150	43,988	61,231
Total	<u>69,758</u>	<u>145,357</u>	<u>36,516</u>	<u>60,675</u>
Less regulatory asset	(64,925)	(138,184)	(37,116)	(60,981)
Accumulated other comprehensive loss (income)	<u>\$ 4,833</u>	<u>\$ 7,173</u>	<u>\$ (600)</u>	<u>\$ (306)</u>

Weighted average assumptions as of December 31:

	Pension Benefits		Other Post-retirement Benefits	
	2013	2012	2013	2012
Discount rate for benefit obligation	5.10%	4.15%	5.02%	4.15%
Discount rate for annual expense	4.15%	5.04%	4.15%	4.98%
Expected long-term return on plan assets	6.60%	6.95%	6.35%	6.55%

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Rate of compensation increase	4.96%	4.89%		
Medical cost trend pre-age 65 – initial			7.00%	7.00%
Medical cost trend pre-age 65 – ultimate			5.00%	5.00%
Ultimate medical cost trend year pre-age 65			2020	2019
Medical cost trend post-age 65 – initial			7.50%	7.50%
Medical cost trend post-age 65 – ultimate			5.00%	5.00%
Ultimate medical cost trend year post-age 65			2021	2021

	Pension Benefits		Other Post-retirement Benefits	
	2013	2012	2013	2012
Components of net periodic benefit cost:				
Service cost	\$ 19,045	\$ 15,551	\$ 4,144	\$ 2,804
Interest cost	23,896	24,349	5,216	5,056
Expected return on plan assets	(27,671)	(23,810)	(1,606)	(1,471)
Transition obligation recognition	—	—	—	505
Amortization of prior service cost	319	346	(149)	(149)
Net loss recognition	13,199	11,637	5,674	5,020
Net periodic benefit cost	<u>\$ 28,788</u>	<u>\$ 28,073</u>	<u>\$ 13,279</u>	<u>\$ 11,765</u>

Plan Assets

The Finance Committee of the Company's Board of Directors approves investment policies, objectives and strategies that seek an appropriate return for the pension plan and other postretirement benefit plans and reviews and approves changes to the investment and funding policies.

The Company has contracted with investment consultants who are responsible for managing/monitoring the individual investment managers. The investment managers' performance and related individual fund performance is periodically reviewed by an internal benefits committee and by the Finance Committee to monitor compliance with investment policy objectives and strategies.

Pension plan assets are invested in mutual funds, trusts and partnerships that hold marketable debt and equity securities, real estate, absolute return and commodity funds. In seeking to obtain the desired return to fund the pension plan, the investment consultant recommends allocation percentages by asset classes. These recommendations are reviewed by the internal benefits committee, which then recommends their adoption by the Finance Committee. The Finance Committee has established target investment allocation percentages by asset classes and also investment ranges for each asset class. The target investment allocation percentages are typically the midpoint of the established range. The target investment allocation percentages by asset classes are indicated in the table below:

	2013	2012
Equity securities	47%	51%
Debt securities	31%	31%
Real estate	6%	5%
Absolute return	12%	10%
Other	4%	3%

The market-related value of pension plan assets invested in debt and equity securities was based primarily on fair value (market prices). The fair value of investment securities traded on a national securities exchange is determined based on the reported last sales price; securities traded in the over-the-counter market are valued at the last reported bid price. Investment securities for which market prices are not readily available or for which market prices do not represent the value at the time of pricing, are fair-valued by the

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investment manager based upon other inputs (including valuations of securities that are comparable in coupon, rating, maturity and industry). Investments in common/collective trust funds are presented at estimated fair value, which is determined based on the unit value of the fund. Unit value is determined by an independent trustee, which sponsors the fund, by dividing the fund's net assets by its units outstanding at the valuation date. The fair value of the closely held investments and partnership interests is based upon the allocated share of the fair value of the underlying assets as well as the allocated share of the undistributed profits and losses, including realized and unrealized gains and losses.

The market-related value of pension plan assets invested in real estate was determined by the investment manager based on three basic approaches:

- properties are externally appraised on an annual basis by independent appraisers, additional appraisals may be performed as warranted by specific asset or market conditions,
- property valuations are reviewed quarterly and adjusted as necessary, and
- loans are reflected at fair value.

The market-related value of pension plan assets was determined as of December 31, 2013 and 2012.

The following table discloses by level within the fair value hierarchy (see Note 14 for a description of the fair value hierarchy) of the pension plan's assets measured and reported as of December 31, 2013 at fair value (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income securities	\$ 86,481	\$ 310	\$ —	\$ 86,791
U.S. equity securities	152,831	—	—	152,831
International equity securities	85,942	—	—	85,942
Absolute return (1)	23,599	—	—	23,599
Common/collective trusts:				
Fixed income securities	—	55,872	—	55,872
Real estate	—	—	19,735	19,735
Partnership/closely held investments:				
Absolute return (1)	—	—	34,151	34,151
Private equity funds (3)	—	—	377	377
Commodities (2)	—	18,331	—	18,331
Real estate	—	—	3,873	3,873
Total	\$ 348,853	\$ 74,513	\$ 58,136	\$ 481,502

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The following table discloses by level within the fair value hierarchy (see Note 14 for a description of the fair value hierarchy) of the pension plan's assets measured and reported as of December 31, 2012 at fair value (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income securities	\$ 83,037	\$ —	\$ —	\$ 83,037
U.S. equity securities	135,436	—	—	135,436
International equity securities	79,448	—	—	79,448
Absolute return (1)	20,764	—	—	20,764
Commodities (2)	8,258	—	—	8,258
Common/collective trusts:				
Fixed income securities	—	43,107	—	43,107
Real estate	—	—	17,596	17,596
Partnership/closely held investments:				
Absolute return (1)	—	—	17,755	17,755
Private equity funds (3)	—	—	660	660
Total	\$ 326,943	\$ 43,107	\$ 36,011	\$ 406,061

- (1) This category invests in multiple strategies to diversify risk and reduce volatility. The strategies include: (a) event driven, relative value, convertible, and fixed income arbitrage, (b) distressed investments, (c) long/short equity and fixed income, and (d) market neutral strategies.
- (2) This investment is in derivatives linked to commodity indices to gain exposure to the commodity markets. These positions are fully collateralized with debt securities.
- (3) This category includes private equity funds that invest primarily in U.S. companies.

The table below discloses the summary of changes in the fair value of the pension plan's Level 3 assets for the year ended December 31, 2013 (dollars in thousands):

	Common/collective trusts		Partnership/closely held investments	
	Real	Absolute	Private equity	Real estate
Balance, as of January 1, 2013	\$ 17,596	\$ 17,755	\$ 660	\$ —
Realized gains	—	—	(323)	—
Unrealized gains (losses)	2,139	2,396	345	113
Purchases (sales), net	—	14,000	(305)	3,760
Balance, as of December 31, 2013	\$ 19,735	\$ 34,151	\$ 377	\$ 3,873

The table below discloses the summary of changes in the fair value of the pension plan's Level 3 assets for the year ended December 31, 2012 (dollars in thousands):

	Common/collective trusts		Partnership/closely held investments	
	Real estate	Absolute return	Private equity funds	
Balance, as of January 1, 2012	\$ 8,598	\$ 16,587	\$ 808	
Realized gains (losses)	411	—	108	
Unrealized gains (losses)	1,087	1,168	80	
Purchases (sales), net	7,500	—	(336)	
Balance, as of December 31, 2012	\$ 17,596	\$ 17,755	\$ 660	

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The market-related value of other postretirement plan assets invested in debt and equity securities was based primarily on fair value (market prices). The fair value of investment securities traded on a national securities exchange is determined based on the last reported sales price; securities traded in the over-the-counter market are valued at the last reported bid price. Investment securities for which market prices are not readily available or for which market prices do not represent the value at the time of pricing, are fair-valued by the investment manager based upon other inputs (including valuations of securities that are comparable in coupon, rating, maturity and industry). The target asset allocation was 60 percent equity securities and 40 percent debt securities in 2013 and 62 percent equity securities and 38 percent debt securities in 2012.

The market-related value of other postretirement plan assets was determined as of December 31, 2013 and 2012.

The following table discloses by level within the fair value hierarchy (see Note 14 for a description of the fair value hierarchy) of other postretirement plan assets measured and reported as of December 31, 2013 at fair value (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ —	\$ 4	\$ —	\$ 4
Mutual funds:				
Fixed income securities	11,645	—	—	11,645
U.S. equity securities	11,831	—	—	11,831
International equity securities	6,252	—	—	6,252
Total	\$ 29,728	\$ 4	\$ —	\$ 29,732

The following table discloses by level within the fair value hierarchy (see Note 14 for a description of the fair value hierarchy) of other postretirement plan assets measured and reported as of December 31, 2012 at fair value (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ —	\$ 6	\$ —	\$ 6
Mutual funds:				
Fixed income securities	9,314	—	—	9,314
U.S. equity securities	10,266	—	—	10,266
International equity securities	5,702	—	—	5,702
Total	\$ 25,282	\$ 6	\$ —	\$ 25,288

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, 2013 by \$3.8 million and the service and interest cost by \$0.8 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, 2013 by \$3.1 million and the service and interest cost by \$0.6 million.

The Company has a salary deferral 401(k) plans that is a defined contribution plan and cover substantially all employees. Employees can make contributions to their respective accounts in the plan on a pre-tax basis up to the maximum amount permitted by law. The Company matches a portion of the salary deferred by each participant according to the schedule in the plan.

Employer matching contributions were as follows for the years ended December 31 (dollars in thousands):

	2013	2012
Employer 401(k) matching contributions	\$ 6,157	\$ 5,813

The Company has an Executive Deferral Plan. This plan allows executive officers and other key employees the opportunity to defer until the earlier of their retirement, termination, disability or death, up to 75 percent of their base salary and/or up to 100 percent of their incentive payments. Deferred compensation funds are held by the Company in a Rabbi Trust. There were deferred compensation assets and corresponding deferred compensation liabilities on the Balance Sheets of the following amounts as of December 31 (dollars

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in thousands):

	2013	2012
Deferred compensation assets and liabilities	\$ 9,170	\$ 8,806

NOTE 8. ACCOUNTING FOR INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and tax credit carryforwards.

As of December 31, 2013, the Company had \$5.9 million of state tax credit carryforwards. State tax credits expire from 2016 to 2027. The Company recognizes the effect of state tax credits generated from utility plant as they are utilized.

The realization of deferred income tax assets is dependent upon the ability to generate taxable income in future periods. The Company evaluated available evidence supporting the realization of its deferred income tax assets and determined it is more likely than not that deferred income tax assets will be realized.

The Company and its eligible subsidiaries file consolidated federal income tax returns. The Company also files state income tax returns in certain jurisdictions, including Idaho, Oregon and Montana. Subsidiaries are charged or credited with the tax effects of their operations on a stand-alone basis. The Internal Revenue Service (IRS) has completed its examination of all tax years through 2009 and all issues were resolved related to these years. The IRS has not completed an examination of the Company's 2010 through 2012 federal income tax returns. The Company does not believe that any open tax years for federal or state income taxes could result in any adjustments that would be significant to the financial statements.

The Company did not incur any penalties on income tax positions in 2013 or 2012.

The Company had net regulatory assets related to the probable recovery of certain deferred income tax liabilities from customers through future rates as of December 31 (dollars in thousands):

	2013	2012
Regulatory assets for deferred income taxes	\$ 71,421	\$ 79,406

NOTE 9. ENERGY PURCHASE CONTRACTS

Avista Corp. has contracts for the purchase of fuel for thermal generation, natural gas for resale and various agreements for the purchase or exchange of electric energy with other entities. The termination dates of the contracts range from one month to the year 2042. Total expenses for power purchased, natural gas purchased, fuel for generation and other fuel costs, which are included in utility resource costs in the Statements of Income, were as follows for the years ended December 31 (dollars in thousands):

	2013	2012
Utility power resources	\$ 524,810	\$ 523,416

The following table details Avista Corp.'s future contractual commitments for power resources (including transmission contracts) and natural gas resources (including transportation contracts) (dollars in thousands):

	2014	2015	2016	2017	2018	Thereafter	Total
Power resources	\$ 201,693	\$ 125,072	\$ 112,570	\$ 110,405	\$ 106,200	\$ 874,990	\$ 1,530,930
Natural gas resources	102,651	64,860	46,665	43,011	37,570	482,986	777,743
Total	\$ 304,344	\$ 189,932	\$ 159,235	\$ 153,416	\$ 143,770	\$ 1,357,976	\$ 2,308,673

These energy purchase contracts were entered into as part of Avista Corp.'s obligation to serve its retail electric and natural gas

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customers' energy requirements, including contracts entered into for resource optimization. As a result, these costs are recovered either through base retail rates or adjustments to retail rates as part of the power and natural gas cost deferral and recovery mechanisms.

The above future contractual commitments for power resources include fixed contractual amounts related to the Company's contracts with certain Public Utility Districts (PUD) to purchase portions of the output of certain generating facilities. Although Avista Corp. has no investment in the PUD generating facilities, the fixed contracts obligate Avista Corp. to pay certain minimum amounts (based in part on the debt service requirements of the PUD) whether or not the facilities are operating. The cost of power obtained under the contracts, including payments made when a facility is not operating, is included in utility resource costs in the Statements of Income. The contractual amounts included above consist of Avista Corp.'s share of existing debt service cost and its proportionate share of the variable operating expenses of these projects.

In addition, Avista Corp. has operating agreements, settlements and other contractual obligations to see the output of its generating facilities and transmission and distribution services. The following table details future contractual commitments under these agreements (dollars in thousands):

	2014	2015	2016	2017	2018	Thereafter	Total
Contractual obligations	\$ 30,197	\$ 27,236	\$ 30,543	\$ 29,199	\$ 23,534	\$ 211,392	\$ 352,101

NOTE 10. NOTES PAYABLE

Avista Corp. has a committed line of credit with various financial institutions in the total amount of \$400.0 million with an expiration date of February 2017.

The committed line of credit is secured by non-transferable First Mortgage Bonds of the Company issued to the agent bank that would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed line of credit.

The committed line of credit agreement contains customary covenants and default provisions. The credit agreement has a covenant which does not permit the ratio of "consolidated total debt" to "consolidated total capitalization" of Avista Corp. to be greater than 65 percent at any time. As of December 31, 2013, the Company was in compliance with this covenant.

Balances outstanding and interest rates of borrowings (excluding letters of credit) under the Company's revolving committed lines of credit were as follows as of December 31 (dollars in thousands):

	2013	2012
Balance outstanding at end of period	\$ 171,000	\$ 52,000
Letters of credit outstanding at end of period	\$ 27,434	\$ 35,885
Average interest rate at end of period	1.02%	1.12%

As of December 31, 2013 the borrowings outstanding under Avista Corp.'s committed line of credit were classified as short-term borrowings on the Balance Sheet.

NOTE 11. BONDS

The following details bonds outstanding as of December 31 (dollars in thousands):

Maturity Year	Description	Interest Rate	2013	2012
2013	First Mortgage Bonds	1.68%	\$ —	\$ 50,000
2016	First Mortgage Bonds	0.84%	90,000	—

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2018	First Mortgage Bonds	5.95%	250,000	250,000
2018	Secured Medium-Term Notes	7.39%-7.45%	22,500	22,500
2019	First Mortgage Bonds	5.45%	90,000	90,000
2020	First Mortgage Bonds	3.89%	52,000	52,000
2022	First Mortgage Bonds	5.13%	250,000	250,000
2023	Secured Medium-Term Notes	7.18%-7.54%	13,500	13,500
2028	Secured Medium-Term Notes	6.37%	25,000	25,000
2032	Secured Pollution Control Bonds (1)	(1)	66,700	66,700
2034	Secured Pollution Control Bonds (2)	(2)	17,000	17,000
2035	First Mortgage Bonds	6.25%	150,000	150,000
2037	First Mortgage Bonds	5.70%	150,000	150,000
2040	First Mortgage Bonds	5.55%	35,000	35,000
2041	First Mortgage Bonds	4.45%	85,000	85,000
2047	First Mortgage Bonds	4.23%	80,000	80,000
	Total secured bonds		1,376,700	1,336,700
	Settled interest rate swaps (3)		(23,560)	(27,900)
	Secured Pollution Control Bonds held by Avista Corporation (1) (2)		(83,700)	(83,700)
	Total bonds		<u>\$ 1,269,440</u>	<u>\$ 1,225,100</u>

- (1) In December 2010, \$66.7 million of the City of Forsyth, Montana Pollution Control Revenue Refunding Bonds (Avista Corporation Colstrip Project) due 2032, which had been held by Avista Corp. since 2008, were refunded by a new bond issue (Series 2010A). The new bonds were not offered to the public and were purchased by Avista Corp. due to market conditions. The Company expects that at a later date, subject to market conditions, these bonds may be remarketed to unaffiliated investors. So long as Avista Corp. is the holder of these bonds, the bonds will not be reflected as an asset or a liability on Avista Corp.'s Balance Sheets.
- (2) In December 2010, \$17.0 million of the City of Forsyth, Montana Pollution Control Revenue Refunding Bonds, (Avista Corporation Colstrip Project) due 2034, which had been held by Avista Corp. since 2009, were refunded by a new bond issue (Series 2010B). The new bonds were not offered to the public and were purchased by Avista Corp. due to market conditions. The Company expects that at a later date, subject to market conditions, the bonds may be remarketed to unaffiliated investors. So long as Avista Corp. is the holder of these bonds, the bonds will not be reflected as an asset or a liability on Avista Corp.'s Balance Sheet.
- (3) Upon settlement of interest rate swaps, these are recorded as a regulatory asset or liability and included as part of long-term debt above. They are amortized as a component of interest expense over the life of the associated debt and included as a part of the Company's cost of debt calculation for ratemaking purposes.

In August 2013, Avista Corp. entered into a \$90.0 million term loan agreement with an institutional investor that bears an annual interest rate of 0.84 percent and matures in 2016. The term loan agreement is secured by non-transferable First Mortgage Bonds of the Company issued to the agent bank that will only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the term loan agreement. The net proceeds from the \$90.0 million term loan agreement were used to repay a portion of corporate indebtedness in anticipation of \$50.0 million in First Mortgage Bonds that matured in December 2013.

The following table details future long-term debt maturities including advances from associated companies (see Note 12) (dollars in thousands):

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	2014	2015	2016	2017	2018	Thereafter	Total
Debt maturities	\$ —	\$ —	\$ 90,000	\$ —	\$ 272,500	\$ 982,047	\$ 1,344,547

Substantially all utility properties owned by the Company are subject to the lien of the Company's mortgage indenture. Under the Mortgage and Deed of Trust securing the Company's First Mortgage Bonds (including Secured Medium-Term Notes), the Company may issue additional First Mortgage Bonds in an aggregate principal amount equal to the sum of: 1) 66-2/3 percent of the cost or fair value (whichever is lower) of property additions which have not previously been made the basis of any application under the Mortgage, or 2) an equal principal amount of retired First Mortgage Bonds which have not previously been made the basis of any application under the Mortgage, or 3) deposit of cash. However, the Company may not issue any additional First Mortgage Bonds (with certain exceptions in the case of bonds issued on the basis of retired bonds) unless the Company's "net earnings" (as defined in the Mortgage) for any period of 12 consecutive calendar months out of the preceding 18 calendar months were at least twice the annual interest requirements on all mortgage securities at the time outstanding, including the First Mortgage Bonds to be issued, and on all indebtedness of prior rank. As of December 31, 2013, property additions and retired bonds would have allowed, and the net earnings test would not have prohibited, the issuance of \$916.3 million in aggregate principal amount of additional First Mortgage Bonds.

See Note 10 for information regarding First Mortgage Bonds issued to secure the Company's obligations under its committed line of credit agreement.

NOTE 12. ADVANCES FROM ASSOCIATED COMPANIES

In 1997, the Company issued Floating Rate Junior Subordinated Deferrable Interest Debentures, Series B, with a principal amount of \$51.5 million to Avista Capital II, an affiliated business trust formed by the Company. Avista Capital II issued \$50.0 million of Preferred Trust Securities with a floating distribution rate of LIBOR plus 0.875 percent, calculated and reset quarterly. The distribution rates paid were as follows during the years ended December 31:

	2013	2012
Low distribution rate	1.11%	1.19%
High distribution rate	1.19%	1.40%
Distribution rate at the end of the year	1.11%	1.19%

Concurrent with the issuance of the Preferred Trust Securities, Avista Capital II issued \$1.5 million of Common Trust Securities to the Company. These debt securities may be redeemed at the option of Avista Capital II on or after June 1, 2007 and mature on June 1, 2037. In December 2000, the Company purchased \$10.0 million of these Preferred Trust Securities.

The Company owns 100 percent of Avista Capital II and has solely and unconditionally guaranteed the payment of distributions on, and redemption price and liquidation amount for, the Preferred Trust Securities to the extent that Avista Capital II has funds available for such payments from the respective debt securities. Upon maturity or prior redemption of such debt securities, the Preferred Trust Securities will be mandatorily redeemed.

NOTE 13. LEASES

The Company has multiple lease arrangements involving various assets, with minimum terms ranging from 1 to forty-five years. Rental expense under operating leases was as follows for the years ended December 31 (dollars in thousands):

	2013	2012
Rental expense	\$ 2,797	\$ 3,274

Future minimum lease payments required under operating leases having initial or remaining noncancelable lease terms in excess of one year as of December 31 were as follows (dollars in thousands):

	2014	2015	2016	2017	2018	Thereafter	Total
Minimum payments required	\$ 1,773	\$ 582	\$ 223	\$ 179	\$ 168	\$ 2,651	\$ 5,576

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NOTE 14. FAIR VALUE

The carrying values of cash and cash equivalents, special deposits, accounts and notes receivable, accounts payable and notes payable are reasonable estimates of their fair values. Bonds and advances from associated companies are reported at carrying value on the Balance Sheets.

The fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The determination of the fair values incorporates various factors that not only include the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits and letters of credit), but also the impact of Avista Corp.’s nonperformance risk on its liabilities.

The following table sets forth the carrying value and estimated fair value of the Company’s financial instruments not reported at estimated fair value on the Balance Sheets as of December 31 (dollars in thousands):

	2013		2012	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Bonds (Level 2)	\$ 951,000	\$ 1,054,512	\$ 951,000	\$ 1,164,639
Bonds (Level 3)	342,000	329,581	302,000	320,892
Advances from associated companies (Level 3)	51,547	37,114	51,547	43,686

These estimates of fair value were primarily based on available market information.

The following table discloses by level within the fair value hierarchy the Company’s assets and liabilities measured and reported on the Balance Sheets as of December 31, 2013 and 2012 at fair value on a recurring basis (dollars in thousands):

Counterparty
and Cash
Collateral

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	Level 1	Level 2	Level 3	Netting (1)	Total
December 31, 2013					
Assets:					
Energy commodity derivatives	\$ —	\$ 55,243	\$ —	\$ (51,367)	\$ 3,876
Level 3 energy commodity derivatives:					
Power exchange agreement	—	—	339	(339)	—
Foreign currency derivatives	—	7	—	(6)	1
Interest rate swaps	—	33,543	—	—	33,543
Deferred compensation assets:					
Fixed income securities	1,960	—	—	—	1,960
Equity securities	6,470	—	—	—	6,470
Total	\$ 8,430	\$ 88,793	\$ 339	\$ (51,712)	\$ 45,850
Liabilities:					
Energy commodity derivatives	\$ —	\$ 72,895	\$ —	\$ (60,099)	\$ 12,796
Level 3 energy commodity derivatives:					
Natural gas exchange agreement	—	—	1,219	—	1,219
Power exchange agreement	—	—	14,780	(339)	14,441
Power option agreement	—	—	775	—	775
Foreign currency derivatives	—	6	—	(6)	—
Total	\$ —	\$ 72,901	\$ 16,774	\$ (60,444)	\$ 29,231

	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting (1)	Total
December 31, 2012					
Assets:					
Energy commodity derivatives	\$ —	\$ 81,640	\$ —	\$ (76,408)	\$ 5,232
Level 3 energy commodity derivatives:					
Power exchange agreement	—	—	385	(385)	—
Foreign currency derivatives	—	7	—	(7)	—
Interest rate swaps	—	7,265	—	—	7,265
Deferred compensation assets:					
Fixed income securities	2,010	—	—	—	2,010
Equity securities	5,955	—	—	—	5,955
Total	\$ 7,965	\$ 88,912	\$ 385	\$ (76,800)	\$ 20,462
Liabilities:					
Energy commodity derivatives	\$ —	\$ 119,390	\$ —	\$ (86,115)	\$ 33,275
Level 3 energy commodity derivatives:					
Natural gas exchange agreement	—	—	2,379	—	2,379
Power exchange agreement	—	—	19,077	(385)	18,692
Power option agreement	—	—	1,480	—	1,480
Foreign currency derivatives	—	34	—	(7)	27
Interest rate swaps	—	1,406	—	—	1,406
Total	\$ —	\$ 120,830	\$ 22,936	\$ (86,507)	\$ 57,259

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- (1) The Company is permitted to net derivative assets and derivative liabilities with the same counterparty when a legally enforceable master netting agreement exists. In addition, the Company nets derivative assets and derivative liabilities against any payables and receivables for cash collateral held or placed with these same counterparties.

Avista Corp. enters into forward contracts to purchase or sell a specified amount of energy at a specified time, or during a specified period, in the future. These contracts are entered into as part of Avista Corp.'s management of loads and resources and certain contracts are considered derivative instruments. The difference between the amount of derivative assets and liabilities disclosed in respective levels and the amount of derivative assets and liabilities disclosed on the Balance Sheets is due to netting arrangements with certain counterparties. The Company uses quoted market prices and forward price curves to estimate the fair value of utility derivative commodity instruments included in Level 2. In particular, electric derivative valuations are performed using broker quotes, adjusted for periods in between quotable periods. Natural gas derivative valuations are estimated using New York Mercantile Exchange (NYMEX) pricing for similar instruments, adjusted for basin differences, using broker quotes. Where observable inputs are available for substantially the full term of the contract, the derivative asset or liability is included in Level 2.

Deferred compensation assets and liabilities represent funds held by the Company in a Rabbi Trust for an executive deferral plan. These funds consist of actively traded equity and bond funds with quoted prices in active markets. The balance disclosed in the table above excludes cash and cash equivalents of \$0.7 million as of December 31, 2013 and \$0.8 million as of December 31, 2012.

Level 3 Fair Value

For the power exchange agreement, the Company compares the Level 2 brokered quotes and forward price curves described above to an internally developed forward price which is based on the average operating and maintenance (O&M) charges from four surrogate nuclear power plants around the country for the current year. Because the nuclear power plant O&M charges are only known for one year, all forward years are estimated assuming an annual escalation. In addition to the forward price being estimated using unobservable inputs, the Company also estimates the volumes of the transactions that will take place in the future based on historical average transaction volumes per delivery year (November to April). Significant increases or decreases in any of these inputs in isolation would result in a significantly higher or lower fair value measurement. Generally, a change in the current year O&M charges for the surrogate plants is accompanied by a directionally similar change in O&M charges in future years. There is generally not a correlation between external market prices and the O&M charges used to develop the internal forward price.

For the power commodity option agreement, the Company uses the Black-Scholes-Merton valuation model to estimate the fair value, and this model includes significant inputs not observable or corroborated in the market. These inputs include 1) the strike price (which is an internally derived price based on a combination of generation plant heat rate factors, natural gas market pricing, delivery and other O&M charges, 2) estimated delivery volumes for years beyond 2014, and 3) volatility rates for periods beyond October 2016. Significant increases or decreases in any of these inputs in isolation would result in a significantly higher or lower fair value measurement. Generally, changes in overall commodity market prices and volatility rates are accompanied by directionally similar changes in the strike price and volatility assumptions used in the calculation.

For the natural gas commodity exchange agreement, the Company uses the same Level 2 brokered quotes described above; however, the Company also estimates the purchase and sales volumes (within contractual limits) as well as the timing of those transactions. Changing the timing of volume estimates changes the timing of purchases and sales, impacting which brokered quote is used. Because the brokered quotes can vary significantly from period to period, the unobservable estimates of the timing and volume of transactions can have a significant impact on the calculated fair value. The Company currently estimates volumes and timing of transactions based on a most likely scenario using historical data. Historically, the timing and volume of transactions have not been highly correlated with market prices and market volatility. As of December 31, 2013, all contractual purchases have been made by Avista Corp. under the natural gas commodity exchange agreement; therefore, the Company no longer estimates forward purchase volumes and forward

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purchase prices as these are not significant inputs to the calculation.

The following table presents the quantitative information which was used to estimate the fair values of the Level 3 assets and liabilities above as of December 31, 2013 (dollars in thousands):

	Fair Value (Net) at December 31, 2013	Valuation Technique	Unobservable Input	Range
Power exchange agreement	\$ (14,441)	Surrogate facility pricing	O&M charges	\$30.18-\$53.90/MWh (1)
			Escalation factor	3% - 2014 to 2019
			Transaction volumes	234,064 - 397,116 MWhs
Power option agreement	(775)	Black-Scholes-Merton	Strike price	\$55.62/MWh - 2016
			Delivery volumes	\$65.31/MWh - 2019 157,517 - 287,147 MWhs
			Volatility rates	0.20 (2)
Natural gas exchange agreement	(1,219)	Internally derived weighted average cost of gas	Forward purchase prices	(3)
			Forward sales prices	\$3.98 - \$4.57/mmBTU
			Purchase volumes	(3)
			Sales volumes	150,000 - 310,000 mmBTUs

(1) The average O&M charges for the delivery year beginning in November 2013 were \$40.93 per MWh. For rate-making purposes the average O&M calculations vary slightly between regulatory jurisdictions. For Washington, the average O&M charges were \$42.44 and the average O&M charges for Idaho were \$40.93 for the delivery year beginning in 2013.

(2) The estimated volatility rate of 0.20 is compared to actual quoted volatility rates of 0.31 for 2014 to 0.20 in October 2016.

(3) As of December 31, 2013, all contractual purchases have been made by Avista Corp. under the original natural gas exchange agreement; therefore, the Company did not estimate forward purchase volumes and forward purchase prices as these are not significant inputs to the calculation at December 31, 2013. On January 31, 2014, the Company executed an extension to this agreement; therefore, during the first quarter of 2014, forward purchase volumes and forward purchase prices will again be a significant input to the calculation and the Company will resume estimating these amounts.

Avista Corp.'s risk management team and accounting team are responsible for developing the valuation methods described above and both groups report to the Chief Financial Officer. The valuation methods, the significant inputs, and the resulting fair values described above are reviewed on at least a quarterly basis by the risk management team and the accounting team to ensure they provide a reasonable estimate of fair value each reporting period.

The following table presents activity for energy commodity derivative assets (liabilities) measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31 (dollars in thousands):

	Natural Gas Exchange Agreement	Power Exchange Agreement	Power Option	Total
FERC FORM NO. 2/3-Q (REV 12-07)				
122.29				

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Year ended December 31, 2013:

Balance as of January 1, 2013	\$	(2,379)	\$	(18,692)	\$	(1,480)	\$	(22,551)
Total gains or losses (realized/unrealized):								
Included in net income		—		—		—		—
Included in other comprehensive income		—		—		—		—
Included in regulatory assets/liabilities (1)		2,298		1,017		705		4,020
Purchases		—		—		—		—
Issuance		—		—		—		—
Settlements		(1,138)		3,234		—		2,096
Transfers to/from other categories		—		—		—		—
Ending balance as of December 31, 2013	\$	(1,219)	\$	(14,441)	\$	(775)	\$	(16,435)

Year ended December 31, 2012:

Balance as of January 1, 2012	\$	(1,688)	\$	(9,910)	\$	(1,260)	\$	(12,858)
Total gains or losses (realized/unrealized):								
Included in net income		—		—		—		—
Included in other comprehensive income		—		—		—		—
Included in regulatory assets/liabilities (1)		343		(15,236)		(220)		(15,113)
Purchases		—		—		—		—
Issuance		—		—		—		—
Settlements		(1,034)		6,454		—		5,420
Transfers from other categories		—		—		—		—
Ending balance as of December 31, 2012	\$	(2,379)	\$	(18,692)	\$	(1,480)	\$	(22,551)

- (1) The UTC and the IPUC issued accounting orders authorizing Avista Corp. to offset commodity derivative assets or liabilities with a regulatory asset or liability. This accounting treatment is intended to defer the recognition of mark-to-market gains and losses on energy commodity transactions until the period of delivery. The orders provide for Avista Corp. to not recognize the unrealized gain or loss on utility derivative commodity instruments in the Statements of Income. Realized gains or losses are recognized in the period of delivery, subject to approval for recovery through retail rates. Realized gains and losses, subject to regulatory approval, result in adjustments to retail rates through purchased gas cost adjustments, the ERM in Washington, the PCA mechanism in Idaho, and periodic general rates cases.

NOTE 15. COMMON STOCK

The Company has a Direct Stock Purchase and Dividend Reinvestment Plan under which the Company's shareholders may automatically reinvest their dividends and make optional cash payments for the purchase of the Company's common stock at current market value.

The payment of dividends on common stock could be limited by:

- certain covenants applicable to preferred stock (when outstanding) contained in the Company's Restated Articles of Incorporation, as amended (currently there are no preferred shares outstanding),
- certain covenants applicable to the Company's outstanding long-term debt and committed line of credit agreements, and
- the hydroelectric licensing requirements of section 10(d) of the FPA (see Note 1).

The Company declared the following dividends for the year ended December 31:

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	2013	2012
Dividends paid per common share	\$ 1.22	\$ 1.16

In August 2012, the Company entered into two sales agency agreements under which the Company may sell up to 2,726,390 shares of its common stock from time to time. There were no shares issued under these agreements during 2013 and as of December 31, 2013, the Company had 1,795,199 shares available to be issued under these agreements.

Shares issued under sales agency agreements were as follows in the year ended December 31:

	2013	2012
Shares issued under sales agency agreement	—	931,191

The Company has 10 million authorized shares of preferred stock. The Company did not have any preferred stock outstanding as of December 31, 2013 and 2012.

NOTE 16. STOCK COMPENSATION PLANS

Avista Corp.

1998 Plan

In 1998, the Company adopted, and shareholders approved, the Long-Term Incentive Plan (1998 Plan). Under the 1998 Plan, certain key employees, officers and non-employee directors of the Company and its subsidiaries may be granted stock options, stock appreciation rights, stock awards (including restricted stock) and other stock-based awards and dividend equivalent rights. The Company has available a maximum of 4.5 million shares of its common stock for grant under the 1998 Plan. As of December 31, 2013, 0.9 million shares were remaining for grant under this plan.

2000 Plan

In 2000, the Company adopted a Non-Officer Employee Long-Term Incentive Plan (2000 Plan), which was not required to be approved by shareholders. The provisions of the 2000 Plan are essentially the same as those under the 1998 Plan, except for the exclusion of non-employee directors and executive officers of the Company. The Company has available a maximum of 2.5 million shares of its common stock for grant under the 2000 Plan. However, the Company currently does not plan to issue any further options or securities under the 2000 Plan. As of December 31, 2013, 1.9 million shares were remaining for grant under this plan.

Stock Compensation

The Company records compensation cost relating to share-based payment transactions in the financial statements based on the fair value of the equity or liability instruments issued. The Company recorded stock-based compensation expense (included in other operating expenses) and income tax benefits in the Statements of Income of the following amounts for the years ended December 31 (dollars in thousands):

	2013	2012
Stock-based compensation expense	\$ 6,218	\$ 5,792
Income tax benefits	2,176	2,027

Stock Options

The following summarizes stock options activity under the 1998 Plan and the 2000 Plan for the years ended December 31:

	2013	2012
Number of shares under stock options:		
Options outstanding at beginning of year	3,000	92,499
Options granted	—	—

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Options exercised		(3,000)	(89,499)
Options canceled		—	—
Options outstanding and exercisable at end of year		—	3,000
Weighted average exercise price:			
Options exercised	\$	12.41	\$ 10.63
Options canceled	\$	—	\$ —
Options outstanding and exercisable at end of year	\$	—	\$ 12.41
Cash received from options exercised (in thousands)	\$	37	\$ 951
Intrinsic value of options exercised (in thousands)	\$	40	\$ 1,349
Intrinsic value of options outstanding (in thousands)	\$	—	\$ 35

There are no longer any stock options outstanding as of December 31, 2013 and the Company does not have any plans to issue additional stock options in the near future.

Restricted Shares

Restricted share awards vest in equal thirds each year over a three-year period and are payable in Avista Corp. common stock at the end of each year if the service condition is met. In addition to the service condition, the Company must meet a return on equity target in order for the CEO's restricted shares to vest. During the vesting period, employees are entitled to dividend equivalents which are paid when dividends on the Company's common stock are declared. Restricted stock is valued at the close of market of the Company's common stock on the grant date. The weighted average remaining vesting period for the Company's restricted shares outstanding as of December 31, 2013 was 0.7 years.

The following table summarizes restricted stock activity for the years ended December 31:

	2013	2012
Unvested shares at beginning of year	117,118	93,482
Shares granted	44,556	70,281
Shares canceled	(1,802)	(790)
Shares vested	(55,456)	(45,855)
Unvested shares at end of year	104,416	117,118
Weighted average fair value at grant date	\$ 26.04	\$ 25.83
Unrecognized compensation expense at end of year (in thousands)	\$ 1,199	\$ 1,428
Intrinsic value, unvested shares at end of year (in thousands)	\$ 2,943	\$ 2,824
Intrinsic value, shares vested during the year (in thousands)	\$ 1,363	\$ 1,173

Performance Shares

Performance share awards vest after a period of three years and are payable in cash or Avista Corp. common stock at the end of the three-year period. Performance share awards entitle the recipients to dividend equivalent rights, are subject to forfeiture under certain circumstances, and are subject to meeting a specific performance criterion. Based on the attainment of the performance criterion, the amount of cash paid or common stock issued will range from 0 to 200 percent of the performance shares granted depending on the change in the value of the Company's common stock relative to an external benchmark. Dividend equivalent rights are accumulated and paid out only on shares that eventually vest.

Performance share awards entitle the grantee to shares of common stock or cash payable once the service condition is satisfied. Based on attainment of the performance criteria, grantees may receive 0 to 200 percent of the original shares granted. The performance criterion used is the Company's Total Shareholder Return performance over a three-year period as compared against other utilities; this is considered a market-based condition. Performance shares may be settled in common stock or cash at the discretion of the Company.

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Historically, the Company has settled these awards through issuance of stock and intends to continue this practice. These awards vest at the end of the three-year period. Performance shares are equity awards with a market-based condition, which results in the compensation cost for these awards being recognized over the requisite service period, provided that the requisite service period is rendered, regardless of when, if ever, the market condition is satisfied.

The Company measures (at the grant date) the estimated fair value of performance shares awarded. The fair value of each performance share award was estimated on the date of grant using a statistical model that incorporates the probability of meeting performance targets based on historical returns relative to a peer group. Expected volatility was based on the historical volatility of Avista Corp. common stock over a three-year period. The expected term of the performance shares is three years based on the performance cycle. The risk-free interest rate was based on the U.S. Treasury yield at the time of grant. The compensation expense on these awards will only be adjusted for changes in forfeitures.

The following summarizes the weighted average assumptions used to determine the fair value of performance shares and related compensation expense as well as the resulting estimated fair value of performance shares granted:

	2013	2012
Risk-free interest rate	0.4%	0.3%
Expected life, in years	3	3
Expected volatility	19.1%	22.7%
Dividend yield	4.6%	4.5%
Weighted average grant date fair value (per share)	\$ 23.30	\$ 26.06

The fair value includes both performance shares and dividend equivalent rights.

The following summarizes performance share activity:

	2013	2012
Opening balance of unvested performance shares	359,700	351,345
Performance shares granted	175,000	181,000
Performance shares canceled	(13,298)	(4,544)
Performance shares vested	(176,718)	(168,101)
Ending balance of unvested performance shares	344,684	359,700
Intrinsic value of unvested performance shares (in thousands)	\$ 9,717	\$ 8,672
Unrecognized compensation expense (in thousands)	\$ 3,651	\$ 3,800

The weighted average remaining vesting period for the Company's performance shares outstanding as of December 31, 2013 was 1.5 years. Unrecognized compensation expense as of December 31, 2013 includes only the amount attributable to the equity portion of the performance share awards and will be recognized during 2014 and 2015.

The following summarizes the impact of the market condition on the vested performance shares:

	2013	2012
Performance shares vested	176,718	168,101
Impact of market condition on shares vested	(176,718)	(168,101)
Shares of common stock earned	—	—
Intrinsic value of common stock earned (in thousands)	\$ —	\$ —

Shares earned under this plan are distributed to participants in the quarter following vesting.

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Outstanding performance share awards include a dividend component that is paid in cash. This component of the performance share grants is accounted for as a liability award. These liability awards are revalued on a quarterly basis taking into account the number of awards outstanding, historical dividend rate, and the change in the value of the Company's common stock relative to an external benchmark. Over the life of these awards, the cumulative amount of compensation expense recognized will match the actual cash paid. As of December 31, 2013 and 2012, the Company had recognized cumulative compensation expense and a liability of \$0.9 million and \$0.7 million related to the dividend component on the outstanding and unvested performance share grants.

NOTE 17. COMMITMENTS AND CONTINGENCIES

In the course of its business, the Company becomes involved in various claims, controversies, disputes and other contingent matters, including the items described in this Note. Some of these claims, controversies, disputes and other contingent matters involve litigation or other contested proceedings. For all such matters, the Company intends to vigorously protect and defend its interests and pursue its rights. However, no assurance can be given as to the ultimate outcome of any particular matter because litigation and other contested proceedings are inherently subject to numerous uncertainties. For matters that affect Avista Corp.'s operations, the Company intends to seek, to the extent appropriate, recovery of incurred costs through the ratemaking process.

Federal Energy Regulatory Commission Inquiry

In April 2004, the Federal Energy Regulatory Commission (FERC) approved the contested Agreement in Resolution of Section 206 Proceeding (Agreement in Resolution) between Avista Corp., Avista Energy and the FERC's Trial Staff which stated that there was: (1) no evidence that any executives or employees of Avista Corp. or Avista Energy knowingly engaged in or facilitated any improper trading strategy during 2000 and 2001; (2) no evidence that Avista Corp. or Avista Energy engaged in any efforts to manipulate the western energy markets during 2000 and 2001; and (3) no finding that Avista Corp. or Avista Energy withheld relevant information from the FERC's inquiry into the western energy markets for 2000 and 2001 (Trading Investigation). The FERC's decisions approving the Agreement in Resolution are pending before the United States Court of Appeals for the Ninth Circuit (Ninth Circuit). In May 2004, the FERC provided notice that Avista Energy was no longer subject to an investigation reviewing certain bids above \$250 per MW in the short-term energy markets operated by the California Independent System Operator (CalISO) and the California Power Exchange (CalPX) from May 1, 2000 to October 2, 2000 (Bidding Investigation). That matter is also pending before the Ninth Circuit.

As discussed in "California Refund Proceeding" below, in November 2013, Avista Corp. and Avista Energy arrived at a settlement in principle with Pacific Gas & Electric (PG&E), Southern California Edison, San Diego Gas & Electric, the California Attorney General (AG), the California Department of Water Resources (CERS), and the California Public Utilities Commission that would resolve these matters and obviate the need for further litigation. The Company filed the settlement at the FERC for its approval on March 7, 2014. The Company does not expect that this matter will have a material adverse effect on its financial condition, results of operations or cash flows.

California Refund Proceeding

In July 2001, the FERC ordered an evidentiary hearing to determine the amount of refunds due to California energy buyers for purchases made in the spot markets operated by the CalISO and the CalPX during the period from October 2, 2000 to June 20, 2001 (Refund Period). Proposed refunds are based on the calculation of mitigated market clearing prices for each hour. The FERC ruled that if the refunds required by the formula would cause a seller to recover less than its actual costs for the Refund Period, sellers may document these costs and limit their refund liability commensurately. In 2011, the FERC approved Avista Energy's cost filing, a decision that is now before the Ninth Circuit.

In August 2006, the Ninth Circuit remanded to the FERC its decision not to consider an FPA section 309 remedy for tariff violations prior to October 2, 2000. In May 2011, the FERC clarified the issues set for hearing for the period May 1, 2000 - October 1, 2000 (Summer Period): (1) which market practices and behaviors constitute a violation of the then-current CalISO, CalPX, and individual

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seller's tariffs and FERC orders; (2) whether any of the sellers named as respondents in this proceeding engaged in those tariff violations; and (3) whether any such tariff violations affected the market clearing price. The FERC also gave the California parties an opportunity to show that exchange transactions with the CalISO during the Refund Period were not just and reasonable. During a FERC hearing in 2012, the Presiding Administrative Law Judge (ALJ) issued a partial initial decision granting Avista Corp.'s motion for summary disposition, based on the stipulation by the California Parties that there are no allegations of tariff violations made against Avista Corp. in this proceeding and therefore no tariff violations by Avista Corp. that affected the market clearing price in any hour during the Summer Period. On November 2, 2012, the FERC issued an order affirming the partial initial decision and dismissing Avista Corp. from the proceeding, thereby terminating all claims against Avista Corp. for the Summer Period. In the same order, the FERC also held that a market-wide remedy would not be appropriate with regard to any respondent during the Summer Period. The FERC stated that it is clear that the Ninth Circuit did not mandate a specific remedy on remand and, instead, left it to the FERC's discretion to determine which remedy would be appropriate. On February 15, 2013, the ALJ issued an initial decision ruling that the California Parties met their burden in the case against Avista Energy by relying on "screens" that identified transactions that potentially could have signified tariff violations. The initial decision did not discuss evidence offered by Avista Energy, on an hour-by-hour basis, rebutting the alleged violations. With respect to Avista Energy's one exchange transaction with the CalISO during the Refund Period, the judge made no findings with respect to the justness and reasonableness of that transaction, but nonetheless determined that Avista Energy owed approximately \$0.2 million in refunds with regard to the transaction.

In November of 2013, Avista Corp. and Avista Energy arrived at a settlement in principle that would resolve this matter which obviates the need for further litigation. The 2001 bankruptcy of PG&E resulted in a default on its payment obligations to the CalPX, and as a result, Avista Energy has not been paid for all of its sales during the Refund Period. Those funds have been held in escrow accounts pending resolution of this proceeding. The settlement would return \$15 million of Avista Energy's receivable to Avista Energy, with the balance of the Avista Energy receivable flowing to the purchasers associated with the hourly transactions at issue. There is no admission of wrongdoing on the part of the settling parties, and thus it is further agreed that no part of the refund payment by Avista Energy constitutes a fine or a penalty. The settlement resolves all claims for alleged overcharges during the Summer and Refund Periods in the California Refund Proceeding, and in the Pacific Northwest Refund Proceeding, for sales made to CERS, as discussed below. The settlement also includes settlement of the Federal Energy Regulatory Commission Inquiry, the Pacific Northwest Refund Proceeding, and the California Attorney General Complaint (the "Lockyer Complaint").

The settlement is subject to approval by the FERC. The Company filed the settlement at the FERC for its approval on March 7, 2014. The Company does not expect that this matter will have a material adverse effect on its financial condition, results of operations or cash flows.

Pacific Northwest Refund Proceeding

In July 2001, the FERC initiated a preliminary evidentiary hearing to develop a factual record as to whether prices for spot market sales of wholesale energy in the Pacific Northwest between December 25, 2000 and June 20, 2001 were just and reasonable. In June 2003, the FERC terminated the Pacific Northwest refund proceedings, after finding that the equities do not justify the imposition of refunds. In August 2007, the Ninth Circuit found that the FERC, in denying the request for refunds, had failed to take into account new evidence of market manipulation in the California energy market and its potential ties to the Pacific Northwest energy market and that such failure was arbitrary and capricious and, accordingly, remanded the case to the FERC, stating that the FERC's findings must be reevaluated in light of the evidence. The Ninth Circuit expressly declined to direct the FERC to grant refunds. On October 3, 2011, the FERC issued an Order on Remand, finding that, in light of the Ninth Circuit's remand order, additional procedures are needed to address possible unlawful activity that may have influenced prices in the Pacific Northwest spot market during the period from December 25, 2000 through June 20, 2001. The Order on Remand established an evidentiary, trial-type hearing before an ALJ, and reopened the record to permit parties to present evidence of unlawful market activity. The Order on Remand stated that parties seeking refunds must submit evidence demonstrating that specific unlawful market activity occurred, and must demonstrate that such activity directly affected negotiations with respect to the specific contract rate about which they complain. Simply alleging a general link

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between the dysfunctional spot market in California and the Pacific Northwest spot market will not be sufficient to establish a causal connection between a particular seller's alleged unlawful activities and the specific contract negotiations at issue.

On July 11, 2012, Avista Energy and Avista Corp. filed settlements of all issues in this docket with regard to the claims made by the City of Tacoma, which the FERC approved. The two remaining direct claimants against Avista Corp. and Avista Energy in this proceeding are the City of Seattle, Washington (Seattle), and the California AG (on behalf of CERS).

On April 5, 2013, the FERC issued an Order on Rehearing expanding the temporal scope of the proceeding to permit parties to submit evidence on transactions during the period from January 1, 2000 through and including June 20, 2001.

On April 11, 2013, the California Parties filed a petition for review of the October 3, 2011 Order on Remand, and the April 5, 2013 Order on Rehearing, in the Ninth Circuit. Seattle filed a petition for review of the same orders on April 26, 2013. On May 22, 2013, the Ninth Circuit issued an order consolidating the California Parties' and Seattle's petitions for review with respect to the Order on Remand and the Order on Rehearing.

The hearing before an ALJ began on August 27, 2013, and briefing is now concluded. The ALJ's initial decision is anticipated on or before March 18, 2014.

As discussed in "California Refund Proceeding" above, in November 2013, Avista Corp. and Avista Energy arrived at a settlement in principle that would resolve these matters with regard to the CERS claims. The settlement is subject to approval by the FERC. The Company filed the settlement at the FERC for its approval on March 7, 2014. Seattle continues to pursue claims against both Avista Corp. and Avista Energy, and if, refunds are ordered by the FERC with regard to any particular contract with Seattle, Avista Corp. and Avista Energy could be liable to make payments. The Company cannot predict the outcome of this proceeding or the amount of any refunds that Avista Corp. or Avista Energy could be ordered to make. Therefore, the Company cannot predict the potential impact the outcome of this matter could ultimately have on the Company's results of operations, financial condition or cash flows.

California Attorney General Complaint (the "Lockyer Complaint")

In May 2002, the FERC conditionally dismissed a complaint filed in March 2002 by the California AG that alleged violations of the FPA by the FERC and all sellers (including Avista Corp. and its subsidiaries) of electric power and energy into California. The complaint alleged that the FERC's adoption and implementation of market-based rate authority was flawed and, as a result, individual sellers should refund the difference between the rate charged and a just and reasonable rate. In May 2002, the FERC issued an order dismissing the complaint. In September 2004, the Ninth Circuit upheld the FERC's market-based rate authority, but held that the FERC erred in ruling that it lacked authority to order refunds for violations of its reporting requirement. The Court remanded the case for further proceedings, which ultimately resulted in summary disposition at the FERC in favor of Avista Corp. and Avista Energy. The proceeding is now before the Ninth Circuit.

As discussed in "California Refund Proceeding" above, in November 2013, Avista Corp. and Avista Energy arrived at a settlement in principle that would resolve these matters and obviate the need for further litigation. The settlement is subject to approval by the FERC. The Company filed the settlement at the FERC for its approval on March 7, 2014. The Company does not expect that this matter will have a material adverse effect on its financial condition, results of operations or cash flows.

Colstrip Generating Project - Complaint Alleging Water Pollution

In March 2007, two families that own property near the holding ponds from Units 3 & 4 of the Colstrip Generating Project (Colstrip) filed a complaint against the owners of Colstrip and Hydrometrics, Inc. in Montana District Court. Avista Corp. owns a 15 percent interest in Units 3 & 4 of Colstrip. The plaintiffs alleged that the holding ponds and remediation activities adversely impacted their property. They alleged contamination, decrease in water tables, reduced flow of streams on their property and other similar impacts to their property. They also sought punitive damages, attorneys' fees, an order by the court to remove certain ponds, and the forfeiture of profits earned from the generation of Colstrip. In September 2010, the owners of Colstrip filed a motion with the court to enforce a settlement agreement that would resolve all issues between the parties. In October 2011 the court issued an order which enforced the

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settlement agreement. All subsequent appeals by the plaintiffs of the court's decision were denied and in 2013 a motion to dismiss the case was approved by the court. Under the settlement, Avista Corp.'s portion of payment (which was accrued in 2010) to the plaintiffs was not material to its financial condition, results of operations or cash flows.

Sierra Club and Montana Environmental Information Center Complaint Against the Owners of Colstrip

On March 6, 2013, the Sierra Club and Montana Environmental Information Center (MEIC) (collectively "Plaintiffs"), filed a Complaint (Complaint) in the United States District Court for the District of Montana, Billings Division, against the owners of the Colstrip Generating Project (Colstrip). Avista Corp. owns a 15 percent interest in Units 3 & 4 of Colstrip. The other Colstrip co-owners are PPL Montana, Puget Sound Energy, Portland General Electric Company, NorthWestern Energy and PacifiCorp. The Complaint alleges certain violations of the Clean Air Act, including the New Source Review, Title V and opacity requirements. The Plaintiffs request that the Court grant injunctive and declaratory relief, impose civil penalties, require a beneficial environmental project in the areas affected by the alleged air pollution and require payment of Plaintiffs' costs of litigation and attorney fees.

On May 3, 2013, the Colstrip owners and operator filed a partial motion to dismiss, seeking dismissal of 36 of the 39 claims. The Plaintiffs filed their opposition on May 31, 2013, and the owners and operator filed their reply on June 21, 2013. On July 17, 2013, the Court held a preliminary pretrial conference, and on July 18, 2013, the Court issued an Order establishing a procedural schedule and deadlines.

On September 12, 2013, the Plaintiffs filed Plaintiffs' First Motion for Partial Summary Judgment on the Applicable Method for Calculating Emission Increases from Modifications Made to the Colstrip Power Plant. The Colstrip Owners and Operator Response filed their reply on November 15, 2013.

On September 27, 2013, the Plaintiffs filed an Amended Complaint. The Amended Complaint withdrew from the original Complaint fifteen claims related to seven pre-January 1, 2001 Colstrip maintenance projects, upgrade projects and work projects and claims alleging violations of Title V and opacity requirements. The Amended Complaint alleges certain violations of the Clean Air Act and the New Source Review and adds claims with respect to post-January 1, 2001 Colstrip projects. The Plaintiffs request that the Court grant injunctive and declaratory relief, order remediation of alleged environmental damage, impose civil penalties, require a beneficial environmental project in the areas affected by the alleged air pollution and require payment of Plaintiffs' costs of litigation and attorney fees.

On October 11, 2013, the Colstrip owners and operator filed a motion to dismiss, seeking dismissal of all of Plaintiffs' claims contained in the Amended Complaint. Due to the preliminary nature of the lawsuit, Avista Corporation cannot, at this time, predict the outcome of the matter.

Harbor Oil Inc. Site

Avista Corp. used Harbor Oil Inc. (Harbor Oil) for the recycling of waste oil and non-PCB transformer oil in the late 1980s and early 1990s. In June 2005, the Environmental Protection Agency (EPA) Region 10 provided notification to Avista Corp. and several other parties, as customers of Harbor Oil, that the EPA had determined that hazardous substances were released at the Harbor Oil site in Portland, Oregon and that Avista Corp. and several other parties may be liable for investigation and cleanup of the site under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly referred to as the federal "Superfund" law, which provides for joint and several liability. Six potentially responsible parties, including Avista Corp., signed an Administrative Order on Consent with the EPA on May 31, 2007 to conduct a remedial investigation and feasibility study (RI/FS). Based on the RI/FS submitted to the EPA, the EPA issued a Record of Decision (ROD) which proposes the "No Action Alternative" for the site. Based on the review of its records related to Harbor Oil, the Company does not believe it is a significant contributor to this potential environmental contamination based on the small volume of waste oil it delivered to the Harbor Oil site. As such, and in light of the EPA's ROD, the Company does not expect that this matter will have a material effect on its financial condition, results of operations or cash flows. The Company has expensed its share of the RI/FS (\$0.5 million) for this matter.

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Spokane River Licensing

The Company owns and operates six hydroelectric plants on the Spokane River. Five of these (Long Lake, Nine Mile, Upper Falls, Monroe Street, and Post Falls) are regulated under one 50-year FERC license issued in June 2009 and are referred to as the Spokane River Project. The sixth, Little Falls, is operated under separate Congressional authority and is not licensed by the FERC. The license incorporated the 4(e) conditions that were included in the December 2008 Settlement Agreement with the United States Department of Interior and the Coeur d'Alene Tribe, as well as the mandatory conditions that were agreed to in the Idaho 401 Water Quality Certifications and in the amended Washington 401 Water Quality Certification.

As part of the Settlement Agreement with the Washington Department of Ecology (Ecology), the Company has participated in the Total Maximum Daily Load (TMDL) process for the Spokane River and Lake Spokane, the reservoir created by Long Lake Dam. On May 20, 2010, the EPA approved the TMDL and on May 27, 2010, Ecology filed an amended 401 Water Quality Certification with the FERC for inclusion into the license. The amended 401 Water Quality Certification includes the Company's level of responsibility, as defined in the TMDL, for low dissolved oxygen levels in Lake Spokane. The Company submitted a draft Water Quality Attainment Plan for Dissolved Oxygen to Ecology in May 2012 and this was approved by Ecology in September 2012. This plan was subsequently approved by the FERC. The Company began implementing this plan in 2013, and management believes costs will not be material. On July 16, 2010, the City of Post Falls and the Hayden Area Regional Sewer Board filed an appeal with the United States District Court for the District of Idaho with respect to the EPA's approval of the TMDL. The Company, the City of Coeur d'Alene, Kaiser Aluminum and the Spokane River Keeper subsequently moved to intervene in the appeal. In September 2011, the EPA issued a stay to the litigation that will be in effect until either the permits are issued and all appeals and challenges are complete or the court lifts the stay. The stay is still in effect.

During 2013, through a collaborative process with key stakeholders, a decision was reached to not move forward with a specific capital project to add oxygen to Lake Spokane. At the time of such decision, the Company had expended \$1.3 million on the discontinued project. On September 26, 2013 and October 23, 2013, the UTC and IPUC, respectively, issued Orders approving the Company's petition for an accounting order authorizing deferral of costs related to the discontinued project. The Washington portion of the project costs were \$0.9 million and this amount has been recorded as a regulatory asset until the next general rate case. The Idaho portion of the costs of \$0.5 million was recorded as a regulatory asset during the fourth quarter of 2013 and will be included in the next general rate case. The Company will address the prudence and recovery of these costs in the next Washington and Idaho general rate cases, expected to be filed in 2014.

The UTC and IPUC approved the recovery of licensing costs through the general rate case settlements in 2009. The Company will continue to seek recovery, through the ratemaking process, of all operating and capitalized costs related to implementing the license for the Spokane River Project.

Cabinet Gorge Total Dissolved Gas Abatement Plan

Dissolved atmospheric gas levels in the Clark Fork River exceed state of Idaho and federal water quality standards downstream of the Cabinet Gorge Hydroelectric Generating Project (Cabinet Gorge) during periods when excess river flows must be diverted over the spillway. Under the terms of the Clark Fork Settlement Agreement as incorporated in Avista Corp.'s FERC license for the Clark Fork Project, Avista Corp. has worked in consultation with agencies, tribes and other stakeholders to address this issue. In the second quarter of 2011, the Company completed preliminary feasibility assessments for several alternative abatement measures. In 2012, Avista Corp., with the approval of the Clark Fork Management Committee (created under the Clark Fork Settlement Agreement), moved forward to test one of the alternatives by constructing a spill crest modification on a single spill gate. Based on testing in 2013, the modification appears to provide significant Total Dissolved Gas reduction. Further evaluation and design improvements are underway prior to applying this approach to other spill gates. The Company will continue to seek recovery, through the ratemaking process, of all operating and capitalized costs related to this issue.

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Fish Passage at Cabinet Gorge and Noxon Rapids

In 1999, the USFWS listed bull trout as threatened under the Endangered Species Act. The Clark Fork Settlement Agreement describes programs intended to help restore bull trout populations in the project area. Using the concept of adaptive management and working closely with the USFWS, the Company evaluated the feasibility of fish passage at Cabinet Gorge and Noxon Rapids. The results of these studies led, in part, to the decision to move forward with development of permanent facilities, among other bull trout enhancement efforts. Fishway designs for Cabinet Gorge are still being finalized. Construction cost estimates and schedules will be developed after several remaining issues are resolved, related to Montana's approval of fish transport from Idaho and expected minimum discharge requirements. Fishway design for Noxon Rapids has also been initiated, and is still in early stages.

In January 2010, the USFWS revised its 2005 designation of critical habitat for the bull trout to include the lower Clark Fork River as critical habitat. The Company believes its ongoing efforts through the Clark Fork Settlement Agreement continue to effectively address issues related to bull trout. The Company will continue to seek recovery, through the ratemaking process, of all operating and capitalized costs related to fish passage at Cabinet Gorge and Noxon Rapids.

Aluminum Recycling Site

In October 2009, the Company (through its subsidiary Pentzer Venture Holdings II, Inc. (Pentzer)) received notice from Ecology proposing to find Pentzer liable for a release of hazardous substances under the Model Toxics Control Act (MTCA), under Washington state law. Pentzer owns property that adjoins land owned by the Union Pacific Railroad (UPR). UPR leased their property to operators of a facility designated by Ecology as "Aluminum Recycling - Trentwood." Operators of the UPR property maintained piles of aluminum dross, which designate as a state-only dangerous waste in Washington State. In the course of its business, the operators placed a portion of the aluminum dross pile on the property owned by Pentzer. During the second quarter of 2013, the Company completed an agreement with UPR which resolves all liability related to the MTCA action. Through Pentzer Corporation, a wholly-owned subsidiary of the Company, the Company made a one-time payment of \$0.1 million and UPR has taken full responsibility for the cleanup activities at the site. Based on information currently known to the Company's management, the Company believes any potential liability related to the site has been resolved, and does not expect this issue will have a material effect on its financial condition, results of operations or cash flows.

Collective Bargaining Agreements

The Company's collective bargaining agreement with the International Brotherhood of Electrical Workers represents approximately 45 percent of all of Avista Corp.'s employees. The agreement with the local union in Washington and Idaho representing the majority (approximately 90 percent) of the bargaining unit employees expired in March 2014. Two local agreements in Oregon, which cover approximately 50 employees, expired in March 2014. Negotiations are currently ongoing for these labor agreements.

Other Contingencies

In the normal course of business, the Company has various other legal claims and contingent matters outstanding. The Company believes that any ultimate liability arising from these actions will not have a material impact on its financial condition, results of operations or cash flows. It is possible that a change could occur in the Company's estimates of the probability or amount of a liability being incurred. Such a change, should it occur, could be significant.

The Company routinely assesses, based on studies, expert analyses and legal reviews, its contingencies, obligations and commitments for remediation of contaminated sites, including assessments of ranges and probabilities of recoveries from other responsible parties who either have or have not agreed to a settlement as well as recoveries from insurance carriers. The Company's policy is to accrue and charge to current expense identified exposures related to environmental remediation sites based on estimates of investigation, cleanup and monitoring costs to be incurred. For matters that affect Avista Corp.'s operations, the Company seeks, to the extent appropriate, recovery of incurred costs through the ratemaking process.

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The Company has potential liabilities under the Endangered Species Act for species of fish that have either already been added to the endangered species list, listed as "threatened" or petitioned for listing. Thus far, measures adopted and implemented have had minimal impact on the Company. However, the Company will continue to seek recovery, through the ratemaking process, of all operating and capitalized costs related to this issue.

Under the federal licenses for its hydroelectric projects, the Company is obligated to protect its property rights, including water rights. The state of Montana is examining the status of all water right claims within state boundaries. Claims within the Clark Fork River basin could adversely affect the energy production of the Company's Cabinet Gorge and Noxon Rapids hydroelectric facilities. The state of Idaho has initiated adjudication in northern Idaho, which will ultimately include the lower Clark Fork River, the Spokane River and the Coeur d'Alene basin. In addition, the state of Washington has indicated an interest in initiating adjudication for the Spokane River basin in the next several years. The Company is and will continue to be a participant in these adjudication processes. The complexity of such adjudications makes each unlikely to be concluded in the foreseeable future. As such, it is not possible for the Company to estimate the impact of any outcome at this time.

NOTE 18. INFORMATION SERVICES CONTRACTS

The Company has information services contracts that expire at various times through 2017. The largest of these contracts provides for increases due to changes in the cost of living index and further provides flexibility in the annual obligation from year-to-year. Total payments under these contracts were as follows for the years ended December 31 (dollars in thousands):

	2013	2012
Information service contract payments	\$ 12,647	\$ 13,221

The majority of the costs are included in other operating expenses in the Statements of Income. The following table details minimum future contractual commitments for these agreements (dollars in thousands):

	2014	2015	2016	2017	2018	Thereafter	Total
Contractual obligations	\$ 8,350	\$ 7,384	\$ 7,446	\$ 7,508	\$ —	\$ —	\$ 30,688

NOTE 19. REGULATORY MATTERS

Power Cost Deferrals and Recovery Mechanisms

Deferred power supply costs are recorded as a deferred charge on the Balance Sheets for future prudence review and recovery through retail rates. The power supply costs deferred include certain differences between actual net power supply costs incurred by Avista Corp. and the costs included in base retail rates. This difference in net power supply costs primarily results from changes in:

- short-term wholesale market prices and sales and purchase volumes,
- the level and availability of hydroelectric generation,
- the level and availability of thermal generation (including changes in fuel prices),
- the net value from optimization activities related to the Company's generating resources, and
- retail loads.

In Washington, the Energy Recovery Mechanism (ERM) allows Avista Corp. to periodically increase or decrease electric rates with UTC approval to reflect changes in power supply costs. The ERM is an accounting method used to track certain differences between actual power supply costs, net of the margin on wholesale sales and sales of fuel, and the amount included in base retail rates for

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Washington customers. Total net deferred power costs under the ERM were a liability of \$17.9 million as of December 31, 2013, and these deferred power cost balances represent amounts due to customers. As part of the approved Washington general rate case settlement in December 2012, during 2013 a one-year credit designed to return to customers \$4.4 million from the existing ERM deferral balance reduced the net average electric rate increase impact to customers in 2013. Additionally, during 2014 a one-year credit up to \$9.0 million will be returned to electric customers from the ERM deferral balance, so the net average electric rate increase impact to customers effective January 1, 2014 was also be reduced. The credits to customers from the ERM balances do not impact the Company's net income.

Under the ERM, the Company absorbs the cost or receives the benefit from the initial amount of power supply costs in excess of or below the level in retail rates, which is referred to as the deadband. The annual (calendar year) deadband amount is currently \$4.0 million. The Company will incur the cost of, or receive the benefit from, 100 percent of this initial power supply cost variance. The Company shares annual power supply cost variances between \$4.0 million and \$10.0 million with customers. There is a 50 percent customers/50 percent Company sharing ratio when actual power supply expenses are higher (surcharge to customers) than the amount included in base retail rates within this band. There is a 75 percent customers/25 percent Company sharing ratio when actual power supply expenses are lower (rebate to customers) than the amount included in base retail rates within this band. To the extent that the annual power supply cost variance from the amount included in base rates exceeds \$10.0 million, there is a 90 percent customers/10 percent Company share ratio of the cost variance.

The following is a summary of the ERM:

Annual Power Supply Cost Variability	Deferred for Future Surcharge or Rebate to Customers	Expense or Benefit
within +/- \$0 to \$4 million (deadband)	0%	100%
higher by \$4 million to \$10 million	50%	50%
lower by \$4 million to \$10 million	75%	25%
higher or lower by over \$10 million	90%	10%

As part of the April 2012 Washington general rate case filing, the Company proposed modifications to the ERM deadband and other sharing bands. The proposed modifications were not agreed to as part of the settlement agreement, and the ERM continued unchanged. However, the trigger point at which rates will change under the ERM was modified to be \$30 million rather than the previous 10 percent of base revenues (approximately \$45 million) under the mechanism.

Avista Corp. has a Power Cost Adjustment (PCA) mechanism in Idaho that allows it to modify electric rates on October 1 of each year with Idaho Public Utilities Commission (IPUC) approval. Under the PCA mechanism, Avista Corp. defers 90 percent of the difference between certain actual net power supply expenses and the amount included in base retail rates for its Idaho customers. These annual October 1 rate adjustments recover or rebate power costs deferred during the preceding July-June twelve-month period. Total net power supply costs deferred under the PCA mechanism were a regulatory asset of \$5.1 million as of December 31, 2013 compared to a regulatory liability of \$5.1 million as of December 31, 2012.

Natural Gas Cost Deferrals and Recovery Mechanisms

Avista Corp. files a purchased gas cost adjustment (PGA) in all three states it serves to adjust natural gas rates for: 1) estimated commodity and pipeline transportation costs to serve natural gas customers for the coming year, and 2) the difference between actual and estimated commodity and transportation costs for the prior year. These annual PGA filings in Washington and Idaho provide for the deferral, and recovery or refund, of 100 percent of the difference between actual and estimated commodity and pipeline transportation costs, subject to applicable regulatory review. The annual PGA filing in Oregon provides for deferral, and recovery or refund, of 100 percent of the difference between actual and estimated pipeline transportation costs and commodity costs that are fixed through hedge transactions. Commodity costs that are not hedged for Oregon customers are subject to a sharing mechanism whereby

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Avista Corp. defers, and recovers or refunds, 90 percent of the difference between these actual and estimated costs. Total net deferred natural gas costs to be refunded to customers were a liability of \$12.1 million as of December 31, 2013 compared to a liability of \$6.9 million as of December 31, 2012.

Washington General Rate Cases

In December 2011, the UTC approved a settlement agreement in the Company's electric and natural gas general rate cases filed in May 2011. The settlement agreement provided for the deferral of certain generation plant maintenance costs. For 2011 and 2012 the Company compared actual non-fuel maintenance expenses for the Coyote Springs 2 and Colstrip plants with the amount of baseline maintenance expenses used to establish base retail rates, and deferred the difference. This deferral occurred each year, with no carrying charge, with deferred costs to be amortized over a four-year period, beginning the year following the period costs are deferred. Total net deferred costs under this mechanism in Washington were a regulatory asset of \$3.1 million as of December 31, 2013 compared to a regulatory asset of \$4.0 million as of December 31, 2012. As part of the settlement agreement relating to the Company's latest general rate case approved in December 2012, the parties agreed to terminate the maintenance cost deferral mechanism on December 31, 2012, with the four-year amortization of the 2011 and 2012 deferrals to conclude in 2015 and 2016, respectively.

In December 2012, the UTC approved a settlement agreement in the Company's electric and natural gas general rate cases filed in April 2012. The settlement, effective January 1, 2013, provided that base rates for Washington electric customers increase by an overall 3.0 percent (designed to increase annual revenues by \$13.6 million), and base rates for Washington natural gas customers increased by an overall 3.6 percent (designed to increase annual revenues by \$5.3 million). Under the settlement, there was a one-year credit designed to return \$4.4 million to electric customers from the existing ERM deferral balance so the net average electric rate increase impact to the Company's customers in 2013 was 2.0 percent. The credit to customers from the ERM balance did not impact the Company's earnings.

The approved settlement also provided that, effective January 1, 2014, the Company increased base rates for Washington electric customers by an overall 3.0 percent (designed to increase annual revenues by \$14.0 million), and for Washington natural gas customers by an overall 0.9 percent (designed to increase annual revenues by \$1.4 million). The settlement provides for a one-year credit up to \$9.0 million to electric customers from the ERM deferral balance, so the net average electric rate increase to customers effective January 1, 2014 was 2.0 percent. The credit to customers from the ERM balance will not impact the Company's earnings. The ERM balance as of December 31, 2013 was a liability of \$17.9 million.

The settlement agreement provides for an authorized return on equity of 9.8 percent and an equity ratio of 47.0 percent, resulting in an overall rate of return on rate base of 7.64 percent.

The December 2012 UTC Order approving the settlement agreement included certain conditions.

- (1) The new retail rates to become effective January 1, 2014 will be temporary rates, and on January 1, 2015 electric and natural gas base rates will revert back to 2013 levels absent any intervening action from the UTC. The original settlement agreement has a provision that the Company will not file a general rate case in Washington seeking new rates to take effect before January 1, 2015.
- (2) In its Order, the UTC found that much of the approved base rate increases are justified by the planned capital expenditures necessary to upgrade and maintain the Company's utility facilities. If these capital projects are not completed to a level that was contemplated in the settlement agreement, this could result in base rates which are considered too high by the UTC. Avista Corp. is required to file capital expenditure progress reports with the UTC on a periodic basis so that the UTC can monitor the capital expenditures and ensure they are in line with those contemplated in the settlement agreement. The Company expects total utility capital expenditures to be above the level contemplated in the settlement agreement.

On February 4, 2014 the Company filed electric and natural gas general rates cases with the UTC. The Company has requested an overall increase in base electric rates of 3.8 percent (designed to increase annual electric revenues by \$18.2 million) and an overall

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increase in base natural gas rates of 8.1 percent (designed to increase annual natural gas revenues by \$12.1 million). The requests are based on a proposed overall rate of return of 7.71 percent, with a common equity ratio of 49.0 percent and a 10.1 percent return on equity.

Avista Corp. has also proposed a rebate beginning January 1, 2015, related to its sale of renewable energy credits (REC), that would reduce customers' monthly electric bills by 1.1 percent. The rebate associated with the sale of RECs is in response to the UTC Order approving the Company's previous general rate case settlement in December 2012. This proposed REC rebate would commence simultaneously with the expiration of two rebates that, together, are currently reducing customers' monthly electric bills by 2.8 percent. The net effect, commencing January 1, 2015, of the proposed new 1.1 percent rebate and the expiration of the current 2.8 percent rebate would be an increase in monthly electric bills of approximately 1.7 percent from 2014 levels. These rebates do not increase or decrease Avista Corp.'s earnings.

The combination of the 3.8 percent requested increase in base electric rates and the effective 1.7 percent increase attributable to the rebates would be a 5.5 percent increase electric billings.

As part of the Company's electric and natural gas general rate case filings, it has requested the implementation of decoupling mechanisms which sever the link between actual volumetric sales and the recovery of the Company's fixed costs. Under the proposed decoupling mechanisms, the Company would compare actual non-power supply (electric) and non-PGA (natural gas) revenue to the allowed non-power supply and non-PGA revenue, as the case may be, and the difference would be deferred and either rebated or surcharged to customers, depending on the position of the deferral accounts, over a one-year period. The deferral balances would be reviewed annually by the UTC prior to the implementation of any annual rate adjustments under the mechanisms.

The proposed mechanisms would be subject to an annual earnings test which proposes that if the Company's actual annual "Commission-basis" rate of return exceeds the most recently authorized Commission-basis rate of return for the Company's Washington electric and natural gas operations, the amount of a proposed surcharge is reduced or eliminated to reduce the rate of return to the Commission-authorized level. In addition, the mechanisms would be subject to an annual rate increase limitation which would prevent the amount of the incremental proposed rate adjustments under the mechanisms from exceeding a 3 percent rate increase for each of electric and natural gas operations.

The UTC has up to 11 months to review the filings and issue a decision.

Idaho General Rate Cases

In September 2011, the IPUC approved a settlement agreement in the Company's general rate case filed in July 2011. The settlement agreement provides for the deferral of certain generation plant operation and maintenance costs. In order to address the variability in year-to-year operation and maintenance costs, beginning in 2011, the Company is deferring certain changes in operation and maintenance costs related to the Coyote Spring 2 natural gas-fired generation plant and its 15 percent ownership interest in Units 3 & 4 of the Colstrip generation plant. The Company compares actual, non-fuel, operation and maintenance expenses for the Coyote Springs 2 and Colstrip plants with the amount of expenses authorized for recovery in base rates in the applicable deferral year, and defers the difference from that currently authorized. The deferral occurs annually, with no carrying charge, with deferred costs being amortized over a three-year period, beginning in the year following the period costs are deferred. The amount of expense to be requested for recovery in future general rate cases will be the actual operation and maintenance expense recorded in the test period, less any amount deferred during the test period, plus the amortization of previously deferred costs. Total net deferred costs under this mechanism in Idaho were regulatory assets of \$2.8 million as of December 31, 2013 and \$2.3 million as of December 31, 2012.

In March 2013, the IPUC approved a settlement agreement in the Company's electric and natural gas general rate cases filed in October 2012. As agreed to in the settlement, new rates were implemented in two phases: April 1, 2013 and October 1, 2013. Effective April 1, 2013, base rates increased for the Company's Idaho natural gas customers by an overall 4.9 percent (designed to increase annual revenues by \$3.1 million). There was no change in base electric rates on April 1, 2013. However, the settlement

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agreement provided for the recovery of the costs of the Palouse Wind Project, subject to the 90 percent customers/10 percent Company sharing ratio, through the PCA mechanism until these costs are reflected in base retail rates in the next general rate case.

The settlement also provided that, effective October 1, 2013, base rates increased for Idaho natural gas customers by an overall 2.0 percent (designed to increase annual revenues by \$1.3 million). A credit resulting from deferred natural gas costs of \$1.6 million is being returned to the Company's Idaho natural gas customers from October 1, 2013 through December 31, 2014, so the net annual average natural gas rate increase to natural gas customers effective October 1, 2013 was 0.3 percent.

Further, the settlement provided that, effective October 1, 2013, base rates increased for Idaho electric customers by an overall 3.1 percent (designed to increase annual revenues by \$7.8 million). A \$3.9 million credit resulting from a payment to be made to Avista Corp. by the Bonneville Power Administration relating to its prior use of Avista Corp.'s transmission system is being returned to Idaho electric customers from October 1, 2013 through December 31, 2014, so the net annual average electric rate increase to electric customers effective October 1, 2013 was 1.9 percent.

The \$1.6 million credit to Idaho natural gas customers and the \$3.9 million credit to Idaho electric customers do not impact the Company's net income.

The settlement agreement allows the Company to file a general rate case in Idaho in 2014; however, new rates resulting from the filing would not take effect prior to January 1, 2015.

The settlement agreement provides for an authorized return on equity of 9.8 percent and an equity ratio of 50.0 percent.

The settlement also includes an after-the-fact earnings test for 2013 and 2014, such that if Avista Corp., on a consolidated basis for electric and natural gas operations in Idaho, earns more than a 9.8 percent return on equity, Avista Corp. will refund to customers 50 percent of any earnings above the 9.8 percent. In 2013, the Company's returns exceeded this level and the Company will refund \$2.0 million to Idaho electric customers and \$0.4 million to Idaho natural gas customers. The period over which these amounts will be returned to customers has not yet been determined by the IPUC.

Oregon General Rate Case

On January 21, 2014, the Public Utility Commission of Oregon (OPUC) approved a settlement agreement to the Company's natural gas general rate case (originally filed in August 2013). As agreed to in the settlement, new rates will be implemented in two phases: February 1, 2014 and November 1, 2014. Effective February 1, 2014, rates increased for Oregon natural gas customers on a billed basis by an overall 4.4 percent (designed to increase annual revenues by \$4.3 million). Effective November 1, 2014, rates for Oregon natural gas customers will increase on a billed basis by an overall 1.55 percent (designed to increase annual revenues by \$1.4 million).

The billed rate increase on November 1, 2014 could vary slightly from that noted above as it is dependent upon actual costs incurred through September 30, 2014 related to the Company's customer information system upgrade and the actual costs incurred through June 30, 2014 related to the Company's Aldyl A distribution pipeline replacement program. The estimated capital expenditures included in the general rate case settlement are \$6.5 million and \$2.0 million, respectively, for the two projects. If the actual costs incurred on the above projects are greater than the amounts contemplated in the general rate case settlement, the additional costs could be approved for recovery, subject to a prudence review.

The approved settlement agreement provides for an overall authorized rate of return of 7.47 percent, with a common equity ratio of 48 percent and a 9.65 percent return on equity.

Bonneville Power Administration Reimbursement and Reardan Wind Generation Project

On May 9, 2013, the UTC approved the Company's Petition for an order authorizing certain accounting and ratemaking treatment related to two issues. The first issue relates to transmission revenues associated with a settlement between Avista Corp. and the Bonneville Power Administration (BPA), whereby the BPA reimbursed the Company \$11.7 million for Bonneville's past use of Avista

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Corp.'s transmission system. The second issue relates to \$4.3 million of costs the Company incurred over the past several years for the development of a wind generation project site near Reardan, Washington, which has been terminated. The UTC authorized the Company to retain \$7.6 million of the BPA settlement payment, representing the entire portion of the settlement allocable to the Washington business. However, this amount was deemed to first reimburse the Company for the \$2.5 million of Reardan project costs that are allocable to the Washington business, leaving \$5.1 million to be retained for the benefit of shareholders.

The BPA agreed to pay \$0.3 million monthly (\$3.2 million annually) for the future use of Avista Corp.'s transmission system. The Company is separately tracking and deferring for the customers' benefit, the Washington portion of these revenue payments in 2013 and 2014 (\$2.1 million annually). The Company implemented a one-year \$4.2 million rate decrease for customers effective January 1, 2014 to partially offset the electric general rate increase effective January 1, 2014. To the extent actual revenues from the BPA in 2013 and 2014 differ from those refunded to customers in 2014, the difference will be added to or subtracted from the ERM balance. In Idaho, under the terms of the approved rate case settlement, 90 percent of the portion of the BPA settlement allocable to the Idaho business (\$4.1 million) is being credited back to customers over 15 months, beginning October 2013, and the Company is amortizing the Idaho portion of Reardan costs (\$1.7 million) over a two-year period, beginning April 2013.

NOTE 20. SUPPLEMENTAL CASH FLOW INFORMATION (in thousands)

	2013	2012
Cash paid for interest	\$70,444	\$68,508
Cash paid for income taxes	\$42,497	\$6,631

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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion

Line No.	Item (a)	Total Company For the Current Quarter/Year
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	4,268,598,886
4	Property Under Capital Leases	6,442,349
5	Plant Purchased or Sold	
6	Completed Construction not Classified	
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	4,275,041,235
9	Leased to Others	
10	Held for Future Use	4,964,376
11	Construction Work in Progress	157,258,690
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	4,437,264,301
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,491,212,830
15	Net Utility Plant (Total of lines 13 and 14)	2,946,051,471
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	1,454,623,625
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	36,589,205
22	TOTAL In Service (Total of lines 18 thru 21)	1,491,212,830
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	
27	Held for Future Use	
28	Depreciation	
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	
31	Abandonment of Leases (Natural Gas)	
32	Amortization of Plant Acquisition Adjustment	
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	1,491,212,830

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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)

Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)
1				
2				
3	3,165,732,548	837,923,760		264,942,578
4		858,865		5,583,484
5				
6				
7				
8	3,165,732,548	838,782,625		270,526,062
9				
10	4,773,791	190,585		
11	97,884,894	5,077,638		54,296,158
12				
13	3,268,391,233	844,050,848		324,822,220
14	1,136,326,135	283,173,038		71,713,657
15	2,132,065,098	560,877,810		253,108,563
16				
17				
18	1,123,890,020	281,451,295		49,282,310
19				
20				
21	12,436,115	1,721,743		22,431,347
22	1,136,326,135	283,173,038		71,713,657
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31				
32				
33	1,136,326,135	283,173,038		71,713,657

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Gas Plant in Service (Accounts 101, 102, 103, and 106)

- Report below the original cost of gas plant in service according to the prescribed accounts.
- In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
- Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
- Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization		
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant	3,745,299	
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	3,745,299	
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and		
27	TOTAL Production and Gathering Plant (Enter Total of lines 8		
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				
3				
4				3,745,299
5				3,745,299
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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	345 Compressor Equipment		
35	346 Gas Measuring and Regulating Equipment		
36	347 Other Equipment		
37	348 Asset Retirement Costs for Products Extraction Plant		
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)		
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and		
40	Manufactured Gas Production Plant (Submit Supplementary	7,628	
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	7,628	
42	NATURAL GAS STORAGE AND PROCESSING PLANT		
43	Underground Storage Plant		
44	350.1 Land	407,111	
45	350.2 Rights-of-Way	59,812	
46	351 Structures and Improvements	1,455,852	89,327
47	352 Wells	13,453,051	89,328
48	352.1 Storage Leaseholds and Rights	254,354	
49	352.2 Reservoirs	1,667,492	
50	352.3 Non-recoverable Natural Gas	5,810,311	
51	353 Lines	1,106,781	
52	354 Compressor Station Equipment	14,427,521	89,328
53	355 Other Equipment	274,730	89,328
54	356 Purification Equipment	403,712	
55	357 Other Equipment	1,569,513	89,328
56	358 Asset Retirement Costs for Underground Storage Plant		
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru	40,890,240	446,639
58	Other Storage Plant		
59	360 Land and Land Rights		
60	361 Structures and Improvements		
61	362 Gas Holders		
62	363 Purification Equipment		
63	363.1 Liquefaction Equipment		
64	363.2 Vaporizing Equipment		
65	363.3 Compressor Equipment		
66	363.4 Measuring and Regulating Equipment		
67	363.5 Other Equipment		
68	363.6 Asset Retirement Costs for Other Storage Plant		
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)		
70	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
71	364.1 Land and Land Rights		
72	364.2 Structures and Improvements		
73	364.3 LNG Processing Terminal Equipment		
74	364.4 LNG Transportation Equipment		
75	364.5 Measuring and Regulating Equipment		
76	364.6 Compressor Station Equipment		
77	364.7 Communications Equipment		
78	364.8 Other Equipment		
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas		
80	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and		

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39				
40				7,628
41				7,628
42				
43				
44				407,111
45				59,812
46	8,074			1,537,105
47	6,940			13,535,439
48				254,354
49				1,667,492
50				5,810,311
51				1,106,781
52	5,787			14,511,062
53	50,015			314,043
54				403,712
55	18,074			1,640,767
56				
57	88,890			41,247,989
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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,	40,890,240	446,639
82	TRANSMISSION PLAN		
83	365.1 Land and Land Rights		
84	365.2 Rights-of-Way		
85	366 Structures and Improvements		
86	367 Mains		
87	368 Compressor Station Equipment		
88	369 Measuring and Regulating Station Equipment		
89	370 Communication Equipment		
90	371 Other Equipment		
91	372 Asset Retirement Costs for Transmission Plant		
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)		
93	DISTRIBUTION PLANT		
94	374 Land and Land Rights	267,688	513,041
95	375 Structures and Improvements	1,124,780	38,906
96	376 Mains	373,340,137	39,201,825
97	377 Compressor Station Equipment		
98	378 Measuring and Regulating Station Equipment-General	9,310,864	640,394
99	379 Measuring and Regulating Station Equipment-City Gate	7,518,309	45,063
100	380 Services	208,499,000	18,454,000
101	381 Meters	100,286,734	3,268,954
102	382 Meter Installations		
103	383 House Regulators		
104	384 House Regulator Installations		
105	385 Industrial Measuring and Regulating Station Equipment	4,275,124	130,885
106	386 Other Property on Customers' Premises		
107	387 Other Equipment	539	
108	388 Asset Retirement Costs for Distribution Plant		
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)	704,623,175	62,293,068
110	GENERAL PLANT		
111	389 Land and Land Rights	949,240	232,167
112	390 Structures and Improvements	5,328,235	437,852
113	391 Office Furniture and Equipment	476,825	
114	392 Transportation Equipment	9,854,381	1,388,244
115	393 Stores Equipment	141,498	
116	394 Tools, Shop, and Garage Equipment	4,307,356	987,422
117	395 Laboratory Equipment	406,632	
118	396 Power Operated Equipment	4,229,959	444,340
119	397 Communication Equipment	3,007,381	126,430
120	398 Miscellaneous Equipment	2,367	
121	Subtotal (Enter Total of lines 111 thru 120)	28,703,874	3,616,455
122	399 Other Tangible Property		
123	399.1 Asset Retirement Costs for General Plant		
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	28,703,874	3,616,455
125	TOTAL (Accounts 101 and 106)	777,970,216	66,356,162
126	Gas Plant Purchased (See Instruction 8)		
127	(Less) Gas Plant Sold (See Instruction 8)		
128	Experimental Gas Plant Unclassified		
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	777,970,216	66,356,162

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
81	88,890			41,247,989
82				
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92				
93				
94				780,729
95	21,897			1,141,789
96	2,750,709			409,791,253
97				
98	87,493			9,863,765
99	60,074			7,503,298
100	242,218			226,710,782
101	1,900,644			101,655,044
102				
103				
104				
105				4,406,009
106				
107				539
108				
109	5,063,035			761,853,208
110				
111				1,181,407
112	7,065			5,759,022
113				476,825
114	110,859			11,131,766
115				141,498
116	197,457			5,097,321
117	46,361			360,271
118	20,476			4,653,823
119	9,610			3,124,201
120				2,367
121	391,828			31,928,501
122				
123				
124	391,828			31,928,501
125	5,543,753			838,782,625
126				
127				
128				
129	5,543,753			838,782,625

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Gas Plant Held for Future Use (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.

2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Gas Distribution Mains and Services	03/01/2007		159,823
2	located in Coeur d'Alene, Idaho			
3	Gas Distribution Mains and Services	07/01/2011		30,762
4	located in Coeur d'Alene, Idaho			
5				
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45	Total			190,585

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Construction Work in Progress-Gas (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Construct Chase Rd Gate Stn Post Falls ID	1,232,665	5,400,000
2	Minor Projects under \$1,000,000	3,844,973	58,551,665
3			
4	Notes:		
5	Estimated additional cost amounts represent a five year		
6	budget total.		
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45	Total	5,077,638	63,951,665

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report 2013/Q4
Avista Corporation			

General Description of Construction Overhead Procedure

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Construction costs with a direct relationship to to new construction and capital replacement activities that cannot be clearly identified with specific projects are charged to overhead pools. The established pools are:

- Construction Overhead North Gas
- Construction Overhead South Gas

Pool costs are allocated monthly to gas construction projects on a percent rate applied to direct project costs, excluding AFUDC.

Each pool's rate is calculated separately and applied only to the related gas construction projects for allocation.

Allowance for funds used during construction is calculated system wide using a rate that is equivalent to the allowed rate of return approved in the latest rate order from the company's primary state commission (Washington state).

For 2013 Avista used a rate of 7.64% which is the allowed Rate of Return contained in the Washington Utilities and Transportation Commission Final Order 09 dated December 26, 2012 for consolidated Dockets UE-120436 and UG-120437.

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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General Description of Construction Overhead Procedure (continued)

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

1. For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.
2. Identify, in a footnote, the specific entity used as the source for the capital structure figures.
3. Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ratio (percent) (c)	Cost Rate Percentage (d)
(1)	Average Short-Term Debt	S		
(2)	Short-Term Interest			s
(3)	Long-Term Debt	D		d
(4)	Preferred Stock	P		p
(5)	Common Equity	C		c
(6)	Total Capitalization			
(7)	Average Construction Work In Progress Balance	W		

2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$

3. Rate for Other Funds $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$

4. Weighted Average Rate Actually Used for the Year:

a. Rate for Borrowed Funds -	3.05
b. Rate for Other Funds -	4.59

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Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. BALANCES AND CHANGES DURING YEAR				
1	Balance Beginning of Year	268,498,774	268,498,774		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	17,246,225	17,246,225		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing	1,525,044	1,525,044		
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):	(9,710)	(9,710)		
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	18,761,559	18,761,559		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	(5,538,501)	(5,538,501)		
13	Cost of Removal	(194,556)	(194,556)		
14	Salvage (Credit)				
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	(5,733,057)	(5,733,057)		
16	Other Debit or Credit Items (Describe) (footnote details):	(75,981)	(75,981)		
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1,10,15,16 and 18)	281,451,295	281,451,295		
	Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
21	Productions-Manufactured Gas				
22	Production and Gathering-Natural Gas				
23	Products Extraction-Natural Gas				
24	Underground Gas Storage	13,435,459	13,435,459		
25	Other Storage Plant				
26	Base Load LNG Terminaling and Processing Plant				
27	Transmission				
28	Distribution	256,829,423	256,829,423		
29	General	11,186,413	11,186,413		
30	TOTAL (Total of lines 21 thru 29)	281,451,295	281,451,295		

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/11/2014	2013/Q4
FOOTNOTE DATA			

Schedule Page: 219 Line No.: 8 Column: c

Includes:

Miscellaneous adjustment of -\$9,710

Schedule Page: 219 Line No.: 16 Column: c

Includes:

Change in Removal Work in Progress -\$75,981

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of <u>2013/Q4</u>
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Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.
2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.
3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of	6,992,076				17,276,287			24,268,363
2	Gas Delivered to Storage					29,349,123			29,349,123
3	Gas Withdrawn from					33,596,700			33,596,700
4	Other Debits and Credits								
5	Balance at End of Year	6,992,076				13,028,710			20,020,786
6	Dth	1,253,060				4,296,890			5,549,950
7	Amount Per Dth	5.5800				3.0321			3.6074

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Investments (Account 123, 124, and 136)

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
2. Provide a subheading for each account and list thereunder the information called for:
(a) Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
(b) Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	Investment in Spokane Energy (123000)		500,000	
2	Investment in Avista Capital II (123010)		11,547,000	
3	Other investment - WZN Loans Sandpoint (124350)		61,177	
4	Other investment - Coll Cash Value (124600)		14,677,303	
5	Other Investment - Coll Borrowings (124610)		(14,677,303)	
6	Other Investment - WZN Loans Oregon (124680)		44,732	
7	Other Investment - WNP3 Exchange Power (124900)		79,626,000	
8	Other Investment - AMT WNP3 Exchange (124930)		(63,292,854)	
9	Temp Cash Investments (136000)		251,390	
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Investments (Account 123, 124, and 136) (continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1			500,000		
2			11,547,000		
3			61,177		
4	(1,517,835)		16,195,138		
5	1,517,835		(16,195,138)		
6	8,386		36,346		
7			79,626,000		
8	2,450,031		(65,742,885)		
9	251,390				
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Investments in Subsidiary Companies (Account 123.1)

1. Report below investments in Account 123.1, Investments in Subsidiary Companies.
2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
- (a) Investment in Securities-List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.
- (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Avista Capital - Common Stock	01/01/1997		216,728,833
2	Avista Capital - Equity in Earnings			(102,654,241)
3	OCI Investment in Subs			167,261
4	Avista Capital - Other Changes in Net Investment			4,472,570
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40	TOTAL Cost of Account 123.1 \$		TOTAL	118,714,423

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Investments in Subsidiary Companies (Account 123.1) (continued)

4. Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).
8. Report on Line 40, column (a) the total cost of Account 123.1.

Line No.	Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)
1		10,503,285	206,225,548	
2	4,593,239		(98,061,002)	
3		1,753,116	(1,585,855)	
4		(1,180,843)	5,653,413	
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40	4,593,239	11,075,558	112,232,104	

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Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Payment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	2,878,499
2	Prepaid Rents	10,740
3	Prepaid Taxes	
4	Prepaid Interest	
5	Miscellaneous Prepayments	5,048,811
6	TOTAL	7,938,050

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Other Regulatory Assets (Account 182.3)

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.
5. Provide in a footnote, for each line item, the regulatory citation where authorization for the regulatory asset has been granted (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Current Quarter/Year (g)
1	Post Ret Liab	306,407,669		228	149,423,373		156,984,296
2	FAS 109 Utility Plant	65,464,605		283	2,579,600		62,885,005
3	Lancaster Generation	3,966,667		407	1,360,000		2,606,667
4	FAS 109 DSIT Non Plant	1,664,766		283	407,172		1,257,594
5	FAS 109 DFIT State Tax cr	7,464,184		283	4,282,115		3,182,069
6	FAS 109 WMP3	4,916,337		407	737,482		4,178,855
7	Roseburg/Medford	265,011	8,729	407	273,740		
8	Spokane River Relicense	622,362		407	78,736		543,626
9	Spokane River PM&E	575,886		557	73,312		502,574
10	Lake CDA Fund	9,437,599		407	211,065		9,226,534
11	Lake CDA IPA Fund	2,000,000					2,000,000
12	Spokane Rivr TDG Idaho		468,893				468,893
13	Decouplings Surcharge	7,324	242				7,566
14	Lake CDA Def Costs		1,310,141				1,310,141
15	BPA Residential Exchange	540,805	564,997				1,105,802
16	CNC Transmission	483,269		407	252,637		230,632
17	DEF CS2 & Colstrip	6,312,395		407	499,344		5,813,051
18	Lidar O&M reg Def	587,258		407	519,893		67,365
19	Reardan Wind Generation		852,642				852,642
20	ID Wind Gen AFUDC	369,373		407	138,515		230,858
21	Wartsilla Units	751,817		407	337,788		414,029
22	MTM ST	35,081,525		244	24,252,110		10,829,415
23	MTM LT	25,217,697		244	1,960,132		23,257,565
24	FAS 143 Asset Retire Obligation	2,398,845		230	288,613		2,110,232
25	CDA Lake Settlement AN	37,627,208		407	2,226,946		35,400,262
26	CDA Lake Settlement WA	1,204,270		407	152,118		1,052,152
27	Workers Comp	2,278,678	208,253				2,486,931
28	CS2 Lev Ret	909,499		407	500,500		408,999
29	PCA Def		8,209,413	557	3,144,178		5,065,235
30	Spokane River TDG		871,184				871,184
31	Interest Rate Swap		36,525,856				36,525,856
32	DSM Asset	2,578,599	9,576,204		2,578,599		9,576,204
33	Swaps on FMBS	40,697,806			40,697,806		
34	Mis Reg Asset		129,705				129,705
35							
36							
37							
38							
39							
40	Total	559,831,454	58,726,259		236,975,774	0	381,581,939

Miscellaneous Deferred Debits (Account 186)

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	Credits Account Charged (d)	Credits Amount (e)	Balance at End of Year (f)
1						
2	Colstrip Common Fac.	1,110,999		406		1,110,999
3	Regulatory Asset-Mt Lease Pymt	1,352,565		540	360,684	991,881
4	Regulatory Asset-Mt Lease Pymt	2,706,480		540	676,632	2,029,848
5	Colstrip Common Fac.	2,355,642				2,355,642
6	Prepaid Airplane Lease LT	318,859		931	147,166	171,693
7	Misc DD- Airplane Lease	102,737		VAR	21,146	81,591
8	Plant Alloc of Clearing Jrl	3,584,496		VAR	520,161	3,064,335
9	Misc Error Suspense	(336,980)	370,615	VAR		33,635
10	Renewable Energy-Cert Fees	164,844		557	49,594	115,250
11	Nez Perce Settlement	160,749		557	5,212	155,537
12	Long Term Note Rec Acct	5,419		143	5,419	
13	Reg Asset ID-Lake CDA	240,056		506	30,975	209,081
14	ID Panhandle Forest Use Permit	181,017			181,017	
15	Credit Union Labor & Exp	35,010	3,785	VAR		38,795
16	Outdoor Lghtng Greenbelt Pathwy	98,227			98,227	
17	Horizon Wind Interco	61,845		557	61,845	
18	KF Water Rights Supply	769		310	769	
19	Idaho Clk Fork Relic	186,950			186,950	
20	Misc Work Orders <\$50,000	126,209	20,886	VAR		147,095
21	Subsidiary Billings	178,266	21,621	557		199,887
22	"Null" Projects directly to 186	15,197		VAR	13,844	1,353
23	Regulatory Assets Consv	1,660,713	51,895	VAR		1,712,608
24	Noxon 230 KV Sub permits		107,860			107,860
25	Optional Wind Power	(186,231)	10,936	909		(175,295)
26	Gas Telemetry equip		59,051			59,051
27	Misc deffered debits/Res Acct	1,577,531			676,085	901,446
28						
29						
30						
31						
32						
33						
34						
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37						
38						
39	Miscellaneous Work in Progress					
40	Total	15,701,369	646,649		3,035,726	13,312,292

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Accumulated Deferred Income Taxes (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric	6,261,068	1,077,788	
3	Gas	2,161,932	1,170,072	
4	Other (Define) (footnote details)	140,002,469	75,938,187	
5	Total (Total of lines 2 thru 4)	148,425,469	78,186,047	
6	Other (Specify) (footnote details)			
7	TOTAL Account 190 (Total of lines 5 thru 6)	148,425,469	78,186,047	
8	Classification of TOTAL			
9	Federal Income Tax	148,425,469		
10	State Income Tax			
11	Local Income Tax			

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Accumulated Deferred Income Taxes (Account 190) (continued)

Line No.	Changes During Year	Changes During Year	Adjustments	Adjustments	Adjustments	Adjustments	Balance at End of Year
	Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits Account No. (g)	Debits Amount (h)	Credits Account No. (i)	Credits Amount (j)	
1							
2							5,183,280
3							991,860
4							64,064,282
5							70,239,422
6							
7							70,239,422
8							
9							148,425,469
10							
11							

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Capital Stock (Accounts 201 and 204)

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value per Share (c)	Call Price at End of Year (d)
1	Acct. 201 - Common Stock Issued:			
2	No Par Value	200,000,000		
3	Restricted shares			
4	TOTAL Common	200,000,000		
5				
6				
7	Account 204 - Preferred Stock Issued	10,000,000		
8				
9	Total Preferred	10,000,000		
10				
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Capital Stock (Accounts 201 and 204)

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
 5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.
 6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1						
2	60,076,752	869,342,827			104,416.00	2,718,992.00
3						
4	60,076,752	869,342,827			104,416.00	2,718,992.00
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Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/11/2014	2013/Q4
FOOTNOTE DATA			

Schedule Page: 250 Line No.: 2 Column: j
See NOTE 17. STOCK COMPENSATION PLANS - Restricted Shares

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Other Paid-In Capital (Accounts 208-211)

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation.
- (b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Equity transactions of subsidiaries	8,089,025
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40	Total	8,089,025

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
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11		
12		
13		
14		
TOTAL		

CAPITAL STOCK EXPENSE (ACCOUNT 214)

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
16	Common Stock - No Par	19,561,527
17		
18		
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28		
TOTAL		19,561,527

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/11/2014	2013/Q4
FOOTNOTE DATA			

Schedule Page: 254 Line No.: 16 Column: b

Beginning Balance	\$ (14,977,565)
Issuance of common stock	14,798
TAX BENEFIT - OPTIONS EXERCISED	1,867,478
Excess Tax Benefits on stock compensation	(464,677)
Stock compensation accrual	(6,001,560)
Ending Balance	\$ (19,561,527)

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Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/11/2014	2013/Q4
Securities Issued or Assumed and Securities Refunded or Retired During the Year			

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

In August 2013, we entered into a \$90.0 million term loan agreement with an institutional investor bearing an annual interest rate of 0.84 percent and maturing in 2016. The net proceeds from the term loan agreement were used to repay a portion of corporate indebtedness in anticipation of the maturity of \$50.0 million in First Mortgage Bonds which occurred in December 2013.

In 2013, we issued \$4.6 million (net of issuance costs) of common stock under the dividend reinvestment and direct stock purchase plan, and employee plans. The new issuance is based on the following state commission orders:

1. Order of the Washington Utilities and Transportation Commission entered July 13, 2011, as amended on August 24, 2011 in Docket No. U-111176;
2. Order of the Idaho Public Utilities Commission, Order No. 32338, entered August 25, 2011;
3. Order of the Public Utility Commission of Oregon, Order No. 11334, entered August 26, 2011;
4. Order of the Public Service Commission of the State of Montana, Default Order No. 4535

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Long-Term Debt (Accounts 221, 222, 223, and 224)

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amts held by respondent) (d)
1	FMBS - SERIES A - 7.53% DUE 05/05/2023	05/06/1993	05/05/2023	5,500,000
2	FMBS - SERIES A - 7.54% DUE 5/05/2023	05/07/1993	05/05/2023	1,000,000
3	FMBS - SERIES A - 7.39% DUE 5/11/2018	05/11/1993	05/11/2018	7,000,000
4	FMBS - SERIES A - 7.45% DUE 6/11/2018	06/09/1993	06/11/2018	15,500,000
5	FMBS - SERIES A - 7.18% DUE 8/11/2023	08/12/1993	08/11/2023	7,000,000
6	ADVANCE ASSOCIATED-AVISTA CAPITAL II (ToPRS)	06/03/1997	06/01/2037	51,547,000
7	FMBS - 6.37% SERIES C	06/19/1998	06/19/2028	25,000,000
8	FMBS - 5.45% SERIES	11/18/2004	12/01/2019	90,000,000
9	FMBS - 6.25% SERIES	11/17/2005	12/01/2035	150,000,000
10	FMBS - 5.70% SERIES	12/15/2006	07/01/2037	150,000,000
11	FMBS - 5.95% SERIES	04/02/2008	06/01/2018	250,000,000
12	FMBS - 5.125% SERIES	09/22/2009	04/01/2022	250,000,000
13	COLSTRIP 2010A PCRBs DUE 2032	12/15/2010	10/01/2032	66,700,000
14	COLSTRIP 2010B PCRBs DUE 2034	12/15/2010	03/01/2034	17,000,000
15	FMBS - 3.89% SERIES	12/20/2010	12/20/2020	52,000,000
16	FMBS - 5.55% SERIES	12/20/2010	12/20/2040	35,000,000
17	FMBS - 4.45% SERIES	12/14/2011	12/14/2041	85,000,000
18	Reacquired Bonds - COLSTRIP 2010A PCRBs DUE 2032	12/15/2010	10/01/2032	(66,700,000)
19	Reacquired Bonds - COLSTRIP 2010B PCRBs DUE 2034	12/15/2010	03/01/2034	(17,000,000)
20	FMBS - 4.23% SERIES	11/30/2012	11/29/2047	80,000,000
21	FMBS - 0.84% SERIES	08/14/2013	08/14/2016	90,000,000
22				
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40	TOTAL			1,344,547,000

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Long-Term Debt (Accounts 221, 222, 223, and 224)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

Line No.	Interest for Year Rate (in %) (e)	Interest for Year Amount (f)	Held by Respondent Reacquired Bonds (Acct 222) (g)	Held by Respondent Sinking and Other Funds (h)	Redemption Price per \$100 at End of Year (i)
1	7.530	414,150			
2	7.540	75,400			
3	7.390	517,300			
4	7.450	1,154,750			
5	7.180	502,600			
6	1.170	467,113			
7	6.370	1,592,500			
8	5.450	4,905,000			
9	6.250	9,375,000			
10	5.700	8,550,000			
11	5.950	14,875,000			
12	5.125	12,812,500			
13	0.281	187,436	66,700,000		
14	0.281	47,772	17,000,000		
15	3.890	2,022,800			
16	5.550	1,942,500			
17	4.450	3,782,500			
18	0.281	(187,436)			
19	0.281	(47,772)			
20	4.230	3,384,000			
21	0.840	289,800			
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40		66,662,913	83,700,000		

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report 2013/Q4
FOOTNOTE DATA			

Schedule Page: 256 Line No.: 6 Column: a

Upon issuance Avista Capital II issued \$1.5 million of Common Trust Securities to the Company. In December 2000, the Company purchased \$10.0 million of these Preferred Trust Securities. The interest for the year disclosed in column (i) reflects the net amount of interest owed to third parties.

Schedule Page: 256 Line No.: 13 Column: a

The Company reacquired this debt in 2010. These bonds have not been retired or canceled; the Company plans, based on liquidity needs and market conditions, to remarket these bonds at a future date.

Schedule Page: 256 Line No.: 14 Column: a

The Company reacquired this debt in 2010. These bonds have not been retired or canceled; the Company plans, based on liquidity needs and market conditions, to remarket these bonds at a future date.

Schedule Page: 256 Line No.: 21 Column: a

The new issuance is based on the following state commission orders:

1. Order of the Washington Utilities and Transportation Commission entered July 13, 2011, as amended on August 24, 2011 in Docket No. U-111176;
 2. Order of the Idaho Public Utilities Commission, Order No. 32338, entered August 25, 2011;
 3. Order of the Public Utility Commission of Oregon, Order No. 11334, entered August 26, 2011;
- Order of the Public Service Commission of the State of Montana, Default Order No. 4535

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Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period	
				Date From (d)	Date To (e)
1	FMBS - SERIES A - 7.53% DUE 05/05/2023	5,500,000	42,712	05/06/1993	05/05/2023
2	FMBS - SERIES A - 7.54% DUE 5/05/2023	1,000,000	7,766	05/07/1993	05/05/2023
3	FMBS - SERIES A - 7.39% DUE 5/11/2018	7,000,000	54,364	05/11/1993	05/11/2018
4	FMBS - SERIES A - 7.45% DUE 6/11/2018	15,500,000	170,597	06/09/1993	06/11/2018
5	FMBS - SERIES A - 7.18% DUE 8/11/2023	7,000,000	54,364	08/12/1993	08/11/2023
6	ADVANCE ASSOCIATED-AVISTA CAPITAL II (ToPRS)	51,547,000	1,296,086	06/03/1197	06/01/2037
7	SERIES C SET UP COST		666,169	06/15/1998	06/15/2013
8	FMBS - 6.37% SERIES C	25,000,000	158,304	06/19/1998	06/19/2028
9	FMBS - 5.45% SERIES	90,000,000	1,432,081	11/18/2004	12/01/2019
10	FMBS - 6.25% SERIES	150,000,000	2,180,435	11/17/2005	12/01/2035
11	FMBS - 5.70% SERIES	150,000,000	4,924,304	12/15/2006	07/01/2037
12	FMBS - 5.95% SERIES	250,000,000	3,081,419	04/02/2008	06/01/2018
13	FMBS - 5.125% SERIES	250,000,000	2,859,788	09/22/2009	04/01/2022
14	FMBS - 1.68% SERIES	50,000,000	305,790	12/30/2010	12/30/2013
15	FMBS - 3.89% SERIES	52,000,000	383,338	12/20/2010	12/20/2020
16	FMBS - 5.55% SERIES	35,000,000	258,834	12/20/2010	12/20/2040
17	Short-Term Credit Facility		2,871,251	12/14/2011	02/10/2017
18	4.45% SERIES DUE 12-14-2041	85,000,000	692,722	12/14/2011	12/14/2041
19	4.23% SERIES DUE 11-29-2047	80,000,000	730,833	11/30/2012	11/29/2047
20	0.84% Series Due 08-14-2016	90,000,000	512,138	08/14/2013	08/14/2016
21	Rathrum 2005		71,646	09/30/2005	12/01/2035
22	Debt Strategies		56,760	08/01/2035	08/01/2005
23	WKSI		16,064	03/01/2013	03/01/2018
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
1	14,831		1,424	13,407
2	2,697		259	2,438
3	11,779		2,175	9,604
4	37,531		6,824	30,707
5	19,329		1,812	17,517
6	343,363		14,015	329,348
7	23,591		23,591	
8	81,790		5,277	76,513
9	635,271		98,947	536,324
10	1,669,085		72,569	1,596,516
11	3,958,694		161,032	3,797,662
12	1,641,740		303,090	1,338,650
13	2,123,899		227,561	1,896,338
14	101,977		101,977	
15	306,692		38,337	268,355
16	241,586		8,628	232,958
17	2,315,544		556,129	1,759,415
18	670,014		23,104	646,910
19	724,054	5,198	20,864	708,388
20		515,029	50,521	464,508
21	54,475		2,368	52,107
22	7,315		6,183	1,132
23		16,064	2,517	13,547
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Unamortized Loss and Gain on Recquired Debt (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Recquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Recquired Debt, or credited to Account 429.1, Amortization of Gain on Recquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Misc Debt Repurchases I	05/10/1993		(4,695,395)	(1,229,692)	(1,050,724)
2	ADVANCE ASSOCIATED-AVISTA CAPITAL II (ToPRS)	12/18/2000	10,000,000	1,769,125	1,191,618	1,142,814
3	Misc 2002 Repurchase	12/31/2002	10,000,000	1,376,089	777,035	724,943
4	Misc 2003 Repurchase	12/31/2003	25,330,000	1,368,611	28,175	79,713
5	Misc 2004 Repurchase	12/31/2004	36,590,000	(7,244,895)	(2,098,009)	(1,524,021)
6	Misc 2005 Repurchase	12/31/2005	26,000,000	(1,700,371)	(885,227)	(786,586)
7	Misc 2006 Repurchase	12/31/2006	6,875,000	(483,582)	(80,627)	(64,663)
8	Misc 2008 Repurchase Costs	12/31/2008		86,264	29,792	27,096
9	AVA Capital Trust III	04/01/2009	60,000,000	(2,904,144)	(2,139,896)	(1,910,621)
10	COLSTRIP 2010A PCRBs DUE 2032	12/14/2010	66,700,000	(3,709,174)	(3,087,411)	(2,931,743)
11	COLSTRIP 2010B PCRBs DUE 2034	12/14/2010	17,000,000	(1,923,850)	(1,749,450)	(1,666,957)
12	FMBS - 7.25% SERIES	12/20/2010	30,000,000	(6,273,664)	(5,018,931)	(4,391,565)
13	FMBS - 6.125% SERIES	12/20/2010	45,000,000	(5,263,822)	(4,912,900)	(4,737,439)
14	KETTLE FALLS P C REV BONDS DUE 14	06/28/2012	4,100,000	(105,020)	(104,770)	(101,770)
15						
16						
17						
18						
19						
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 116)	111,076,833
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5		4,167,283
6		
7		
8	TOTAL	4,167,283
9	Deductions Recorded on Books Not Deducted for Return	
10		134,569,130
11		
12		
13	TOTAL	134,569,130
14	Income Recorded on Books Not Included in Return	
15		8,543,211
16		
17		
18	TOTAL	8,543,211
19	Deductions on Return Not Charged Against Book Income	
20		(188,476,610)
21		
22		
23		
24		
25		
26	TOTAL	(188,476,610)
27	Federal Tax Net Income	129,011,557
28	Show Computation of Tax:	
29	State Tax	2,066,358
30	Federal Tax Net Income less state tax	131,077,915
31		
32	Federal Tax @ 35%	45,877,270
33	Prior Year & Misc True Ups	(6,225,476)
34	Cabinet Gorge Tax Credits	(161,682)
35	Total Federal Expense	39,490,112

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	Balance at Beg. of Year	Balance at Beg. of Year
		Taxes Accrued (b)	Prepaid Taxes (c)
1	FEDERAL:		
2	Income Tax 2010	(868,026)	
3	Income Tax 2011	4,138,388	
4	Income Tax 2012	1,429,077	
5	Income Tax (Current)		
6	Retained Earnings		
7	Prior Retained Earnings (2010)	(1,392,676)	
8	Prior Retained Earnings (2011)	(2,070,474)	
9	Prior Retained Earnings (2012)	(1,994,624)	
10	Current Retained Earnings		
11	Total Federal	(758,335)	
12			
13	STATE OF WASHINGTON		
14	Property Tax (2012)	10,622,012	
15	Property Tax (2013)		
16	Excise Tax (2010)	(22,495)	
17	Excise Tax (2012)	2,327,224	
18	Excise Tax (2013)		
19	Natural Gas Use Tax	610	
20	Municipal Occupation Tax	2,542,334	
21	Sales & Use Tax (2006)	(8,173)	
22	Sales & Use Tax (2011)	12	
23	Sales & Use Tax (2012)	54,903	
24	Sales & Use Tax (2013)		
25	Motor Vehicle Tax (2013)		
26	Total Washington	15,516,427	
27			
28	STATE OF IDAHO:		
29	Income Tax (2010)	(4,633)	
30	Income Tax (2011)	135,640	
31	Income Tax (2012)	(22,958)	
32	Income Tax (2013)		
33	Property Tax (2012)	3,276,997	
34	Property Tax (2013)		
35	Motor Vehicle Tax (2013)		
36	Sales & Use Tax (2005)	436	
37	Sales & Use Tax (2012)	2,169	
38	Sales & Use Tax (2013)		
39	Irrigation Credits (2012)		

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2		253,118	1,283,663	162,519	
3	(127,744)		(1,313,384)	2,697,260	
4	(4,182,457)	(3,626,826)	1,141,098	2,014,544	
5	42,305,967	44,861,559	(1,111,375)	(3,666,967)	
6					
7			(1)	(1,392,677)	
8				(2,070,474)	
9	(129,426)			(2,124,050)	
10	(483,257)			(483,257)	
11	37,383,083	41,487,851	1	(4,863,102)	
12					
13					
14	298,233	10,919,839		405	
15	12,100,002	1,035		12,098,968	
16				(22,495)	
17	(33,351)	2,293,873			
18	24,687,534	21,825,161		2,862,373	
19	4,983	4,668	8,182	9,107	
20	23,002,889	22,492,794		3,052,429	
21			8,173		
22			(12)		
23		50,415	(15,149)	(10,661)	
24	631,368	535,307	6,988	103,048	
25	124,978	124,978			
26	60,816,636	58,248,070	8,182	18,093,174	
27					
28					
29	4,633				
30	117,539	262,836	9,657		
31	33,604	10,646			
32	896,539	960,000		(63,461)	
33	(23,426)	2,900,575		352,996	
34	6,626,716	3,307,099		3,319,617	
35	26,152	26,152			
36	(436)				
37		6,554	4,385		
38	103,170	94,742	(4,385)	4,043	
39					

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (l)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (i)
1				
2				
3	(127,744)			
4	(400,213)		(3,457,242)	
5	34,682,140	9,275,098	(1,137,278)	
6				
7				
8				
9				
10			(483,257)	
11	34,154,183	9,275,098	(5,077,777)	
12				
13				
14	137,233	145,499	12,959	
15	9,652,002	2,412,000	38,888	
16				
17	(49,363)	(1,144)	17,156	
18	18,969,454	5,764,739	89,660	
19	5,252			
20	17,349,476	5,571,742		
21				
22				
23				
24			39	
25				
26	46,064,054	13,892,836	158,702	
27				
28				
29				
30				
31	26,883	6,721		
32	698,624	197,915		
33	(23,426)		123	
34	5,402,049	1,255,173	13,960	
35				
36			(436)	
37				
38				
39				

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)
1					
2					
3					
4				(325,002)	
5				(513,992)	
6					
7				(1)	
8				(129,426)	
9					
10					
11				(968,421)	
12					
13					
14				2,542	
15				(2,888)	
16					
17					
18				(136,318)	
19				(270)	
20				81,671	
21					
22					
23					
24				631,328	
25				124,978	
26				701,043	
27					
28					
29				126,843	
30				(4,671)	
31					
32					
33				(123)	
34				(44,466)	
35				26,152	
36					
37					
38				103,170	
39					

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

Line No.	Kind of Tax (See Instruction 5) (a)	Balance at Beg. of Year	Balance at Beg. of Year
		Taxes Accrued (b)	Prepaid Taxes (c)
1	KWH Tax (2012)	35,680	
2	KWH Tax (2013)		
3	Franchise Tax (2012)	1,480,762	
4	Franchise Tax (2013)		
5	Total Idaho	4,904,093	
6			
7	STATE OF MONTANA		
8	Income Tax (2010)	7,714	
9	Income Tax (2011)	389,771	
10	Income Tax (2012)	27,779	
11	Income Tax (2013)		
12	Property Tax (2012)	3,600,374	
13	Property Tax (2013)		
14	Colstrip Generatin Tax		
15	KWH Tax (2012)	279,528	
16	KWH Tax (2013)		
17	Motor Vehicle Tax (2013)		
18	Consumer Council Tax	34	
19	Public Commission Tax	113	
20	Total Montana	4,305,313	
21			
22	STATE OF OREGON		
23	Income Tax (2010)	(138,944)	
24	Income Tax (2011)	7,398	
25	Income Tax (2012)	231,742	
26	Income Tax (2013)		
27	Property Tax (2012)	(1,976,033)	
28	Property Tax (2013)		
29	Motor Vehicle Tax (2013)		
30	BETC Credit (2010)	1,448	
31	BETC Credit (2011)	(365,909)	
32	BETC Credit (2012)	(18,696)	
33	Glendate Regulatory Cr. 2008	(210,889)	
34	Glendate Regulatory Cr. 2009	70,289	
35	Franchise Tax (2010)	681	
36	Franchise Tax (2011)	26,916	
37	Franchise Tax (2012)	748,205	
38	Franchise Tax (2013)		
39	Total Oregon	(1,623,792)	

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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged) (continued)					
Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1	(3,625)	32,054		1	
2	339,192	320,008		19,184	
3		1,480,762			
4	4,409,709	2,835,752		1,573,957	
5	12,529,767	12,237,180	9,657	5,206,337	
6					
7					
8	(7,714)				
9	(392,990)		3,219		
10	(95,790)			(68,011)	
11	601,062	417,384		183,678	
12	27,500	3,627,443		431	
13	8,163,129	4,091,832		4,071,297	
14	2,948	2,948			
15		279,528			
16	961,868	794,967		166,901	
17	3,147	3,147			
18	(1)	22		11	
19	4	74		43	
20	9,263,163	9,217,345	3,219	4,354,350	
21					
22					
23	152,854	403,286	389,376		
24	11,679	(295,000)	(314,077)		
25	(256,743)			(25,001)	
26	886,066	100,000		786,066	
27	1,975,925	(107)	1		
28	2,249,347	4,335,454		(2,086,107)	
29	1,607	1,607			
30	38,202		(57,133)	(17,483)	
31	310,014		25,933	(29,962)	
32			(39,093)	(57,789)	
33	35,397		175,492		
34			(105,200)	(34,911)	
35			(168)	513	
36			(26,916)		
37		750,757	27,083	24,531	
38	3,573,552	2,683,738		889,814	
39	8,977,900	7,979,735	75,298	(550,329)	

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (l)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (i)
1	(3,626)			
2	339,854			
3				
4	3,212,543	1,189,502		
5	9,652,901	2,649,311	13,647	
6				
7				
8				
9				
10	(95,790)			
11	601,062			
12	27,500			
13	8,163,129			
14	2,948			
15				
16	961,868			
17				
18				
19	3			
20	9,660,720			
21				
22				
23			134,089	
24				
25	(64,186)	(192,557)		
26	221,516	664,550		
27	1,022,574	953,352		
28	1,172,534	1,076,813		
29				
30				
31				
32				
33				
34				
35				
36				
37				
38		3,553,092		
39	2,352,438	6,055,250	134,089	

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

(continued)

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)
1				(1)	
2				(662)	
3					
4				7,665	
5				213,907	
6					
7					
8				(7,714)	
9				(392,990)	
10					
11					
12					
13					
14					
15					
16					
17				3,147	
18					
19					
20				(397,557)	
21					
22					
23				18,765	
24				11,679	
25					
26					
27					
28					
29				1,607	
30				38,202	
31				310,014	
32					
33				35,397	
34					
35					
36					
37					
38				20,461	
39				436,125	

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

Line No.	Kind of Tax (See Instruction 5) (a)	Balance at Beg. of Year Taxes Accrued (b)	Balance at Beg. of Year Prepaid Taxes (c)
1			
2	STATE OF CALIFORNIA		
3	Income Tax (2011)	(6,325)	
4	Income Tax (2012)	(1,600)	
5	Income Tax (2013)		
6	Total California	(7,925)	
7			
8	MISCELLANEOUS STATES:		
9	Income Tax (2012)	(1)	
10	Income Tax (2013)		
11	Total Misc States	(1)	
12			
13	COUNTY & MUNICIPAL		
14	Vehicle Excise Tax		
15	WA Renewable Energy	(561)	
16	Misc.	(25,577)	
17	Total County	(26,138)	
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
TOTAL		22,309,642	

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3	5,525			(800)	
4	1,600				
5		1,600		(1,600)	
6	7,125	1,600		(2,400)	
7					
8					
9	1				
10	(34,438)		(88,175)	(122,613)	
11	(34,437)		(88,175)	(122,613)	
12					
13					
14	5,005	5,005			
15	(25,260)	(25,260)		(561)	
16	89,166	66,462	(8,182)	(11,055)	
17	68,911	46,207	(8,182)	(11,616)	
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
TOTAL	129,012,148	129,217,988		22,103,801	

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (j)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2				
3				
4		1,600		
5				
6		1,600		
7				
8				
9				
10			100	
11			100	
12				
13				
14				
15				
16				
17				
18				
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37				
38				
39				
TOTAL	101,884,296	31,874,095	(4,771,239)	

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)
1					
2					
3					
4				5,525	
5					
6				5,525	
7					
8					
9				1	
10				(34,538)	
11				(34,537)	
12					
13					
14				5,005	
15				(25,260)	
16				89,166	
17				68,911	
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
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36					
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39					
TOTAL				24,996	

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Miscellaneous Current and Accrued Liabilities (Account 242)

- Describe and report the amount of other current and accrued liabilities at the end of year.
- Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Margin Call Deposit	(7,770,000)
2	Forest Use Permits	(3,469,667)
3	Mirabeau Accrued Rent	(43,164)
4	FERC Admin Fee Acc	(539,784)
5	FERC Elect Admin Fee Chg	(129,856)
6	MT Lease Payments	(4,552,000)
7	Payroll EQLZTN	(17,280,225)
8	Low Income Energy Assist	(3,275,872)
9	Grants Eng Sustain WSU-ASL	(63,986)
10	Mobius	(150,000)
11	Worker's Comp Liability	(2,486,931)
12	Accts Payable Inventory Accruals SC	(52,880)
13	Accts Payable Expense Accrual SC	(1,426,379)
14	Current Portion- Benefit Liab	(5,202,425)
15	Misc Clearing Accounts	(433,387)
16	Deferred Revenue - Clearing Agents	(1,863,417)
17	Customer Accounts Receivable in Credit Position	(5,675,502)
18	DSM Tariff Rider	(674,059)
19	Misc Liabilities	(153,928)
20		
21		
22		
23		
24		
25		
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31		
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33		
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43		
44		
45	Total	(55,243,462)

Other Deferred Credits (Account 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	Debit Contra Account (c)	Debit Amount (d)	Credits (e)	Balance at End of Year (f)
1	Defer Gas Exchange (253028)	1,499,990			10	1,500,000
2	Rathdrum Refund (253120)	239,576	550	33,822		205,754
3	NE Tank Spill (253130)	16,797	186	15		16,782
4	Bills Pole Rentals (253140)	280,960			15,379	296,339
5	CR-CS2 GE LTSA (253150)	2,999,302	232	996,162		2,003,140
6	Credit Resource Actg	1,577,531	186	676,085		901,446
7	DOC EECE Grant	752,550	186	481,170		271,380
8	Defer Comp Retired Execs (253900)	59,249	431	22,994		36,255
9	Defer Comp Active Execs (253910)	8,806,150			364,302	9,170,452
10	Executive Incent Plan (253920)	140,000				140,000
11	Unbilled Revenue (253990)	683,441			364,833	1,048,274
12	WA Energy Recovery Mechanism	8,756,638	186	8,756,638	8,024,194	8,024,194
13	Misc Deferred Credits	80,772	186	238,605	296,202	138,369
14	REC Deferral	277,010		119,177	1,449,115	1,606,948
15						
16						
17						
18						
19						
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44						
45	Total	26,169,966		11,324,668	10,514,035	25,359,333

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Accumulated Deferred Income Taxes-Other Property (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	276,927,675	14,480,652	
3	Gas	102,114,468	5,902,039	
4	Other (Define) (footnote details)	40,174,470	7,562,843	
5	Total (Enter Total of lines 2 thru 4)	419,216,613	27,945,534	
6	Other (Specify) (footnote details)			
7	TOTAL Account 282 (Enter Total of lines 5 thr	419,216,613	27,945,534	
8	Classification of TOTAL			
9	Federal Income Tax	408,150,290	27,945,534	
10	State Income Tax	11,066,323		
11	Local Income Tax			

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Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2							291,408,327
3	(61,912)						107,954,595
4							47,737,313
5	(61,912)						447,100,235
6							
7	(61,912)						447,100,235
8							
9	(61,912)						436,033,912
10							11,066,323
11							

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Accumulated Deferred Income Taxes-Other (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric	17,538,524	(292,588)	512,038
3	Gas	(1,803,226)	(1,854,753)	
4	Other (Define) (footnote details)	229,946,659	(3,863,652)	
5	Total (Total of lines 2 thru 4)	245,681,957	(6,010,993)	512,038
6	Other (Specify) (footnote details)			
7	TOTAL Account 283 (Total of lines 5 thru 6)	245,681,957	(6,010,993)	512,038
8	Classification of TOTAL			
9	Federal Income Tax	245,681,957	(6,010,993)	512,038
10	State Income Tax			
11	Local Income Tax			

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Accumulated Deferred Income Taxes-Other (Account 283) (continued)

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2	3,570,506					1,062,903	19,241,501
3						198,635	(3,856,614)
4	(5,268,539)			(74,354,921)			146,459,547
5	(1,698,033)			(74,354,921)		1,261,538	161,844,434
6							
7	(1,698,033)			(74,354,921)		1,261,538	161,844,434
8							
9	(1,698,033)			(74,354,921)		1,261,538	161,844,434
10							
11							

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Other Regulatory Liabilities (Account 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	Written off during Quarter/Period Account Credited (c)	Written off During Period Amount Refunded (d)	Written off During Period Amount Deemed Non-Refundable (e)	Credits (f)	Balance at End of Current Quarter/Year (g)
1	Idaho Investment Tax Credit	12,308,073	190	6,898,515			5,409,558
2	Oregon BETC Credit	1,553,984	190	1,053,984			500,000
3	Noxon, ITC	3,344,017	190	50,154			3,293,863
4	Settled Int Rate Swaps					12,965,590	12,965,590
5	Unsettled Int Rate Swaps					33,543,258	33,543,258
6	Oregon Commercial Fee	(1,943)		1		1,944	
7	FAS 109 Invest Credit	103,608	190	21,408			82,200
8	Nez Perce	682,364	557	22,008			660,356
9	Oregon Senate Bill	(70,470)	407	1,429		71,899	
10	Decoupling Rebate	5,531	407	3,252			2,279
11	BPA Res Exch Reg Liab					5,397,106	5,397,106
12	Reg Liability WA Recs	93,222	186	93,222			
13	Unrealized Currency Exchange	3,602	143	59,467		55,865	
14	Mark to Market ST	1		1			
15	Colstrip/CS2	1		1			
16	Idaho PCA	18,566,192		18,566,192		9,879,394	9,879,394
17	Swaps on FMBS	18,656,780		18,656,780			
18	Roseburg/Medford					8,726	8,726
19							
20							
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44							
45	Total	55,244,962		45,426,414	0	61,923,782	71,742,330

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Gas Operating Revenues

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by Others				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:				
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:				

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Gas Operating Revenues

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1	206,329,739	196,718,688	206,329,739	196,718,688	20,471,146	18,915,226
2	108,505,217	104,861,465	108,505,217	104,861,465	13,311,914	12,451,835
3						
4	196,375,408	160,769,449	196,375,408	160,769,449	53,792,387	60,478,027
5	313,297	291,260	313,297	291,260	41,763	38,137
6						
7						
8	176,451	169,923	176,451	169,923		
9						
10						
11	7,576,118	7,031,672	7,576,118	7,031,672	15,997,643	15,470,439
12						
13						
14						
15						
16	3,068	3,713	3,068	3,713		
17						
18	6,693,017	6,465,265	6,693,017	6,465,265		
19	525,972,315	476,311,435	525,972,315	476,311,435		
20	441,849		441,849			
21	525,530,466	476,311,435	525,530,466	476,311,435		

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Other Gas Revenues (Account 495)

Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.

Line No.	Description of Transaction (a)	Amount (in dollars) (b)
1	Commissions on Sale or Distribution of Gas of Others	
2	Compensation for Minor or Incidental Services Provided for Others	
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale	
4	Sales of Stream, Water, or Electricity, including Sales or Transfers to Other Departments	
5	Miscellaneous Royalties	
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the instructions to Account 495	
7	Revenues for Right and/or Benefits Received from Others which are Realized Through Research, Development, and Demonstration Ventures	
8	Gains on Settlements of Imbalance Receivables and Payables	
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements	
10	Revenues from Shipper Supplied Gas	
11	Other revenues (Specify):	
12	Misc Bills	519,971
13	Deferred Exchange Revenue	6,000,000
14	DSM Lost Margin (Oregon)	173,046
15		
16		
17		
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	Total	6,693,017

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Gas Operation and Maintenance Expenses

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)	0	0
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering	0	0
8	751 Production Maps and Records	0	0
9	752 Gas Well Expenses	0	0
10	753 Field Lines Expenses	0	0
11	754 Field Compressor Station Expenses	0	0
12	755 Field Compressor Station Fuel and Power	0	0
13	756 Field Measuring and Regulating Station Expenses	0	0
14	757 Purification Expenses	0	0
15	758 Gas Well Royalties	0	0
16	759 Other Expenses	0	0
17	760 Rents	0	0
18	TOTAL Operation (Total of lines 7 thru 17)	0	0
19	Maintenance		
20	761 Maintenance Supervision and Engineering	0	0
21	762 Maintenance of Structures and Improvements	0	0
22	763 Maintenance of Producing Gas Wells	0	0
23	764 Maintenance of Field Lines	0	0
24	765 Maintenance of Field Compressor Station Equipment	0	0
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0
26	767 Maintenance of Purification Equipment	0	0
27	768 Maintenance of Drilling and Cleaning Equipment	0	0
28	769 Maintenance of Other Equipment	0	0
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	0
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	0

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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	0	0
34	771 Operation Labor	0	0
35	772 Gas Shrinkage	0	0
36	773 Fuel	0	0
37	774 Power	0	0
38	775 Materials	0	0
39	776 Operation Supplies and Expenses	0	0
40	777 Gas Processed by Others	0	0
41	778 Royalties on Products Extracted	0	0
42	779 Marketing Expenses	0	0
43	780 Products Purchased for Resale	0	0
44	781 Variation in Products Inventory	0	0
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0
46	783 Rents	0	0
47	TOTAL Operation (Total of lines 33 thru 46)	0	0
48	Maintenance		
49	784 Maintenance Supervision and Engineering	0	0
50	785 Maintenance of Structures and Improvements	0	0
51	786 Maintenance of Extraction and Refining Equipment	0	0
52	787 Maintenance of Pipe Lines	0	0
53	788 Maintenance of Extracted Products Storage Equipment	0	0
54	789 Maintenance of Compressor Equipment	0	0
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0
56	791 Maintenance of Other Equipment	0	0
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0

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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	0	0
62	796 Nonproductive Well Drilling	0	0
63	797 Abandoned Leases	0	0
64	798 Other Exploration	0	0
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases	0	0
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0
70	801 Natural Gas Field Line Purchases	0	0
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0
72	803 Natural Gas Transmission Line Purchases	0	0
73	804 Natural Gas City Gate Purchases	350,342,545	324,767,750
74	804.1 Liquefied Natural Gas Purchases	0	0
75	805 Other Gas Purchases	0	0
76	(Less) 805.1 Purchases Gas Cost Adjustments	(4,784,160)	5,804,491
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	355,126,705	318,963,259
78	806 Exchange Gas	0	0
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas	0	0
81	807.2 Operation of Purchased Gas Measuring Stations	0	0
82	807.3 Maintenance of Purchased Gas Measuring Stations	0	0
83	807.4 Purchased Gas Calculations Expenses	0	0
84	807.5 Other Purchased Gas Expenses	0	0
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	0	0

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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1 Gas Withdrawn from Storage-Debit	33,596,700	29,510,790
87	(Less) 808.2 Gas Delivered to Storage-Credit	29,349,123	23,177,606
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	0	0
92	811 Gas Used for Products Extraction-Credit	1,386,785	1,648,718
93	812 Gas Used for Other Utility Operations-Credit	0	0
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	1,386,785	1,648,718
95	813 Other Gas Supply Expenses	1,825,650	1,881,894
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	359,813,147	325,529,619
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	359,813,147	325,529,619
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	25,291	18,245
102	815 Maps and Records	0	0
103	816 Wells Expenses	0	0
104	817 Lines Expense	0	0
105	818 Compressor Station Expenses	0	0
106	819 Compressor Station Fuel and Power	0	0
107	820 Measuring and Regulating Station Expenses	0	0
108	821 Purification Expenses	0	0
109	822 Exploration and Development	0	0
110	823 Gas Losses	0	0
111	824 Other Expenses	695,512	600,910
112	825 Storage Well Royalties	0	0
113	826 Rents	0	0
114	TOTAL Operation (Total of lines of 101 thru 113)	720,803	619,155

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering	0	0
117	831 Maintenance of Structures and Improvements	0	0
118	832 Maintenance of Reservoirs and Wells	0	0
119	833 Maintenance of Lines	0	0
120	834 Maintenance of Compressor Station Equipment	0	0
121	835 Maintenance of Measuring and Regulating Station Equipment	0	0
122	836 Maintenance of Purification Equipment	0	0
123	837 Maintenance of Other Equipment	568,328	504,736
124	TOTAL Maintenance (Total of lines 116 thru 123)	568,328	504,736
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	1,289,131	1,123,891
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	0	0
129	841 Operation Labor and Expenses	0	0
130	842 Rents	0	0
131	842.1 Fuel	0	0
132	842.2 Power	0	0
133	842.3 Gas Losses	0	0
134	TOTAL Operation (Total of lines 128 thru 133)	0	0
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	0	0
137	843.2 Maintenance of Structures	0	0
138	843.3 Maintenance of Gas Holders	0	0
139	843.4 Maintenance of Purification Equipment	0	0
140	843.5 Maintenance of Liquefaction Equipment	0	0
141	843.6 Maintenance of Vaporizing Equipment	0	0
142	843.7 Maintenance of Compressor Equipment	0	0
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0
144	843.9 Maintenance of Other Equipment	0	0
145	TOTAL Maintenance (Total of lines 136 thru 144)	0	0
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	0	0

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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	0	0
150	844.2 LNG Processing Terminal Labor and Expenses	0	0
151	844.3 Liquefaction Processing Labor and Expenses	0	0
152	844.4 Liquefaction Transportation Labor and Expenses	0	0
153	844.5 Measuring and Regulating Labor and Expenses	0	0
154	844.6 Compressor Station Labor and Expenses	0	0
155	844.7 Communication System Expenses	0	0
156	844.8 System Control and Load Dispatching	0	0
157	845.1 Fuel	0	0
158	845.2 Power	0	0
159	845.3 Rents	0	0
160	845.4 Demurrage Charges	0	0
161	(less) 845.5 Wharfage Receipts-Credit	0	0
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0
163	846.1 Gas Losses	0	0
164	846.2 Other Expenses	0	0
165	TOTAL Operation (Total of lines 149 thru 164)	0	0
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	0	0
168	847.2 Maintenance of Structures and Improvements	0	0
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0
170	847.4 Maintenance of LNG Transportation Equipment	0	0
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0
172	847.6 Maintenance of Compressor Station Equipment	0	0
173	847.7 Maintenance of Communication Equipment	0	0
174	847.8 Maintenance of Other Equipment	0	0
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	1,289,131	1,123,891

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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	0	0
181	851 System Control and Load Dispatching	0	0
182	852 Communication System Expenses	0	0
183	853 Compressor Station Labor and Expenses	0	0
184	854 Gas for Compressor Station Fuel	0	0
185	855 Other Fuel and Power for Compressor Stations	0	0
186	856 Mains Expenses	0	0
187	857 Measuring and Regulating Station Expenses	0	0
188	858 Transmission and Compression of Gas by Others	0	0
189	859 Other Expenses	0	0
190	860 Rents	0	0
191	TOTAL Operation (Total of lines 180 thru 190)	0	0
192	Maintenance		
193	861 Maintenance Supervision and Engineering	0	0
194	862 Maintenance of Structures and Improvements	0	0
195	863 Maintenance of Mains	0	0
196	864 Maintenance of Compressor Station Equipment	0	0
197	865 Maintenance of Measuring and Regulating Station Equipment	0	0
198	866 Maintenance of Communication Equipment	0	0
199	867 Maintenance of Other Equipment	0	0
200	TOTAL Maintenance (Total of lines 193 thru 199)	0	0
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	0	0
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	2,332,982	1,741,877
205	871 Distribution Load Dispatching	0	0
206	872 Compressor Station Labor and Expenses	0	0
207	873 Compressor Station Fuel and Power	0	0

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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
208	874 Mains and Services Expenses	4,827,520	4,351,422
209	875 Measuring and Regulating Station Expenses-General	371,938	374,276
210	876 Measuring and Regulating Station Expenses-Industrial	3,335	9,972
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	194,405	189,438
212	878 Meter and House Regulator Expenses	1,621,726	962,147
213	879 Customer Installations Expenses	3,122,752	2,438,556
214	880 Other Expenses	2,889,859	2,741,914
215	881 Rents	45,023	44,690
216	TOTAL Operation (Total of lines 204 thru 215)	15,409,540	12,854,292
217	Maintenance		
218	885 Maintenance Supervision and Engineering	216,205	151,586
219	886 Maintenance of Structures and Improvements	0	0
220	887 Maintenance of Mains	2,860,335	3,009,123
221	888 Maintenance of Compressor Station Equipment	0	0
222	889 Maintenance of Measuring and Regulating Station Equipment-General	389,211	330,619
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	275,635	254,583
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	103,580	72,997
225	892 Maintenance of Services	2,081,398	1,679,077
226	893 Maintenance of Meters and House Regulators	2,099,190	1,728,218
227	894 Maintenance of Other Equipment	334,533	379,407
228	TOTAL Maintenance (Total of lines 218 thru 227)	8,360,087	7,605,610
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	23,769,627	20,459,902
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	315,307	514,213
233	902 Meter Reading Expenses	2,255,275	2,027,562
234	903 Customer Records and Collection Expenses	7,922,945	7,246,845

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Gas Operation and Maintenance Expenses(continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	2,257,721	1,894,921
236	905 Miscellaneous Customer Accounts Expenses	211,704	204,166
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	12,962,952	11,887,707
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	0	0
241	908 Customer Assistance Expenses	7,755,993	9,662,065
242	909 Informational and Instructional Expenses	1,023,410	968,533
243	910 Miscellaneous Customer Service and Informational Expenses	179,059	156,805
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	8,958,462	10,787,403
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	0	0
248	912 Demonstrating and Selling Expenses	4,797	9,538
249	913 Advertising Expenses	0	0
250	916 Miscellaneous Sales Expenses	0	0
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	4,797	9,538
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	9,156,633	13,722,096
255	921 Office Supplies and Expenses	1,535,967	1,637,195
256	(Less) 922 Administrative Expenses Transferred-Credit	17,301	36,687
257	923 Outside Services Employed	3,903,981	4,454,643
258	924 Property Insurance	471,875	440,286
259	925 Injuries and Damages	1,759,255	1,163,461
260	926 Employee Pensions and Benefits	345,783	355,696
261	927 Franchise Requirements	0	0
262	928 Regulatory Commission Expenses	2,257,020	2,110,126
263	(Less) 929 Duplicate Charges-Credit	0	0
264	930.1 General Advertising Expenses	31	796
265	930.2 Miscellaneous General Expenses	1,321,552	1,368,295
266	931 Rents	288,924	362,461
267	TOTAL Operation (Total of lines 254 thru 266)	21,023,720	25,578,368
268	Maintenance		
269	932 Maintenance of General Plant	3,151,359	2,785,790
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	24,175,079	28,364,158
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	430,973,195	398,162,218

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Gas Used in Utility Operations

1. Report below details of credits during the year to Accounts 810, 811, and 812.
 2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas Gas Used Dth (c)	Natural Gas Amount of Credit (in dollars) (d)	Natural Gas Amount of Credit (in dollars) (d)	Natural Gas Amount of Credit (in dollars) (d)
1	810 Gas Used for Compressor Station Fuel - Credit	804	1,576,842	0		
2	811 Gas Used for Products Extraction - Credit	811	1,948,316	1,386,785		
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6						
7						
8						
9						
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11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	Total		3,525,158	1,386,785		

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report 2013/Q4
FOOTNOTE DATA			

Schedule Page: 331 Line No.: 1 Column: d

Dollar value related to compressor fuel are not seperately recorded. These dollars are included in total gas purchase costs.

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Other Gas Supply Expenses (Account 813)

1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117.4, and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of \$250,000 or more.

Line No.	Description (a)	Amount (in dollars) (b)
1	Gas Resource Management	
2	Labor	654,696
3	Labor Loading	661,092
4	Other Expenses (Professional Services, Travel, Office Supplies, Training)	136,341
5		
6	Regulatory Affairs	
7	Labor	106,163
8	Labor Loading	111,843
9	Other Expenses (Travel, Transportation, Gas Technology Institute payments)	155,515
10		
11		
12		
13		
14		
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22		
23		
24		
25	Total	1,825,650

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of <u>2013/Q4</u>
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Miscellaneous General Expenses (Account 930.2)

- Provide the information requested below on miscellaneous general expenses.
- For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	309,611
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	121,299
4	Other expenses	363,807
5	Director fees and expenses	356,305
6	Community relations	12,625
7	Educational and informational expenses	3,393
8	Rating agency fees	70,518
9	Aircraft operations and fees	83,994
10		
11		
12		
13		
14		
15		
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22		
23		
24		
25	Total	1,321,552

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/11/2014	2013/Q4
FOOTNOTE DATA			

Schedule Page: 335 Line No.: 4 Column: b

Other expenses, detail (vendors paid amounts less than \$5,000 grouped):

VENDOR	PURPOSE	AMOUNT
Various vendors < \$5,000	Miscellaneous	\$225,883
Bank of New York Mellon	Miscellaneous	5,751
Citibank NA	Miscellaneous	19,417
Coeur d'Alene Resort	Miscellaneous	6,124
Corporate Credit Card	Miscellaneous	10,865
Davis Hibbitts & Midghall Inc	Professional services	8,158
Desautel Hege Communications	Professional services	6,479
Hanna & Associates Inc	Professional services	11,926
Klundt Hosmer Design	Professional services	14,038
Michael J Faulkenberry	Employee misc expenses	11,414
Olsten	Workforce contract	5,990
Pure Works Inc	Professional services	12,716
Steve L Vincent	Employee misc expenses	6,763
The Davenport Hotel	Miscellaneous	8,050
Union Bank of California	Miscellaneous	10,232

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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				227
2	Production plant, manufactured gas				
3	Production and gathering plant, natural gas				
4	Products extraction plant				
5	Underground gas storage plant	653,677			
6	Other storage plant				
7	Base load LNG terminaling and processing plant				
8	Transmission plant				
9	Distribution plant	15,883,269			
10	General plant	709,279			3,139
11	Common plant-gas	3,945,082			7,980
12	TOTAL	21,191,307			11,346

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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)
1	479,570		479,797	Intangible plant
2				Production plant, manufactured gas
3				Production and gathering plant, natural gas
4				Products extraction plant
5			653,677	Underground gas storage plant
6				Other storage plant
7				Base load LNG terminaling and processing plant
8				Transmission plant
9			15,883,269	Distribution plant
10			712,418	General plant
11	2,530,977		6,484,039	Common plant-gas
12	3,010,547		24,213,200	TOTAL

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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

Section B. Factors Used in Estimating Depreciation Charges

Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore (footnote details)		
3	Onshore (footnote details)		
4	Underground Gas Storage Plant (footnote details)		
5	Transmission Plant		
6	Offshore (footnote details)		
7	Onshore (footnote details)		
8	General Plant (footnote details)		
9			
10			
11			
12			
13			
14			
15			

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Particulars Concerning Certain Income Deductions and Interest Charges Accounts

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

- (a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.
- (b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.
- (c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.
- (d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Acc. 425.0 - MISCELLANEOUS AMORTIZATIONS	
2	Items Under \$250,000	
3	Total - 425.00	
4	Acct. 426.10 - DONATIONS	
5	Land Expressions - Huntington Park Renovation Donation to City of Spokane	1,111,582
6	Items Under \$250,000	2,208,855
7	Total 426.10	3,320,437
8	Acct. 426.20 - LIFE INSURANCE	
9	Officers Life	179,309
10	SERP	2,326,128
11	Items Under \$250,000	94,459
12	Total 426.20	2,599,896
13	Acct. 426.30 - PENALTIES	
14	Items Under \$250,000	109,224
15	Total 426.30	109,224
16	Acct. 426.40 - EXPENDITURES FOR CERTAIN CIVIC, POLITICAL, AND RELATED ACTIVITIS	
17	Items Under \$250,000	1,605,677
18	Total 426.40	1,605,677
19	Acct. 426.50 - OTHER DEDUCTIONS	
20	Executive Deferred Compensation	1,584,705
21	Davis Wright Tremaine LLP - Legal Services for Acquisition of AERC	409,295
22	UBS Securities LLP - Transaction Services for Acquisition of AERC	400,000
23	Hanna & Associates, Inc. - Marketing Services	274,908
24	Items Under \$250,000	1,697,569
25	Total 426.50	4,366,477
26	Acct. 430.00 - INTEREST ON DEBT TO ASSOC. COMPANIES	
27	Avista Capital II (long-term debt) (variable rate ranged from 1.11 to 1.19 perc)	467,113
28	Avista Capital, Inc.	283,399
29	Total 430.00	750,512
30	Acct. 431.00 - OTHER INTEREST EXPENSE	
31	interest on electric deferrals	817,140
32	interest on natural gas deferrals	477,150
33	Interest on committed line of credit	777,499
34	Items Under \$250,000	541,674
35	Total 431.00	2,613,463

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Regulatory Commission Expenses (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
 2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Federal Energy Regulatory Commission				
2	Charges include annual fee and license fee				
3	for the Spokane River Project, the Cabinet				
4	Gorge Project and Noxon Rapids Project	2,451,578	148,440	2,600,018	
5					
6	Washington Utilities and Transportation Commission				
7	Includes annual fee and various other electric dockets	957,405	343,829	1,301,234	
8					
9	Includes annual fee and various other natural gas dockets	293,547	139,544	433,091	
10					
11	Idaho Public Utilities Commission				
12	Includes annual fee and various other electric dockets	573,860	227,806	801,666	
13					
14	Includes annual fee and various other natural gas dockets	144,134	95,022	239,156	
15					
16	Public Utility Commission of Oregon				
17	Includes annual fee and various other dockets	492,558	658,226	1,150,784	
18					
19	Not directly assigned electric		1,135,947	1,135,947	
20	Not directly assigned natural gas		433,989	433,989	
21					
22					
23					
24					
25	Total	4,913,082	3,182,803	8,095,885	

Regulatory Commission Expenses (Account 928)

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA).
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than \$250,000) may be grouped.

Line No.	Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Deferred to Account 182.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred In Account 182.3 End of Year (l)
1							
2							
3							
4	Electric	928	2,600,018				
5							
6							
7	Electric	928	1,301,234				
8							
9	Gas	928	433,091				
10							
11							
12	Electric	928	801,666				
13							
14	Gas	928	239,156				
15							
16							
17	Gas	928	1,150,784				
18							
19	Electric	928	1,135,947				
20	Gas	928	433,989				
21							
22							
23							
24							
25			8,095,885				

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Employee Pensions and Benefits (Account 926)

1. Report below the items contained in Account 926, Employee Pensions and Benefits.

Line No.	Expense (a)	Amount (b)
1	Pensions – defined benefit plans	345,783
2	Pensions – other	
3	Post-retirement benefits other than pensions (PBOP)	
4	Post-employment benefit plans	
5	Other (Specify)	
6		
7		
8		
9		
10		
11		
12		
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14		
15		
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18		
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39		
	Total	345,783

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Distribution of Salaries and Wages

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production	9,813,365			9,813,365
4	Transmission	2,873,835			2,873,835
5	Distribution	6,807,675			6,807,675
6	Customer Accounts	6,785,677			6,785,677
7	Customer Service and Informational	673,333			673,333
8	Sales	4,691			4,691
9	Administrative and General	19,780,951			19,780,951
10	TOTAL Operation (Total of lines 3 thru 9)	46,739,527			46,739,527
11	Maintenance				
12	Production	3,199,050			3,199,050
13	Transmission	1,032,292			1,032,292
14	Distribution	4,110,260			4,110,260
15	Administrative and General			12,214,215	12,214,215
16	TOTAL Maintenance (Total of lines 12 thru 15)	8,341,602		12,214,215	20,555,817
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)	13,012,415			13,012,415
19	Transmission (Total of lines 4 and 13)	3,906,127			3,906,127
20	Distribution (Total of lines 5 and 14)	10,917,935			10,917,935
21	Customer Accounts (line 6)	6,785,677			6,785,677
22	Customer Service and Informational (line 7)	673,333			673,333
23	Sales (line 8)	4,691			4,691
24	Administrative and General (Total of lines 9 and 15)	19,780,951		12,214,215	31,995,166
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	55,081,129		12,214,215	67,295,344
26	Gas				
27	Operation				
28	Production - Manufactured Gas				
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply	760,859			760,859
31	Storage, LNG Terminaling and Processing	10,989			10,989
32	Transmission				
33	Distribution	3,829,256			3,829,256
34	Customer Accounts	2,641,267			2,641,267
35	Customer Service and Informational	304,692			304,692
36	Sales	1,230			1,230
37	Administrative and General	7,385,882			7,385,882
38	TOTAL Operation (Total of lines 28 thru 37)	14,934,175			14,934,175
39	Maintenance				
40	Production - Manufactured Gas				
41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminaling and Processing				
44	Transmission	1,046,252			1,046,252
45	Distribution	2,819,587			2,819,587

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Distribution of Salaries and Wages (continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
46	Administrative and General			4,193,954	4,193,954
47	TOTAL Maintenance (Total of lines 40 thru 46)	3,865,839		4,193,954	8,059,793
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)				
51	Production - Natural Gas (Including Expl. and Dev.) (ll. 29 and 41)				
52	Other Gas Supply (Total of lines 30 and 42)	760,859			760,859
53	Storage, LNG Terminating and Processing (Total of ll. 31 and 43)	10,989			10,989
54	Transmission (Total of lines 32 and 44)	1,046,252			1,046,252
55	Distribution (Total of lines 33 and 45)	6,648,843			6,648,843
56	Customer Accounts (Total of line 34)	2,641,267			2,641,267
57	Customer Service and informational (Total of line 35)	304,692			304,692
58	Sales (Total of line 36)	1,230			1,230
59	Administrative and General (Total of lines 37 and 46)	7,385,882		4,193,954	11,579,836
60	Total Operation and Maintenance (Total of lines 50 thru 59)	18,800,014		4,193,954	22,993,968
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	73,881,143		16,408,169	90,289,312
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant	23,565,517		4,494,568	28,060,085
67	Gas Plant	6,314,473		1,718,033	8,032,506
68	Other				
69	TOTAL Construction (Total of lines 66 thru 68)	29,879,990		6,212,601	36,092,591
70	Plant Removal (By Utility Departments)				
71	Electric Plant	1,958,817		5,786,393	7,745,210
72	Gas Plant	81,433		1,623,519	1,704,952
73	Other				
74	TOTAL Plant Removal (Total of lines 71 thru 73)	2,040,250		7,409,912	9,450,162
75	Other Accounts (Specify) (footnote details)	36,274,737		(30,102,066)	6,172,671
76	TOTAL Other Accounts	36,274,737		(30,102,066)	6,172,671
77	TOTAL SALARIES AND WAGES	142,076,120		(71,384)	142,004,736

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/11/2014	2013/Q4
FOOTNOTE DATA			

Schedule Page: 354 Line No.: 75 Column: e

Other Accounts (Specify):			
Stores Expense (163)	1,959,483	(1,959,483)	0
Unamortized debt expense (181)	0		0
Regulatory Assets (182)	0		0
Preliminary Survey and Investigation (183)	(16,331)		(16,331)
Small Tool Expense (184)	3,367,904	(3,367,904)	0
Miscellaneous Deferred Debits (186)	2,685,152		2,685,152
Capital Stock Expense (214)	0		0
Merchandising Expenses (416)	0		0
Non-operating Expenses (417)	597,199		597,199
Expenditures of Certain Civic, Political and Related Activities (426)	973,187		973,187
Employee Incentive Plan (232380)	8,098,154	(8,098,154)	0
DSM Tarrif Rider and Payroll Equalization Liability (242600, 242700)	18,486,730	(16,676,525)	1,810,205
Incentive / Stock Compensation (238000)	123,259		123,259
			0
			0
TOTAL Other Accounts	36,274,737	(30,102,066)	6,172,671

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Charges for Outside Professional and Other Consultative Services

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.

- (a) Name of person or organization rendering services.
- (b) Total charges for the year.

2. Sum under a description "Other", all of the aforementioned services amounting to \$250,000 or less.

3. Total under a description "Total", the total of all of the aforementioned services.

4. Charges for outside professional and other consultative services provided by associated (affiliated) companies should be excluded from this schedule and be reported on Page 358, according to the instructions for that schedule.

Line No.	Description (a)	Amount (in dollars) (b)
1	AECOM TECHNICAL SERVICES INC.	488,064
2	BAKER CONSTRUCTION & DEVELOPMENT INC.	1,045,329
3	BLACK & VEATCH CORPORATION	456,911
4	CERIUM NETWORKS	294,832
5	COEUR D'ALENE TRIBE	825,077
6	COLUMBIA GRID	360,324
7	DAVIS WRIGHT TREMAINE LLP	1,057,171
8	DINERO SOLUTIONS LLC	424,249
9	ELECTRICAL CONSULTANTS INC.	961,400
10	EP2M LLC	525,687
11	FIVE POINT PARTNERS LLC	6,135,548
12	GARCO CONSTRUCTION INC.	1,792,938
13	HANNA & ASSOCIATES INC.	479,029
14	HAWORTH	1,089,519
15	HP ENTERPRISE SERVICES	1,347,528
16	IBM CORPORATION	5,263,933
17	IDAHO DEPT. OF FISH & GAME	251,810
18	INTEGRAL ANALYTICS INC.	316,255
19	INTELLECT	875,038
20	KENASTON CORPORATION	445,689
21	LAND EXPRESSIONS	3,303,223
22	MAX J KUNEY COMPANY	282,224
23	MCKINTRY ESSENTION INC.	9,095,572
24	MOSAIC COMPANY	982,782
25	MWH AMERICAS INC.	555,064
26	NORTH IDAHO MARITIME	304,500
27	NORTHWEST HYDRAULIC CONSULTANTS LTD	796,400
28	OPOWER INC.	298,900
29	PAINE HAMBLEN LLP	551,074
30	PILLSBURY WINTHROP SHAW PITTMAN LLP	325,030
31	POWER CITY ELECTRIC	254,906
32	PRO BUILDING SYSTEMS	305,609
33	QUANTUM SOLUTIONS LLC	411,290
34	SAPERE CONSULTING INC.	531,289
35	OTHER	18,696,387

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of <u>2013/Q4</u>
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Transactions with Associated (Affiliated) Companies

1. Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies amounting to more than \$250,000.
2. Sum under a description "Other", all of the aforementioned goods and services amounting to \$250,000 or less.
3. Total under a description "Total", the total of all of the aforementioned goods and services.
4. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Goods or Services Provided for Affiliated Company			
21				
22				
23				
24				
25				
26				
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Gas Storage Projects

1. Report injections and withdrawals of gas for all storage projects used by respondent.

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	January			
3	February	32,414		32,414
4	March			
5	April			
6	May	1,412,906		1,412,906
7	June	1,918,518		1,918,518
8	July	1,916,389		1,916,389
9	August	1,991,110		1,991,110
10	September	1,398,138		1,398,138
11	October	150,917		150,917
12	November	279,244		279,244
13	December	201,266		201,266
14	TOTAL (Total of lines 2 thru 13)	9,300,902		9,300,902
15	Gas Withdrawn from Storage			
16	January	5,125,478		5,125,478
17	February	560,282		560,282
18	March	1,669,082		1,669,082
19	April	140,483		140,483
20	May	97,181		97,181
21	June	93,097		93,097
22	July	41,630		41,630
23	August	97,211		97,211
24	September	103,155		103,155
25	October	41,607		41,607
26	November	1,742,730		1,742,730
27	December	2,755,114		2,755,114
28	TOTAL (Total of lines 16 thru 27)	12,467,050		12,467,050

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of <u>2013/Q4</u>
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Gas Storage Projects

- On line 4, enter the total storage capacity certificated by FERC.
- Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	STORAGE OPERATIONS	
1	Top or Working Gas End of Year	8,528,000 Dth
2	Cushion Gas (Including Native Gas)	7,730,668 Dth
3	Total Gas in Reservoir (Total of line 1 and 2)	16,258,668 Dth
4	Certificated Storage Capacity	16,258,668 Dth
5	Number of Injection - Withdrawal Wells	54
6	Number of Observation Wells	48
7	Maximum Days' Withdrawal from Storage	164,364 Dth
8	Date of Maximum Days' Withdrawal	12/05/2013
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report 2013/Q4
FOOTNOTE DATA			

Schedule Page: 513 Line No.: 7 Column: c

Mcf converted to Dth using factor of 1.04

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of <u>2013/Q4</u>
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Auxiliary Peaking Facilities

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?
1					
2	Chehalis, Washington	Underground Natural Gas	358,800	35,407,893	Yes
3		Storage Field			
4		Washington & Idaho Supply			
5					
6	Chehalis, Washington	Underground Natural Gas	39,867	5,840,097	Yes
7		Storage Field			
8		Oregon Supply			
9					
10	Chehalis, Washington	Underground Natural Gas	2,623		Yes
11		Storage Field			
12		Oregon Supply			
13					
14	Rock Springs, Wyoming	Underground Natural Gas	186,125		Yes
15		Storage Field			
16		Washington & Idaho Supply			
17					
18	Rock Springs, Wyoming	Underground Natural Gas	63,875		Yes
19		Storage Field			
20		Oregon Supply			
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report 2013/Q4
Avista Corporation			
FOOTNOTE DATA			

Schedule Page: 519 Line No.: 10 Column: d

Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.

Schedule Page: 519 Line No.: 14 Column: d

Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.

Schedule Page: 519 Line No.: 18 Column: d

Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/11/2014	Year/Period of Report End of 2013/Q4
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Gas Account - Natural Gas

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
5. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
6. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
7. Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
8. Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
9. Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
10. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only
01 Name of System:				
2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)		86,069,732	24,818,408
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305		
6	Gas of Others Received for Distribution (Account 489.3)	301	15,997,643	4,589,208
7	Gas of Others Received for Contract Storage (Account 489.4)	307		
8	Gas of Others Received for Production/Extraction/Processing (Account 490 and 491)			
9	Exchanged Gas Received from Others (Account 806)	328		
10	Gas Received as Imbalances (Account 806)	328	(42,433)	(114,549)
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)		3,166,753	3,907,750
13	Gas Received from Shippers as Compressor Station Fuel			
14	Gas Received from Shippers as Lost and Unaccounted for			
15	Other Receipts (Specify) (footnote details)			
16	Total Receipts (Total of lines 3 thru 15)		105,191,695	33,200,817
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		87,617,210	28,078,956
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305		
21	Deliveries of Gas Distributed for Others (Account 489.3)	301	15,997,643	4,589,208
22	Deliveries of Contract Storage Gas (Account 489.4)	307		
23	Gas of Others Delivered for Production/Extraction/Processing (Account 490 and 491)			
24	Exchange Gas Delivered to Others (Account 806)	328		
25	Gas Delivered as Imbalances (Account 806)	328		
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)			
28	Gas Used for Compressor Station Fuel	509	1,576,842	532,653
29	Other Deliveries and Gas Used for Other Operations			
30	Total Deliveries (Total of lines 18 thru 29)		105,191,695	33,200,817
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For			
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		105,191,695	33,200,817