



**Avista Corp.**

1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170

***VIA ELECTRONIC MAIL***

April 29, 2015

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive, S.W.  
PO Box 47250  
Olympia, WA 98504-7250

RE: Avista's 2014 Affiliated Interest and Subsidiary Transactions Report

Dear Mr. King:

Pursuant to WAC 480-100-264 and WAC 480-90-264, the Company submits an original and two copies of the attached 2014 Subsidiary Transaction Report. This report contains summaries of all transactions or agreements between Avista and its subsidiaries over the preceding year ending December 31, 2014.

Included within this report are the financial statements of certain Company subsidiaries. The filed statements are prepared for internal use only and are unaudited. Due to the consolidation process it may not be possible to reconcile line items to our publically issued financial statements. We have also included a statement of work with one of our subsidiaries that we are requesting to be kept confidential. Therefore, please keep these financial statements and statement of work be treated confidentially pursuant to WAC 480-07-160. These documents are stamped "CONFIDENTIAL per WAC 480-07-160."

Please direct any questions on this matter to Jennifer Smith at (509) 495-2098.

Sincerely,

/s/Liz Andrews

Liz Andrews  
Manager, Revenue Requirements  
Avista Utilities  
[liz.andrews@avistacorp](mailto:liz.andrews@avistacorp)

enclosure

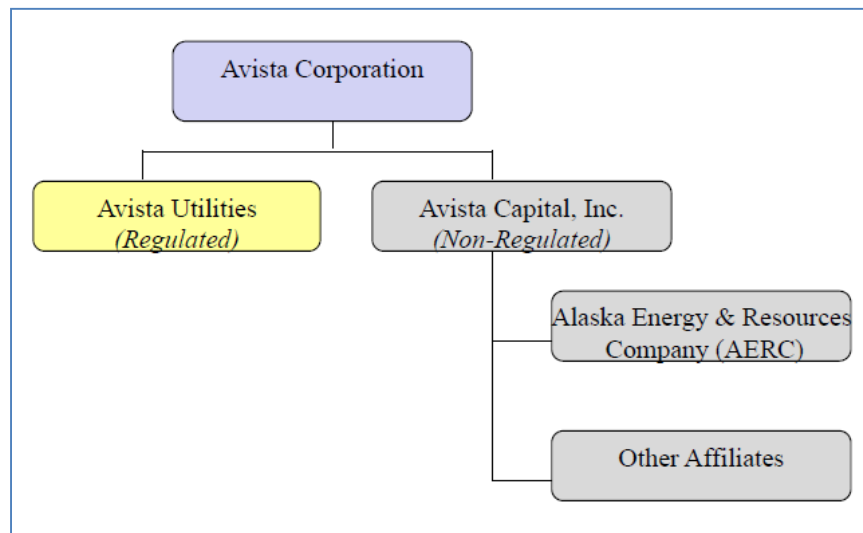
**AFFILIATED INTEREST AND SUBSIDIARY  
TRANSACTIONS REPORT  
OF  
AVISTA CORPORATION  
d/b/a AVISTA UTILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Pursuant to WAC 480-100-264 and WAC 480-90-264, “Affiliated Interest and Subsidiary Transactions Report”, the following report summarizes all transactions, except transactions provided at tariffed rates, that occurred between Avista Corporation (hereinafter Avista or Company) and its subsidiaries and affiliates. The Company operates in its service territories as Avista Utilities.

Avista Utilities is a combination utility that provides service to approximately 367,000 electric customers and 326,000 natural gas customers in a 30,000-square-mile area in eastern Washington and northern Idaho. Avista Utilities also serves approximately 98,000 natural gas customers in Oregon. The largest community served in the area is Spokane, Washington, which is the location of the corporate headquarters.

## **I. ORGANIZATION INFORMATION**

### **1. Organizational Chart**



Included in **Attachment 1** is additional detail of Avista Capital subsidiaries.

### **2. Directors and/or Officers**

See **Attachment 2** for Officer and Director listings for Avista Corporation and all wholly owned subsidiaries.

### 3. Narrative Descriptions of Subsidiaries

**Avista Capital, Inc.**, is a wholly owned subsidiary of Avista Corp. and is the parent corporation of Avista Corporation's non-regulated subsidiary investments and operations.<sup>1</sup> As of December 31, 2014, Avista Capital had the following non-utility subsidiary investments:

- **Avista Energy, Inc. and Avista Energy Canada, Ltd.** (100% ownership–Inactive), were energy marketing and resource management companies. On June 30, 2007, Avista completed the sale of the operations of Avista Energy to Coral Energy Holding, L.P., and certain of its subsidiaries, a subsidiary of Shell (Coral).
- **Avista Development, Inc.** (100% ownership-no employees, passive income) was established to manage real estate investments including:
  - \* **Steam Plant Square, LLC** (85% ownership) Manages and operates the Steam Plant Square in Spokane, Washington.
    - **Steam Plant Brew Pub, LLC** (100% ownership) Manages and operates the Steam Plant Grill in Spokane, Washington.
  - \* **Court Yard Office Center, LP** (100% ownership) Owns and operates commercial office space rentals.
- **Pentzer Corporation** is a wholly owned private investment company that serves as parent of the non-utility businesses listed below (100% ownership-no employees, passive income):
  - \* **Advanced Manufacturing and Development, Inc., dba METALfx**, (89.2% ownership), located in Willits, California, is a manufacturer and turnkey assembler of electronic enclosures, parts, and systems primarily for the computer and instrumentation industries. This company is held by **Bay Area Manufacturing, Inc.** (100% ownership)
  - \* **Pentzer Venture Holdings II, Inc.** (100% ownership) Holding company for an inactive sewage treatment plant near Spokane Industrial Park.
  - **Avista Northwest Resources, LLC** (100% ownership) was formed for the purpose of holding unregulated investments in the energy industry.
- **Salix, Inc.** (100% ownership) was formed October 8, 2013, for the purpose of exploring business opportunities.

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<sup>1</sup> The only exceptions relate to Avista Receivables, Inc., a special purpose subsidiary formed in connection with the sale of accounts receivable, and Spokane Energy, LLC, which was formed for the purpose of implementing a long-term capacity contract between Avista Utilities and Portland General Electric Company. At present, these entities are directly owned by Avista Corporation. See page 3 for a further description of Spokane Energy, LLC.

**Spokane Energy, LLC** (Spokane Energy) is a special purpose limited liability company and has 100% of its membership owned by Avista Corp. Spokane Energy was formed on December 30, 1998 to assume ownership of a fixed rate electric capacity contract between Avista and Portland General Electric Company (PGE). Under this contract, Peaker, LLC (Peaker) purchases capacity from Avista Utilities and sells capacity to Spokane Energy. Spokane Energy sells the related capacity to PGE. Peaker acts as an intermediary to fulfill certain regulatory requirements between Spokane Energy and Avista Corp. The transaction is structured such that Spokane Energy bears full recourse risk for a loan (balance of \$17.8 million as of December 31, 2014) that matured January 30, 2015. Accordingly, the contracts that were required to facilitate this arrangement are no longer necessary and there is no longer any reason for the Capacity Contract to be held by Spokane Energy. Therefore, Avista and Spokane Energy have executed a Transfer and Assumption Agreement to assign the Capacity Contract to Avista effective on the later of April 1, 2015, or the date upon which FERC approves the assignment. Spokane Energy and Avista also filed an application with FERC on March 3, 2015, pursuant to section 203 of the Federal Power Act, 16 U.S.C. § 824b, for approval of the assignment of Spokane Energy's interests in the Capacity Contract to its parent company, Avista.

After the Capacity Contract is assigned to Avista, Avista will directly meet its obligations under the Capacity Contract until the contract expires December 31, 2016. The reassignment of the Capacity Contract back to Avista will provide for more efficient administration of the Capacity Contract.

Avista filed an Affiliated Interest Filing with the Washington Utilities and Transportation Commission, pursuant to RCW 80.16.020, on March 11, 2015.

**Alaska Energy & Resources Company (AERC)**, a wholly-owned subsidiary of Avista Corp, based in Juneau, Alaska and its subsidiaries were purchased effective July 1, 2014.

- **Alaska Electric Light & Power Co. (AEL&P)**, a wholly-owned subsidiary of AERC, which is a vertically integrated electric utility providing electric service to the City and Borough of Juneau, Alaska, and is regulated by the Regulatory Commission of Alaska (RCA).
- **AJT Mining Properties, Inc.**, a wholly-owned subsidiary of AERC which is an inactive mining company holding certain properties.

- **Snettisham Electric Company**, a non-operating subsidiary of AERC, has the option to purchase the Snettisham project at any time for the principal amount of the bonds outstanding at that time. The Snettisham hydroelectric project is AEL&P's primary generation facility and the main power source for Juneau, supplying approximately two-thirds of the area's electricity.

The following entity was sold during 2014:

- **Ecova, Inc.** (80% ownership) Avista Capital's subsidiaries included Ecova, Inc. (Ecova), which was an 80.2 percent owned subsidiary prior to its disposition on June 30, 2014. Ecova was a provider of energy efficiency and other facility information and cost management programs and services for multi-site customers and utilities throughout North America.

#### 4. Narrative Descriptions of Affiliates

As of December 31, 2014, Avista Capital had the following affiliates:

- **Pivotal Investment Partners I, L.P.** (30.50% ownership by Avista Northwest Resources, LLC)
- **EnerTech II** (2.29% ownership by Avista Development, Inc.)
- **Woodside IV** (4.26% ownership by Avista Development, Inc.)
- **Inland TechStart Fund, LLC** (14.9% ownership by Avista Development, Inc.)
- **Kick Start II** (7.7% ownership by Avista Development, Inc.)
- **Matrix Genetics** (18.22% ownership by Avista Development, Inc.)
- **Trove Predictive Data Analytics, LLC** (23.6% ownership by Avista Development, Inc.)

As of December 31, 2014, Salix had the following affiliates:

- **Plum Energy** (16.8% ownership by Avista Capital, Inc.)

## II. TRANSACTIONS BETWEEN AVISTA AND SUBSIDIARIES AND AFFILIATES

### 1. Transactions with subsidiaries and affiliates totaling less than \$100,000 for the reporting period ended December 31, 2014:

<u>Subsidiary/Affiliate Name</u>	<u>Account No. &amp; Description</u>	<u>Amount</u>
(4) Alaska Energy & Resources Company	146 Accts Rec.	\$ 9,476
(2) Spokane Energy, LLC	456 Other Electric Revenue	\$ 51,175
(5) Avista Capital, Inc.	146 Accts Rec.	\$ 61,661
(5) Avista Development, Inc.	146 Accts Rec.	\$ 10,159
(5) Avista Energy, Inc.	146 Accts Rec.	\$ 51,025
(5) Ecova	146 Accts Rec.	\$ 5,849

### 2. Transactions with subsidiaries and affiliates totaling or exceeding \$100,000 for the reporting period ended December 31, 2014:

<u>Subsidiary/Affiliate Name</u>	<u>Account No. &amp; Description</u>	<u>Amount</u>
(5) Salix	146 Accts Rec.	\$ 811,593
(1) Avista Capital II (Trust)	427 Interest Exp.	\$ 579,358
(4) Trove Predictive Data Analytics, LLC	107 CWIP	\$ 152,610
(4) Trove Predictive Data Analytics, LLC	165 Prepayments	\$ 22,390
(5) Alaska Electric Light & Power	146 Accts Rec.	\$ 100,645
(3) Steam Plant Square, LLC	107 CWIP	\$ 75,640
(3) Steam Plant Square, LLC	931 Rents	\$ 73,664

See descriptions below, Section II.2. (b), pages 5 through 7.

#### (a) Financial Statements:

A Balance Sheet and Income Statement for the subsidiaries listed above whose transactions exceeded \$100,000 is included as **Attachment 3**. See descriptions below in section II.2 (b). Please note that Attachment 3 is CONFIDENTIAL PER WAC 480-07-160.

#### (b) Description of Services or Transactions:

##### (1) Avista Capital II (Trust) Expenses

In 1997, the Company issued Floating Rate Junior Subordinated Deferrable Interest Debentures, Series B, with principle 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. The interest charges for the trust carried on Avista's books for 2014 totaled \$601,957 and were recorded in FERC Account No. 427 (interest expense). There are no other costs associated with this trust.

## **(2) Spokane Energy, LLC Transactions**

Avista acts as the servicer of Spokane Energy's commodity contracts. Annual service fees paid by Spokane Energy to Avista were approximately \$51,175 in 2014.

Spokane Energy is required to maintain in trust \$1.6 million. All funds in excess of this amount are transferred to Avista for cash management purposes. During 2014, the amount transferred was \$0. At December 31, 2014 Avista has a liability of \$5,045 payable to Spokane Energy for these funds.

## **(3) Steam Plant Square, LLC Lease**

Avista Utilities leases office space (two spaces under separate Multi-Tenant Lease Agreements) from Steam Plant Square, LLC. For the first space, Avista Corporation assumed a lease in May 2003 from Avista Capital, Inc. that was renewed May 1, 2010. The basic terms of this lease (i.e. square footage, monthly rents, etc.) remained the same. A copy of the lease agreement was provided to the Commission in Docket No. UE-110067. The second space was leased in August 2010. A copy of the lease agreement was provided to the Commission in Docket No. UE-101859.

Lease payments in 2014 totaled \$149,304 (\$75,639 recorded in FERC Account No. 107 (CWIP) and \$73,664 recorded in FERC Account No. 931 (Rents)).

## **(4) Trove Predictive Data Analytics, LLC**

In September 2012, Avista Development, Inc., a wholly-owned subsidiary of Avista loaned funds to GridGlo, Inc., a predictive data science company based in Del Ray, FL. In addition to customary considerations for the secured loan, Avista Development received certain rights to discounted services from GridGlo, the benefit of which was assigned to Avista Utilities. Avista Utilities and GridGlo subsequently entered into a Master Software License and Services Agreement, effective on June 26, 2013.



GridGlo was unable to repay its loans when due in March 2014. Avista Development, GridGlo and another secured lender entered into a forbearance and temporary funding agreement for the purpose of exploring mutually satisfactory ways to restructure GridGlo in satisfaction of the debts. The parties agreed to a restructuring of GridGlo such that the lenders, joined by another investor, acquired all of the assets and select liabilities of GridGlo via new limited liability corporation named Trove Predictive Data Analytics, LLC (“Trove”). The GridGlo contract with Avista Utilities was among the assets transferred as of the date the transaction closed, October 28, 2014.

As a result of the restructuring transaction on October 28, 2014, Avista Development now holds 30% of Class A preferred equity units in Trove, 16.8% on a fully diluted basis.

The rights to discounted services assigned to Avista Utilities upon the restructuring completed October 28, 2014, include a Statement of Work, signed June 17, 2014. This Statement of Work includes the development, delivery and integration of a platform which will be integrated with Avista Utilities Load Forecasting application.

The terms of the Statement of Work include a fixed fee of \$300,000. Payments in 2014 totaled \$175,000 (\$152,610 recorded in FERC Account No. 107 (CWIP) and \$22,390 recorded in FERC Account No. 165 (Prepayments)). When integration is complete, there will be annual fees for Maintenance and Support, and Third Party Data Access Fees in the amount of \$35,000 and \$25,000, respectively. Please refer to **Attachment 5** for the GridGlo Statement of Work.<sup>2</sup>

#### **(5) Non-Service Transactions Related to Avista Capital, Avista Development, Avista Energy, AEL&P, and AERC**

##### *Avista Corporation Corporate Services:*

On a regular basis, general office employees of Avista Corporation spend time on corporate service support, such as accounting, federal income tax filing, planning, supplies, postage, legal, graphic services, etc. for subsidiaries. Their time is charged to suspense accounts (Deferred Debit Account No. 186), are loaded for benefits, and then established as a receivable (FERC Account No. 146) when billed to the subsidiary. If other resources are

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<sup>2</sup> Prior to October 28, 2014, Avista Development had no ownership in GridGlo or Trove Predictive Data Analytics, LLC, and was therefore not an Affiliate. Avista is in the process of preparing an affiliate interest filing pursuant to RCW 80.16.020, which will include two proposed statements of work with Trove Predictive Analytics, LLC.

expended during the course of this work, such as travel or consulting services, these costs are also charged to suspense accounts and billed to the subsidiary.

All corporate services provided, and costs incurred, are direct billed to subsidiaries at cost. No additional margin or profit is included and no assets are allocated. Suspense and capture of Avista Corporation employee costs, which are then billed back to the subsidiary at cost, serve to reduce the utility expenses.

**(c) Description of pricing basis or costing method for allocating costs, and amounts and accounts charged during the year:**

Please see the individual descriptions in Section II.2, pages 5 through 7. Services are provided at cost. Any charges allocated to Washington are allocated based on the Company's four-factor allocation methodology. (Please refer to **Attachment 4** for the allocation factors.)

**(d) Inter-Company Loans:**

• **Avista Corp / Avista Capital Note Payable / Receivable**

During 2014, Avista Corp. recorded short-term note payable to Avista Capital, Inc. The year-end note payable amount at December 31, 2014 was \$9,934,844. The maximum note payable amount outstanding during the year, due to Avista Capital, was \$208,775,711 at August 31 2014. Total interest expense in 2014 was \$218,477.

According to the Cash Management Guidelines and Procedures filed with the Commission in April of 2011, investment/borrowing rates between Avista Corporation and Avista Capital that were in effect during 2014 were:

- a. Upon receiving appropriate approvals, excess Avista Capital cash may be invested with (loaned to) Avista Corp. at a rate equal to Avista Corp.'s avoided short-term borrowing cost currently estimated at the one-month LIBOR plus 130 basis points (this is the short-term borrowing rate related to Avista Corp.'s credit facility). The rate will be reset monthly with the LIBOR rate in effect on the second business day of each month.

At times Avista Corp may have no outstanding borrowings under the credit facility. If there are no outstanding borrowings under the credit facility, excess cash should be utilized to pay down borrowings on other short-term borrowing instruments (if any) and the borrowing rate should be adjusted to the avoided short-term borrowing rate applicable to the borrowings that were re-paid.

At times, Avista Corp may have no outstanding cash borrowings on the credit facility or other short-term borrowing facilities. If there are no cash borrowings under any facility, excess cash should be invested at the subsidiary until the funds can be utilized.

- b. Avista Capital may borrow from Avista Corp., subject to board-approved limits, at a rate equal to at least the Prime rate plus 30 basis points. This rate will be reset at such time as the Agent bank on the Avista Corp. credit agreement changes the Prime rate or the margin is changed per the credit facility pricing grid. If an Alternate Base Rate (as defined in the credit facility) is in effect, the borrowing rate would be adjusted accordingly.

- **Avista Corp / Ecova Note Payable / Receivable**

On January 3, 2012, Avista Corp entered into a note agreement with Ecova. The note agreement was structured so that Avista Corporation would pay the same rate as would have been incurred under the credit facility (i.e. Avista Corporation's avoided short-term borrowing rate). Avista Corporation was allowed to borrow up to \$50 million in principal under the note agreement. Additionally, Avista Corporation was required to retain liquidity under its credit facility to repay the outstanding principal balance in whole at any time. The Commission approved this transaction in Docket No. UG-111770 on November 10, 2011. The maximum note payable amount outstanding during the year, owed to Ecova, was \$49,061,303 at February 28, 2014. Total interest expense in 2014 was \$165,774. The note payable balance was paid in full as part of the transaction to sale Ecova. During 2014 Avista repaid the note payable amount at each quarter end.

These revolving short-term cash borrowings between the parties help to reduce external cash requirements.

**(e) Description of Parent Guaranteed Debt:**

Avista Corporation does not guarantee debt of its subsidiaries. See Section III. Miscellaneous Agreements, page 10.

**(f) Description of Activities of Subsidiaries:**

See Section I.3 at pages 2 through 4.

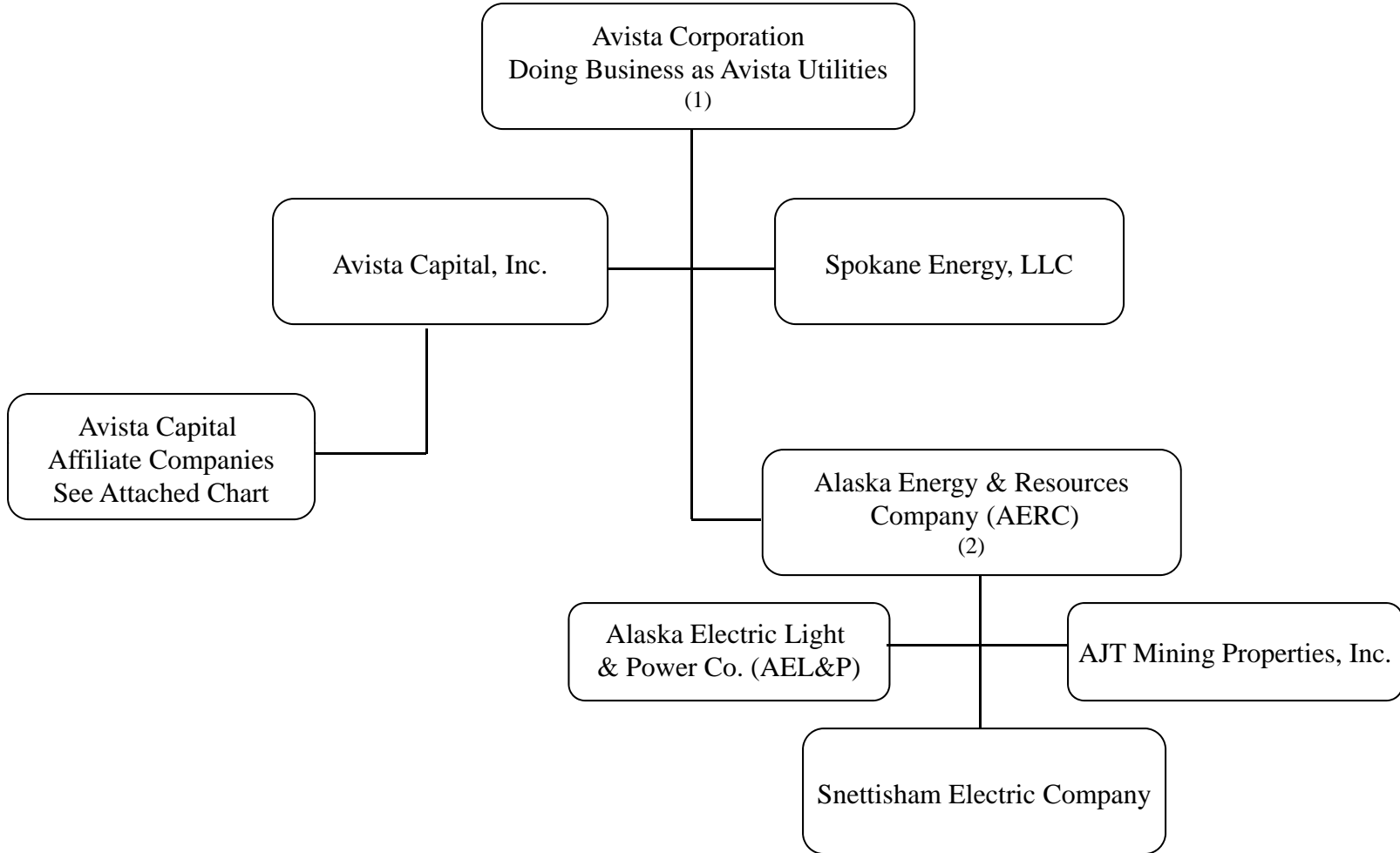
**(g) List of all common officers and directors:**

See Section I.2 at page 1.

### **III. MISCELLANEOUS AGREEMENTS AND TRANSACTIONS**

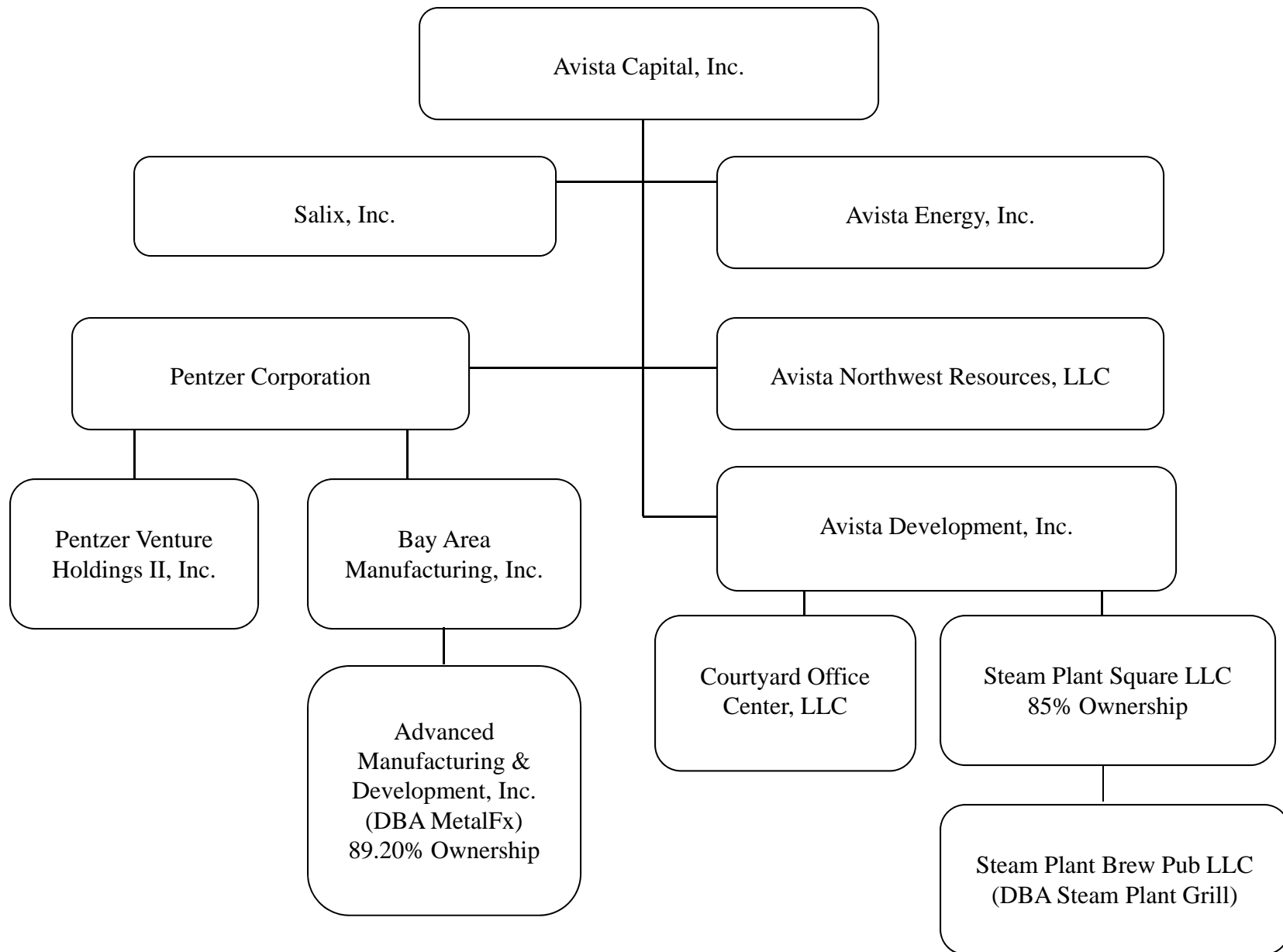
During 2014 there were no Miscellaneous Agreements or Transactions to report.

**ATTACHMENT 1**



Companies are wholly owned unless otherwise indicated.  
 Effective July 1, 2014, Ecova, Inc. was sold.

- (1) Avista Utilities is a Business Unit, and not a separate Company
- (2) Effective July 1, 2014, Avista acquired AERC



Companies are wholly owned unless otherwise indicated.

Revised 12/1/2014

**ATTACHMENT 2**





Corporate Secretary Department  
Current as of February 9, 2015

Annual Meeting Held in May of Each Year

**Directors:**

Erik J. Anderson	Scott L. Morris
Kristianne Blake	Marc F. Racicot
Donald C. Burke	Heidi B. Stanley
John F. Kelly	R. John Taylor
Rebecca (Becky) A. Klein	Janet D. Widmann

**Officers:**

Scott L. Morris	Chairman of the Board, President & Chief Executive Officer
Mark T. Thies	Senior Vice President, Chief Financial Officer & Treasurer
Marian M. Durkin	Senior Vice President, General Counsel & Chief Compliance Officer
Karen S. Feltes	Senior Vice President, Human Resources & Corporate Secretary
Dennis P. Vermillion	Senior Vice President & Environmental Compliance Officer and President, Avista Utilities
Jason R. Thackston	Senior Vice President, Energy Resources
Kevin J. Christie	Vice President, Customer Solutions
Christy M. Burmeister-Smith	Vice President, Controller & Principal Accounting Officer
James M. Kensok	Vice President, Chief Information Officer & Chief Security Officer
Don F. Kopczyński	Vice President, Energy Delivery and Customer Service
David J. Meyer	Vice President & Chief Counsel for Regulatory & Governmental Affairs
Kelly O. Norwood	Vice President, State & Federal Regulations
Roger D. Woodworth	Vice President & Chief Strategy Officer
Don M. Falkner	Assistant Treasurer
Ryan L. Krasselt	Assistant Treasurer
Susan Y. Fleming	Assistant Corporate Secretary

**Corporate Governance/**

**Nominating Committee**

Kristianne Blake  
Marc F. Racicot  
R. John Taylor  
John F. Kelly – Chair

**Executive Committee**

Kristianne Blake  
John F. Kelly  
R. John Taylor  
Scott L. Morris – Chair

**Audit Committee**

Donald C. Burke (financial expert)  
Heidi B. Stanley  
Kristianne Blake – Chair

**Compensation & Organization  
Committee**

John F. Kelly  
Rebecca A. Klein  
R. John Taylor – Chair

**Finance Committee**

Donald C. Burke  
Heidi B. Stanley  
Janet D. Widmann  
Erik J. Anderson – Chair

**Environmental &  
Operations Committee**

Erik J. Anderson  
Marc F. Racicot  
Janet D. Widmann  
Rebecca A. Klein – Chair

All Committees are comprised of independent Board members as defined under the rules of the NYSE, with the exception of the Executive Committee (not required to be independent). The Company was formed as The Washington Water Power Company in 1889 and changed its name to Avista Corp. on January 1, 1999.

Current as of May 12, 2014

**ADVANCED MANUFACTURING & DEVELOPMENT, INC.**

**Doing business as METAL<sub>fx</sub>**

(A Subsidiary of Bay Area Manufacturing, Inc.)

(A California Corporation)

200 North Lenore Ave.

Willits, CA 95490

(707) 459-9451

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Gordon B. Short

Christy M. Burmeister-Smith

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Jill Porterfield

Chairman of the Board

President & Chief Executive Officer

Vice President & Treasurer

Senior Vice President & Chief Financial Officer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Corporate Secretary

Current as of July 1, 2014

**AJT MINING PROPERTIES, INC.**

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

**Directors:**

Marian M. Durkin

Karen S. Feltes

Mark T. Thies

Dennis P. Vermillion

**Officers:**

Dennis P. Vermillion Chairman of the Board

Bruce Howard President

Connie Hulbert Treasurer and Assistant Corporate Secretary

Scott Willis Vice President and Generation Engineer

Debbie Driscoll Corporate Secretary

Current as of July 1, 2014

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

**Directors:**

Marian M. Durkin

Karen S. Feltes

Timothy McLeod

Mark T. Thies

Dennis P. Vermillion

**Officers:**

Dennis P. Vermillion

Chairman of the Board

Timothy McLeod

President

Connie Hulbert

Vice President, Treasurer & Corporate Secretary

Scott Willis

Vice President and Generation Engineer

Debbie Driscoll

Vice President, Director of Consumer Affairs and  
Assistant Corporate Secretary

Eric Eriksen

Vice President, Transmission and Distribution Engineer

Rod Ahlbrandt

Vice President, Director of Information Technology and  
Revenue Metering

Alec Mesdag

Vice President, Director of Energy Services

Catherine Johnson

Assistant Treasurer and Controller

Christy Yearous

Assistant Treasurer and Assistant Generation Engineer

Bryan Farrell

Assistant Treasurer and Assistant Generation Engineer  
Mechanical/Electrical

Darrell Wetherall

Assistant Corporate Secretary and Assistant Transmission and  
Distribution Engineer

Current as of July 1, 2014

**ALASKA ENERGY AND RESOURCES COMPANY**

(A Subsidiary of Avista Corp.)

5601 Tongard Ct.

Juneau, AK 99801

**Directors:**

Marian M. Durkin

Karen S. Feltes

Scott L. Morris

Mark T. Thies

Dennis P. Vermillion

**Officers:**

Scott L. Morris

Dennis P. Vermillion

Timothy McLeod

Connie Hulbert

Karen S. Feltes

Susan Y. Fleming

Debbie Driscoll

Chairman of the Board

President

Vice President

Treasurer

Corporate Secretary

Assistant Corporate Secretary

Assistant Corporate Secretary

Current as of May 12, 2014

**AVISTA CAPITAL, INC.**

(A Subsidiary of Avista Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Christy Burmeister-Smith

Susan Y. Fleming

Don M. Falkner

Chairman of the Board, President & CEO

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Vice President

Assistant Corporate Secretary

Assistant Treasurer

The Company was formed as Avista Corp. before changing its name to Avista Capital on August 17, 1998.

Current as of May 12, 2014

**AVISTA DEVELOPMENT, INC.**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Mark T. Thies

Marian M. Durkin

Dennis P. Vermillion

Karen S. Feltes

Roger D. Woodworth

Susan Y. Fleming

Don M. Falkner

Chairman of the Board, President and CEO

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President

Senior Vice President & Environmental Compliance Officer

Senior Vice President & Corporate Secretary

Vice President

Assistant Corporate Secretary

Assistant Treasurer

The Company was formed as WP Finance Co. before changing its name to Avista Development. Pentzer Development, Inc. and Washington Irrigation & Development Company merged with and into Avista Development in October 1998.

Current as of May 12, 2014

**AVISTA ENERGY, INC.**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Chairman of the Board, President & CEO

Mark T. Thies

Senior Vice President, Chief Financial Officer & Treasurer

Karen S. Feltes

Senior Vice President & Corporate Secretary

Tracy Van Orden

Controller

Susan Y. Fleming

Assistant Corporate Secretary

Don M. Falkner

Assistant Treasurer

The Company was formed as WWP Resource Services, Inc., before becoming Avista Energy.



Current as of January 1, 2013

**AVISTA NORTHWEST RESOURCES, LLC**

(An Affiliate of Avista Capital)

1411 E. Mission Ave.

Spokane, WA 99202

**Member:**

Avista Capital

**Officers (Managers):**

Scott L. Morris	President & Chief Executive Officer
Mark T. Thies	Senior Vice President & Chief Financial Officer
Christy Burmeister-Smith	Vice President & Treasurer
Karen S. Feltes	Senior Vice President & Corporate Secretary
Susan Y. Fleming	Assistant Corporate Secretary

Most of our LLC's do not have officers. This particular one was formed with officers as the managers.

Current as of May 12, 2014

**BAY AREA MANUFACTURING, INC.**

(A Subsidiary of Pentzer Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

Current as of March 31, 2009

**COURTYARD OFFICE CENTER, LLC**

(An Affiliate of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Member:**

Avista Development, Inc.

**Manager**

Roger Woodworth

Current as of May 12, 2014

**PENTZER CORPORATION**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Scott L. Morris

Mark T. Thies

Jason Thackston

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

Current as of May 12, 2014

**PENTZER VENTURE HOLDINGS II**

(A Subsidiary of Pentzer Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Scott L. Morris

Mark T. Thies

Jason R. Thackston

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

Current as of May 12, 2014

**SALIX, INC.**

(A Subsidiary of Avista Capital)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

Dennis P. Vermillion

Roger D. Woodworth

**Officers:**

Robert J. Lafferty

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

President

Treasurer

Corporate Secretary

Assistant Corporate Secretary

Current as of July 1, 2014

**SNETTISHAM ELECTRIC COMPANY**

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

**Directors:**

Eric Eriksen

Timothy McLeod

Jason Thackston

Scott Willis

**Officers:**

Scott Willis

President

Timothy McLeod

Vice President

Eric Eriksen

Treasurer

Debbie Driscoll

Corporate Secretary

Connie Hulbert

Assistant Corporate Secretary

Current as of December 21, 2011

**SPOKANE ENERGY, LLC**  
(An Affiliate of Avista Corp.)  
1411 E. Mission Ave.  
Spokane, WA 99202

**Member:**  
Avista Corp.

**Managers:**  
Dennis Vermillion (Avista)  
Malyn Malquist (Bella Vista Resources)



Current as of December 31, 2010

**STEAM PLANT BREW PUB, LLC**  
**Doing Business as Steam Plant Grill**  
(An Affiliate of Steam Plant Square, LLC)  
1411 E. Mission Ave.  
Spokane, WA 99202

**Members:**  
Avista Development, Inc.  
Wells & Co.

**Manager**  
Roger Woodworth

Current as of December 31, 2010

**STEAM PLANT SQUARE, LLC**  
(An Affiliate of Avista Capital, Inc.)  
1411 E. Mission Ave.  
Spokane, WA 99202

**Members:**

Avista Development, Inc.  
Wells & Co.

**Manager**

Roger Woodworth

**ATTACHMENT 3**

**REDACTED**



Subsidiary Balance Sheets  
December 31, 2014

AVISTA CAPITAL	PENTZER CORP.	AVISTA DEVELOPMENT	AVISTA ENERGY	NORTHWEST RESOURCES, LLC	SALIX INC.
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**REDACTED**



Subsidiary Income Statements - PTD

201412

<i>AVISTA CAPITAL</i>	<i>PENTZER CORP.</i>	<i>AVISTA DEVELOPMENT</i>	<i>AVISTA ENERGY</i>	<i>NORTHWEST RESOURCES, LLC</i>	<i>SALIX INC.</i>
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**REDACTED**



Subsidiary Income Statements - YTD  
201412

<i>AVISTA CAPITAL</i>	<i>PENTZER CORP.</i>	<i>AVISTA DEVELOPMENT</i>	<i>AVISTA ENERGY</i>	<i>NORTHWEST RESOURCES, LLC</i>	<i>SALIX INC.</i>
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**REDACTED**

# **Spokane Energy, LLC**

Financial Statements as of and for the  
Years Ended December 31, 2014 and 2013 and  
Independent Auditors' Report

•  
**REDACTED**



**Deloitte.**

Deloitte & Touche LLP  
925 Fourth Ave.  
Suite 3300  
Seattle, WA 98104-1126  
USA

•  
**REDACTED**

SPOKANE ENERGY, LLC  
BALANCE SHEETS  
AS OF DECEMBER 31, 2014 AND 2013

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2014

2013

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REDACTED

SPOKANE ENERGY, LLC  
STATEMENTS OF INCOME AND RETAINED EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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2014

2013

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**REDACTED**

SPOKANE ENERGY, LLC  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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2014

2013

•  
REDACTED

SPOKANE ENERGY, LLC  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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REDACTED

SPOKANE ENERGY, LLC  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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•  
**REDACTED**

SPOKANE ENERGY, LLC  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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**REDACTED**



**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)



**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

**Table of Contents**

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Financial Statements:	
Balance Sheets	3
Statements of Income	4
Statements of Changes in Capital and Retained Earnings	5
Statements of Cash Flows	6
Notes to Financial Statements	7-20



KPMG LLP  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

•  
REDACTED



•  
REDACTED

ALASKA ELECTRIC LIGHT AND POWER COMPANY  
(A Wholly Owned Subsidiary of Alaska Energy Resources Company)  
Balance Sheets

•  
REDACTED

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy Resources Company)  
Statements of Income

|

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy Resources Company)  
Statements of Changes in Capital and Retained Earnings

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy Resources Company)

Statements of Cash Flows

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**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

•  
**REDACTED**



**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**



**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**  
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Notes to Financial Statements

December 31, 2014 and 2013

•  
**REDACTED**

**ATTACHMENT 4**

**RESULTS OF OPERATIONS**  
**ELECTRIC ALLOCATION PERCENTAGES**  
For Twelve Months Ended December 31, 2014  
Average of Monthly Averages Basis

Report ID:  
**E-ALL-12A**

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho
1	Input	Production/Transmission Ratio	01-01-2014 thru 12-31-2014	100.000%	64.710%	35.290%
2	Input	Number of Customers - AMA Percent	01-01-2014 thru 12-31-2014	367,195 100.000%	241,041 65.644%	126,154 34.356%
3	E-OPS	Direct Distribution Operating Expense Percent	01-01-2014 thru 12-31-2014	22,867,710 100.000%	14,917,235 65.233%	7,950,475 34.767%
	Input	Jurisdictional 4-Factor Ratio	01-01-2014 thru 12-31-2014			
		Direct O & M Accts 500 - 598		20,542,699	13,023,086	7,519,613
		Direct O & M Accts 901 - 935		28,957,984	21,092,227	7,865,757
		Total		49,500,683	34,115,313	15,385,370
		Percentage		100.000%	68.919%	31.081%
		Direct Labor Accts 500 - 598		12,492,299	8,544,371	3,947,928
		Direct Labor Accts 901 - 935		5,857,039	4,662,886	1,194,153
		Total		18,349,338	13,207,257	5,142,081
		Percentage		100.000%	71.977%	28.023%
		Number of Customers		370,194	243,031	127,163
		Percentage		100.000%	65.650%	34.350%
		Net Direct Plant		953,377,268	620,232,581	333,144,687
		Percentage		100.000%	65.056%	34.944%
4		Total Percentages Percent		400.000% 100.000%	271.602% 67.900%	128.398% 32.100%

**RESULTS OF OPERATIONS**  
**ELECTRIC ALLOCATION PERCENTAGES**  
For Twelve Months Ended December 31, 2014  
Average of Monthly Averages Basis

Report ID:  
**E-ALL-12A**

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho	
			01-01-2013 thru 12-31-2013	Total	Electric	Gas North	Oregon Gas
Input		Elec/Gas North/Oregon 4-Factor		68,495,470	58,058,286	6,367,532	4,069,652
		Direct O & M Accts 500 - 894		36,950,340	26,569,475	7,224,117	3,156,748
		Direct O & M Accts 901 - 935		4,724,966	3,236,437	1,488,529	0
		Direct O & M Accts 901 - 905 Utility 9 Only		0	0	0	0
		Adjustments		0	0	0	0
		Total		110,170,776	87,864,198	15,080,178	7,226,400
		Percentage		100.000%	79.753%	13.688%	6.559%
		Direct Labor Accts 500 - 894		67,800,135	51,352,909	11,789,527	4,657,699
		Direct Labor Accts 901 - 935		5,560,307	3,408,229	269,466	1,882,612
		Direct Labor Accts 901 - 905 Utility 9 Only		10,134,217	6,671,977	3,462,240	0
		Total		83,494,659	61,433,115	15,521,233	6,540,311
		Percentage		100.000%	73.578%	18.589%	7.833%
		Number of Customers at		692,224	366,305	228,433	97,486
		Percentage		100.000%	52.917%	33.000%	14.083%
		Net Direct Plant		2,661,279,881	2,100,079,490	372,868,631	188,331,760
		Percentage		100.000%	78.912%	14.011%	7.077%
		Total Percentages		400.000%	285.160%	79.288%	35.552%
		Average (CD AA)		100.000%	71.290%	19.822%	8.888%



**RESULTS OF OPERATIONS**  
**ELECTRIC ALLOCATION PERCENTAGES**  
For Twelve Months Ended December 31, 2014  
Average of Monthly Averages Basis

Report ID:  
**E-ALL-12A**

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho	
			01-01-2013 thru 12-31-2013	Total	Electric	Gas North	Oregon Gas
Input		Gas North/Oregon 4-Factor		9,851,125	0	6,009,988	3,841,137
		Direct O & M Accts 500 - 894		10,008,419	0	6,964,929	3,043,490
		Direct O & M Accts 901 - 935		1,488,529	0	1,488,529	0
		Direct O & M Accts 901 - 905 Utility 9 Only		21,348,073	0	14,463,446	6,884,627
		Total		100.000%	0.000%	67.751%	32.249%
		Percentage					
		Direct Labor Accts 500 - 894		12,458,854	0	8,930,624	3,528,230
		Direct Labor Accts 901 - 935		1,855,548	0	232,337	1,623,211
		Direct Labor Accts 901 - 905 Utility 9 Only		3,462,240	0	3,462,240	0
		Total		17,776,642	0	12,625,201	5,151,441
		Percentage		100.000%	0.000%	71.021%	28.979%
		Number of Customers at		325,919	0	228,433	97,486
		Percentage		100.000%	0.000%	70.089%	29.911%
		Net Direct Plant		552,816,448	0	365,235,362	187,581,086
		Percentage		100.000%	0.000%	66.068%	33.932%
		Total Percentages		400.000%	0.000%	274.929%	125.071%
		Average (GD AA)		100.000%	0.000%	68.732%	31.268%

**RESULTS OF OPERATIONS**  
**ELECTRIC ALLOCATION PERCENTAGES**  
For Twelve Months Ended December 31, 2014  
Average of Monthly Averages Basis

Report ID:  
**E-ALL-12A**

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho	
		Input	01-01-2013 thru 12-31-2013	Total	Electric	Gas North	Oregon Gas
		Elec/Gas North 4-Factor					
		Direct O & M Accts 500 - 894		64,480,390	58,058,286	6,422,104	0
		Direct O & M Accts 901 - 935		33,796,280	26,569,475	7,226,805	0
		Adjustments		0	0	0	0
		Total		98,276,670	84,627,761	13,648,909	0
		Percentage		100.000%	86.112%	13.888%	0.000%
		Direct Labor Accts 500 - 894		63,088,156	51,352,909	11,735,247	0
		Direct Labor Accts 901 - 935		3,849,086	3,408,229	440,857	0
		Total		66,937,242	54,761,138	12,176,104	0
		Percentage		100.000%	81.810%	18.190%	0.000%
		Number of Customers at		594,738	366,305	228,433	0
		Percentage		100.000%	61.591%	38.409%	0.000%
		Net Direct Plant		2,443,285,624	2,078,050,262	365,235,362	0
		Percentage		100.000%	85.051%	14.949%	0.000%
		Total Percentages		400.000%	314.564%	85.436%	0.000%
9		Average (CD AN/ID/WA)		100.000%	78.641%	21.359%	0.000%
10	E-PLT	Net Electric Distribution Plant - AMA	12-01-2013 thru 12-31-2014	906,522,743	590,072,328	316,450,415	
		Percent		100.000%	65.092%	34.908%	
11		Book Depreciation	01-01-2014 thru 12-31-2014	89,196,809	57,333,059	31,863,750	
		Percent		100.000%	64.277%	35.723%	

**RESULTS OF OPERATIONS**  
**ELECTRIC ALLOCATION PERCENTAGES**  
 For Twelve Months Ended December 31, 2014  
 Average of Monthly Averages Basis

Report ID:  
**E-ALL-12A**

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho
12		Net Electric Plant (before DFIT) - AMA Percent	12-01-2013 thru 12-31-2014	2,259,451,371 100.000%	1,472,270,108 65.161%	787,181,263 34.839%
13	E-PLT	Net Electric General Plant - AMA Percent	12-01-2013 thru 12-31-2014	195,934,718 100.000%	131,402,234 67.064%	64,532,484 32.936%
14		Net Allocated Schedule M's - AMA Percent	01-01-2014 thru 12-31-2014	-243,817,961 100.000%	-156,108,204 64.027%	-87,709,757 35.973%
99	Input	Not Allocated		0.000%	0.000%	0.000%

**ATTACHMENT 5**

**REDACTED**

**STATEMENT OF WORK TO THE  
MASTER SOFTWARE LICENSE AND SERVICES AGREEMENT**

Originally Signed: June 26, 2013  
Revised and Restated: April \_\_, 2014

**REDACTED**

**REDACTED**

**REDACTED**

**REDACTED**



**REDACTED**

**REDACTED**

**T E R M S A N D C O N D I T I O N S**

**REDACTED**

**REDACTED**

**REDACTED**

REDACTED

Sunstone and Blue Cube or equivalent	Feature 2	2.1.2	11/11/2012	02/02/2014
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REDACTED

**REDACTED**



**REDACTED**

**REDACTED**

**REDACTED**

**REDACTED**