e-FILING REPORT COVER SHEET

Send completed Cover Sheet and the Report in an email addressed to:
PUC.FilingCenter@state.or.us

REPORT NAME: 2013 Annual Budget of Expenditures and Construction Budget

COMPANY NAME: Avista Corporation

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? ☐No ■Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: ☐RE (Electric) ■RG (Gas) ☐RW (Water) ☐RO (Other)

Report is required by: ■OAR 860-027-0015
☐Statute Enter statute number
☐Order Enter PUC Order No
☐Other Enter reason

Is this report associated with a specific docket/case? ■No ☐Yes

If yes, enter docket number: Enter Docket number

List applicable Key Words for this report to facilitate electronic search:
Annual budget of expenditures, Construction Budget

DO NOT electronically file with the PUC Filing Center:

- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715

Please file the above reports according to their individual instructions.

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

AVISTA Corp.

March 26, 2013

Public Utility Commission of Oregon
Administrative Regulatory Operations
550 Capitol St. N.E. Suite 215
Salem, OR 97301-2551

RE: Annual Compliance with OAR 860-027-0015

Avista Corporation d/b/a/ Avista Utilities, hereby submits for electronic filing its annual budget reports in compliance with OAR 860-027-0015.

Provided are the 2013 annual budget reports with the exception of the report "Annual salary and other compensation of officers and retires executives". Due to its confidential nature it is being mailed in an envelope marked confidential in accordance with OAR 860-001-0070.

If you have any questions regarding this report please contact me at (509) 495-4584.

Sincerely,

Paul Kimball
Regulatory Analyst
Avista Utilities

Enclosure

cc (Email):

PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL ST NE SUITE 215
P. O. Box 2148
SALEM, OR 97308-2148

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2013

GENERAL INSTRUCTIONS

1. EACH ENERGY AND LARGE TELECOMMUNICATIONS UTILITY OPERATING WITHIN THE STATE OF OREGON AND HAVING GROSS OPERATING REVENUES OF $50,000 OR MORE PER YEAR IS REQUIRED TO FILE A NEW CONSTRUCTION BUDGET ANNUALLY ON OR BEFORE DECEMBER 31st, AND REPORT INFORMATION ON NEW CONSTRUCTION, EXTENSION, AND NEW ADDITIONS TO PROPERTY OF THE PUBLIC UTILITY IN ACCORDANCE WITH OREGON ADMINISTRATIVE RULE 860-027-0015.
2. THE CONSTRUCTION BUDGET SHOULD BE RETURNED TO THE PUBLIC UTILITY COMMISSION OF OREGON, 550 Capitol ST NE, P O BOX 2148, SALEM, OR 97308-2178, NOT LATER THAN DECEMBER 31st OF THE YEAR PRECEDING THAT FOR WHICH THE BUDGET IS MADE.

FOR MAJOR PROJECTS (TOTAL PROJECT COST GREATER THAN $300,000) A NARRATIVE SUPPLYING THE FOLLOWING INFORMATION IS REQUIRED:

PROJECT NARRATIVE

1. PROJECT DESCRIPTION: INCLUDE A BRIEF TECHNICAL SPECIFICATION OF THE PROJECT, OWNERSHIP, IF JOINTLY OWNED, OPERATING DATE, STAGE OF CONSTRUCTION, AND OTHER RELEVANT INFORMATION.
2. NEED FOR THE PROJECT: PROVIDE ALL PREPARED INFORMATION DOCUMENTING THE NEED FOR THE PROJECT, INCLUDING THE SPECIFIC NEED THE PROJECT IS INTENDED TO FILL. ECONOMIC COMPARISONS WITH ALTERNATIVES ARE TO BE PROVIDED. ALL THE UNDERLYING ASSUMPTIONS OF THE ECONOMIC ANALYSES ARE TO BE SPECIFIED.
3. CONTINGENCIES: PROVIDE A LISTING OF EXISTING OR POTENTIAL FUTURE PROBLEMS WHICH MIGHT IMPACT THE FINAL COST OR SUCCESSFUL COMPLETION AND OPERATION OF THE PROJECT, SUCH AS LICENSING PROBLEMS, LABOR DIFFICULTIES, LITIGATION, ETC.
4. RECONCILIATION WITH PRIOR BUDGET: EACH SUCCESSIVE YEAR'S BUDGET CAN BE EXPECTED TO REFLECT DIFFERING ESTIMATES OF PROJECT COSTS AS THE PROJECT PROGRESSES. FOR EACH MAJOR PROJECT, PREPARE A RECONCILIATION WITH THE PRIOR BUDGET'S ESTIMATES AND PROVIDE SPECIFIC REASONS FOR THE CHANGES.

IN ADDITION, PLEASE PROVIDE COPIES OF PREPARED DOCUMENTATION OR PLANS DESCRIBING TRANSMISSION, DISTRIBUTION, AND GENERAL PLANT PROJECTS LOCATED IN OREGON EXCEEDING $100,000 IN TOTAL COST AND FOR WHICH CONSTRUCTION WILL COMMENCE IN THE BUDGET YEAR. INFORMATION SUBMITTED SHOULD CONTAIN A BRIEF PROJECT DESCRIPTION, LOCATION, AND TOTAL COST.

FULL NAME OF GAS UTILITY			
Avista Corporation			
ADDRESS: PO BOX OR STREET NUMBER	CITY	STATE	ZIP CODE
P. O. Box 3727	Spokane	WA	99202-3727
CERTIFICATION : I CERTIFY THAT THE INFORMATION REPORTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.			
SIGNATURE	TITLE		DATE
[signature]	Senior Vice President and Chief Financial Officer		March 25 2013

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (SYSTEM)	COMPANY: Avista Corporation	BUDGET YEAR: 2013

INSTRUCTIONS

1. REPORT PERCENT OWNERSHIP, SCHEDULED OPERATING DATES, AND EXPENDITURES REQUIRED TO COMPLETE PROJECT FOR MAJOR PRODUCTION, TRANSMISSION, AND GENERAL PLANT PROJECTS.
2. MAJOR PROJECTS ARE DEFINED AS THOSE PROJECTS HAVING A TOTAL ESTIMATED COST TO COMPLETION EXCEEDING $300,000.
3. UNDER DISTRIBUTION, REPORT SPECIFIC LINE ITEM EXPENDITURES FOR THE BUDGET YEAR ONLY. ALL EXPENDITURES FOR DISTRIBUTION FOLLOWING THE BUDGET YEAR SHOULD BE AGGREGATED FOR THE YEAR AND ONLY TOTAL DISTRIBUTION EXPENDITURES REPORTED FOR THE PERIOD.
4. NON-MAJOR PROJECT EXPENDITURES WITHIN EACH CATEGORY SHOULD BE AGGREGATED AND ONLY THE TOTALS REPORTED.
5. REPORT ALL EXPENDITURES IN THOUSANDS OF DOLLARS.

DESCRIPTION (Total Utility GAS and ELECTRIC)	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO/YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC) PRIOR TO B.Y.	2013 B.Y.	2014 B.Y. + 1	2015 B.Y. + 2	2016 B.Y. + 3	2017 B.Y. + 4	REQUIRED TO COMPLETE	TOTAL
MAJOR PRODUCTION & STORAGE PROJECTS:										
NON-MAJOR PRODUCTION & STORAGE PROJECTS										
TOTAL PRODUCTION & STORAGE PROJECTS				50,451	68,081	54,840	46,121	38,670		$258,162
MAJOR TRANSMISSION PROJECTS:										
NON-MAJOR TRANSMISSION PROJECTS										
TOTAL TRANSMISSION PROJECTS				26,133	22,587	28,307	26,921	21,657		$125,605
DISTRIBUTION (SEE INSTRUCTION 3):										
MAINS										
MEASURING & REG. STA.EQUIPMENT										
COMPRESSOR STATION EQUIPMENT										
SERVICES										
METERS AND REGULATORS										
METER INSTALLATIONS										
OTHER (LAND, EQUIPMENT, STRUCTURES)										
TOTAL DISTRIBUTION				111,384	104,309	109,299	128,700	133,038		$586,730
MAJOR GENERAL PLANT PROJECTS:										
NON-MAJOR GENERAL PLANT PROJECTS										
TOTAL GENERAL PLANT PROJECTS				78,426	61,519	42,534	50,365	52,650		$285,495
TOTAL NEW CONSTRUCTION BUDGET				$266,395	$256,496	$234,980	$252,106	$246,015		$1,255,992

SCHEDULE C: GAS UTILITY NEW CONSTRUCTION BUDGET (OREGON)	COMPANY Avista Corporation	BUDGET YEAR: 2013

INSTRUCTIONS

1. REPORT PERCENT OWNERSHIP, SCHEDULED OPERATING DATES, AND EXPENDITURES REQUIRED TO COMPLETE PROJECT FOR MAJOR PRODUCTION, TRANSMISSION, AND GENERAL PLANT PROJECTS.
2. MAJOR PROJECTS ARE DEFINED AS THOSE PROJECTS HAVING A TOTAL ESTIMATED COST TO COMPLETION EXCEEDING $300,000.
3. UNDER DISTRIBUTION, REPORT SPECIFIC LINE ITEM EXPENDITURES FOR THE BUDGET YEAR ONLY. ALL EXPENDITURES FOR DISTRIBUTION FOLLOWING THE BUDGET YEAR SHOULD BE AGGREGATED FOR THE YEAR AND ONLY TOTAL DISTRIBUTION EXPENDITURES REPORTED FOR THE PERIOD.
4. NON-MAJOR PROJECT EXPENDITURES WITHIN EACH CATEGORY SHOULD BE AGGREGATED AND ONLY THE TOTALS REPORTED.
5. REPORT ALL EXPENDITURES IN THOUSANDS OF DOLLARS.

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO/YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC) PRIOR TO B.Y.	2013 B.Y.	2014 B.Y. + 1	2015 B.Y. + 2	2016 B.Y. + 3	2017 B.Y. + 4	REQUIRED TO COMPLETE	TOTAL
MAJOR PRODUCTION & STORAGE PROJECTS:										
NON-MAJOR PRODUCTION & STORAGE PROJECTS				97	97	97	97	97		
TOTAL PRODUCTION & STORAGE PROJECTS				97	97	97	97	97		$483
MAJOR TRANSMISSION PROJECTS:										
NON-MAJOR TRANSMISSION PROJECTS										
TOTAL TRANSMISSION PROJECTS										
DISTRIBUTION (SEE INSTRUCTION 3):										
MAINS				3,707						
MEASURING & REG. STA. EQUIPMENT										
COMPRESSOR STATION EQUIPMENT										
SERVICES				3,405						
METERS AND REGULATORS				770						
METER INSTALLATIONS										
OTHER (LAND, EQUIPMENT, STRUCTURES)										
TOTAL DISTRIBUTION				7,882	8,676	9,525	10,146	9,489		$45,719
MAJOR PLANT PROJECTS:										
NON-MAJOR PLANT PROJECTS				97	97	97	97			
TOTAL PLANT PROJECTS				97	97	97	97			$386
TOTAL NEW CONSTRUCTION BUDGET				$8,075	$8,869	$9,718	$10,339	$9,586		$46,587

PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL ST NE SUITE 215
P. O. BOX 2148
SALEM, OR 97308-2148

BUDGET OF EXPENDITURES REPORT FOR THE YEAR 2013

GENERAL INSTRUCTIONS

1. A BUDGET OF EXPENDITURES REPORT MUST BE SUBMITTED BY ALL UTILITIES OPERATING WITHIN THE STATE OF OREGON IN ACCORDANCE WITH OREGON REVISED STATUTE 757.105 AND 759.100.
2. THE BUDGET OF EXPENDITURES REPORT SHOULD BE FILLED OUT IN DUPLICATE AND ONE COPY RETURNED TO THE PUBLIC UTILITY COMMISSION OF OREGON, PO BOX 2148, SALEM, OR 97308-2148, BY NOVEMBER 1st OF THE YEAR PRECEDING THAT FOR WHICH THE REPORT IS MADE.
3. EACH SECTION SHOULD BE COMPLETED FULLY AND ACCURATELY. WHERE THE WORDS "NONE" OR "NOT APPLICABLE" TRULY AND COMPLETELY STATE THE FACT, THEY SHOULD BE GIVEN AS THE ANSWER.
4. ANY ADDITIONAL STATEMENTS OR EXPLANATORY REMARKS SHOULD BE TYPEWRITTEN ON 81/2" X 11" WHITE PAPER OF A QUALITY COMPARABLE TO THIS FORM AND SECURELY ATTACHED TO THE INNER MARGIN. ATTACHMENT BY PAPER CLIPS IS NOT SUFFICIENT.
5. EXPENDITURES SHOULD BE REFERENCED BY THE APPLICABLE ACCOUNT NUMBER OF THE UNIFORM SYSTEM OF ACCOUNTS, ADOPTED BY THE COMMISSION, AND TO WHICH THE UTILITY IS SUBJECT.
6. ALL ENTRIES SHOULD BE TYPEWRITTEN OR MADE WITH PERMANENT INK.
7. REPORT ALL AMOUNTS IN WHOLE DOLLARS ONLY, OMIT CENTS.

FULL NAME OF UTILITY

Avista Corporation

ADDRESS OF PRINCIPAL OFFICE	CITY	STATE	ZIP CODE
East 1411 Mission Avenue	Spokane	WA	99202

ADDRESS OF PRINCIPAL OFFICE IN OREGON (IF OTHER THAN ABOVE)	CITY	STATE	ZIP CODE
580 Business Park Drive	Medford	OR	97504

STATE OF INCORPORATION	DATE OF INCORPORATION	TYPE OF ORG. IF NOT INCORPOR.	DATE ORGANIZED
Washington	March 15, 1889	N/A	N/A

STATE THE CLASSES OF UTILITY AND OTHER SERVICES FURNISHED BY THE UTILITY IN EACH STATE IN WHICH THE UTILITY OPERATES

Washington	Electric	Natural Gas
Idaho	Electric	Natural Gas
Oregon		Natural Gas

DIRECTORS AT DATE OF BUDGET

NAME OF DIRECTOR	CITY AND STATE OF RESIDENCE	LENGTH OF TERM	TERM EXPIRES
Erik J. Anderson	Kirkland, WA	1 Year	2013
Kristianne Blake	Spokane, WA	1 Year	2013
Donald C. Burke	Langhorne, PA	1 Year	2013
Rick R. Holley	Bellevue, WA	1 Year	2013
John F. Kelly	Coral Gables, FL	1 Year	2013
Rebecca A. Klein	San Antonio, TX	1 Year	2013
Scott L. Morris	Spokane, WA	1 Year	2013
Michael L. Noel	Prescott, AZ	1 Year	2013
Marc F. Racicot	Bigfork, MT	1 Year	2013
Heidi B. Stanley	Spokane, WA	1 Year	2013
R. John Taylor	Lewiston, ID	1 Year	2013

CONFIDENTIAL

Annual Salary and Other Compensation of Officers and Retired Executives

Next 5 Pages

INSTRUCTIONS: LIST ALL DONATIONS AND MEMBERSHIP EXPENDITURES PROPOSED TO BE MADE BY THE UTILITY DURING THE COMING YEAR ANI THE ACCOUNTS TO BE CHARGED. GIVE THE NAME OF EACH ORGANIZATION TO WHOM A PAYMENT IS TO BE MADE EXCEPT THAT ITEMS LES! $1000 MAY BE CONSOLIDATED BY CATEGORY STATING THE NUMBER OF ORGANIZATION INCLUDED. GROUP EXPENDITURES UNDER HEADINC

1 CONTRIBUTIONS TO AND MEMBERSHIPS IN CHARITABLE ORGANIZATIONS
2 ORGANIZATIONS OF THE UTILITY INDUSTRY
3 TECHNICAL AND PROFESSIONAL ORGANIZATIONS
4 COMMERCIAL AND TRADE ORGANIZATIONS
5 ALL OTHER ORGANIZATIONS AND KINDS OF DONATIONS AND CONTRIBUTIONS

LIST BY TYPE AND GROUP BY THE ACCOUNTS CHARGED. REPORT WHOLE DOLLARS ONLY. PROVIDE A TOTAL FOR EACH GROUP.

NAME OF ORGANIZATION, CITY AND STATE		ACCOUNT NUMBER	TOTAL AMOUNT	AMOUNT ASSIGNED TO OREGON
2012 Estimated Donations				
Charitable Organizations				
Organizations (38) less than $1000 ea		426	15,169	15,169
	Subtotal		15,169	15,169
Other Donations/Contributions				
ASHLAND CHAMBER OF COMMERCE		426	1,000	1,000
SOREDI			6,000	6,000
THE CHAMBER OF MEDFORD / JACKSON COUNTY			5,655	5,655
OREGON ECONOMIC DEVELOPMENT ASSOC			1,000	1,000
ASHLAND INDEPENDENT FILM FESTIVAL			1,000	1,000
CRATERIAN PERFORMANCES			2,500	2,500
ROSS RAGLAND THEATER			1,000	1,000
RURAL DEVELOPMENT INITIATIVES INC			1,000	1,000
COMMUNITY HEALTH CENTER			1,000	1,000
CONSUMER CREDIT COUNSELING SERVICE			1,500	1,500
LIVING OPPORTUNITIES			2,000	2,000
CITY OF SUTHERLIN			1,000	1,000
JACKSONVILLE CHAMBER OF COMMERCE			1,000	1,000
OREGON BUSINESS DEVELOPMENT DEPT			2,500	2,500
SUSTAINABLE VALLEY			1,400	1,400
UMPQUA SYMPHONY ASSOCIATION			1,000	1,000
UNION COUNTY EXTENSION			2,282	2,282
Organizations (45) less than $1000 ea			15,638	15,638
	Subtotal		48,475	48,475
	TOTAL		**63,644**	**63,644**
2012 Estimated Dues				
Utility Organizations:				
Western Energy Institute		930	30,000	2,476
	Subtotal		30,000	2,476
Technical/Professional Organizations:				
Northwest Gas Assn.		930	46,500	3,838
American Gas Assn			181,000	14,938
	Subtotal		227,500	18,776
Other Organizations:				
SOREDI		426	2,000	2,000
THE PARTNERSHIP			2,500	2,500
OREGON ECONOMIC DEVELOPMENT ASSOC			5,000	5,000
DOUGLAS COUNTY FAIRGROUNDS			1,000	1,000
Organizations (25) less than $1000 each		426	8,021	8,021
Organizations (11) less than $1000 each		930	3,180	3,180
	Subtotal		21,701	21,701
	TOTAL		**279,201**	**42,953**

INSTRUCTIONS: LIST ALL PROPOSED PAYMENTS TO PERSONS OR TO TRUSTS TO PROVIDE PENSIONS FOR EMPLOYEES AND OFFICERS. SHOW ALL ADMINISTRATIVE AND ACTUARIAL COSTS FOR FORMAL PENSION PLAN. GIVE A BRIEF DESCRIPTION OF THE PLAN AND SHOW CHARGES FOR CURRENT SERVICE COSTS, PAST SERVICE COSTS, AND FUTURE SERVICE COSTS. REPORT WHOLE DOLLARS ONLY.

PENSION FUND PAYMENTS MADE TO	ACCOUNT NUMBER	TOTAL AMOUNT	AMOUNT ASSIGNED TO OREGON
2013 Pension, Pension Administration and Actuarial Costs:			
An audited copy of the Trustee's Financial Statements for the Plan Year ended 12/31/11 is attached. Contributions to the plan for 2013 have not yet been determined. All administrative and actuarial costs will be paid directly from the pension fund. The detail of administrative and actuarial costs for 2013 are not yet available.			

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2011 AND 2010

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Compensation and Organization Committee
The Retirement Plan for Employees of Avista Corporation
Spokane, Washington

We were engaged to audit the accompanying statements of net assets available for benefits (modified cash basis) of The Retirement Plan for Employees of Avista Corporation (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits (modified cash basis) for the years then ended and the supplemental schedule of H, line 4i – schedule of assets (held at end of year) and supplemental schedule H, line 4j – schedule of reportable transactions as of and for the year ended December 31, 2011. These financial statements and supplemental schedules are the responsibility of the Plan's management.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedules were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of The Retirement Plan for Employees of Avista Corporation as of December 31, 2011 and 2010, and the changes in its financial status for the years then ended on the basis of accounting described in Note 2.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) and schedule of reportable transactions are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Spokane, Washington
October 8, 2012

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
INVESTMENTS (at Fair Value)		
Cash Equivalents and Temporary Investments	$ 7,550,000	$ 780,813
Mutual Funds	254,523,625	274,017,152
Partnership Interests	9,085,383	9,499,616
Collective Trust	48,916,873	13,747,673
Closely Held Investments	8,408,153	8,622,108
NET ASSETS AVAILABLE FOR BENEFITS	$ 328,484,034	$ 306,667,362

See accompanying Notes to Financial Statements.

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(MODIFIED CASH BASIS)
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO:		
INVESTMENT INCOME		
Interest and Dividends	$ 11,039,539	$ 6,162,076
Net Appreciation in Fair Value of Investments	4,532,575	23,851,117
Total Investment Income	15,572,114	30,013,193
EMPLOYER CONTRIBUTIONS	26,000,000	21,000,000
BENEFIT PAYMENTS PAID TO PARTICIPANTS	(19,267,177)	(16,865,927)
ADMINISTRATIVE FEES	(488,265)	(331,876)
NET INCREASE	21,816,672	33,815,390
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	306,667,362	272,851,972
End of Year	$ 328,484,034	$ 306,667,362

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF PLAN

The following description of The Retirement Plan for Employees of Avista Corporation (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined benefit plan established by Avista Corporation (the Company) for the benefit of the employees of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and all statutory revisions thereto. The Plan was originally effective March 1, 1948, and has most recently been amended effective May 14, 2011. Employees become participants in the Plan after completing one year of continuous service in which at least 1,000 hours of service are credited. The Plan excludes leased employees, nonresident aliens, and employees covered by a collective bargaining agreement.

Pension Benefits

The Plan provides for normal annual retirement benefits equal to 1.5 percent or 1.2 percent of the Member's Final Average Earnings (as defined) multiplied by the participant's years of Benefit Service (as defined). Earnings taken into consideration in the calculation of benefits are limited to amounts allowed by federal statute. Early retirement options, subject to Plan provisions, are available as early as age 55. Benefits are paid under several options specified in the Plan. Employees become fully vested after attaining five years of service with the Company.

Effective January 1, 2006, the annual retirement benefits formula changed to 1.2 percent of the Member's Final Average Earnings (as defined) for nonbargained newly-hired employees and rehired employees. Also, included in this change are the newly-hired and rehired employees of Local 659. Effective January 1, 2011, Local 77 agreed to this formula for newly-hired and rehired employees.

Death and Disability Benefits

The Plan provides a death benefit if a member has completed at least five years of vesting service and if there is an eligible spouse or eligible child (children). A disability (as defined) retirement benefit is available to a member who has five or more years of vesting service and becomes disabled.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting records of the Plan are maintained on a modified cash basis wherein certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2011 and 2010.

During 2010, FASB released ASU 2010-06 *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. This guidance changes the requirements to reflect Level 3 changes (purchases, sales, issuances, and settlements) from a net basis to require separate disclosure for each type and is effective for fiscal years ending after December 15, 2011. This guidance does not require the change to be retrospectively applied to prior periods presented. The Plan adopted this guidance effective for the Plan year ending December 31, 2011.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Following is a description of the valuation methodologies used for assets measured at fair value.

Investment securities, mutual funds, and cash equivalents – The market-related value of 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).

Collective trust funds – Investments in 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.

Closely held investments and partnership interests – 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.

Real estate investments – The market-related value of Plan assets invested in real estate was determined by the investment manager based on three basic approaches:

- Current cost of reproducing a property less deterioration and functional economic obsolescence,
- Capitalization of the property's net earnings power, and
- Value indicated by recent sales of comparable properties in the market.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Administrative Costs

Certain administrative functions are performed by officers or employees of the Company (benefit plan administrative committee) appointed by the Company's board of directors (compensation and organization committee). No such officer or employee receives compensation from the Plan. Substantially all administrative expenses (consisting of actuarial, audit, and trust administration fees) are ordinarily borne by the Plan.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 8, 2012, the date the financial statements were available to be issued.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated Plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated Plan benefits include benefits expected to be paid to:

a) retired or terminated employees or their beneficiaries
b) present employees or their beneficiaries.

Benefits payable under all circumstances – retirement, death, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date (Note 7).

NOTE 3 FUNDING POLICY

The Company's funding policy is to contribute at least the minimum amounts that are required to be funded under ERISA, but not more than the maximum amounts that are currently deductible for income tax purposes. Under the projected unit credit cost method, which was used to value all benefits (including ancillary benefits), the Plan's benefit obligations to participants for past services are computed on a present value basis using actual service as of the valuation date and projected future compensation. All contributions to the Plan, which are made by the Company only, are determined based on recommendations by an independent actuary. The Company contributions for the years ended December 31, 2011 and 2010, met the minimum funding requirements of ERISA.

NOTE 4 FAIR VALUE OF INVESTMENTS

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2011			
	Level 1	Level 2	Level 3	Total
Cash Equivalents and Temporary Investments	$ -	$ 7,550,000	$ -	$ 7,550,000
Mutual Funds:				
Fixed Income Securities	76,845,997	-	-	76,845,997
U.S. Equity Securities	102,790,240	-	-	102,790,240
International Equity Securities	52,240,676	-	-	52,240,676
Absolute Return (1)	16,120,569	-	-	16,120,569
Commodities (2)	6,526,143	-	-	6,526,143
Total Mutual Funds	254,523,625	-	-	254,523,625
Partnership Interests:				
Absolute Return (1)	-	-	8,178,726	8,178,726
Private Equity (3)	-	-	906,657	906,657
Total Partnership Interests	-	-	9,085,383	9,085,383
Collective Trusts:				
U.S. Equity Securities	-	12,669,399	-	12,669,399
Real Estate	-	-	8,473,697	8,473,697
Fixed Income Securities	-	27,773,777	-	27,773,777
Total Collective Trusts	-	40,443,176	8,473,697	48,916,873
Closely Held Investments:				
Absolute Return (1)	-	-	8,408,153	8,408,153
Total Investments at Fair Value	$ 254,523,625	$ 47,993,176	$ 25,967,233	$ 328,484,034

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

	2010			
	Level 1	Level 2	Level 3	Total
Cash Equivalents and Temporary Investments	$ 780,813	$ -	$ -	$ 780,813
Mutual Funds:				
Fixed Income Securities	96,026,424	-	-	96,026,424
U.S. Equity Securities	104,231,679	-	-	104,231,679
International Equity Securities	53,963,793	-	-	53,963,793
Absolute Return [1]	12,662,292	-	-	12,662,292
Commodities [2]	7,132,964	-	-	7,132,964
Total Mutual Funds	274,017,152	-	-	274,017,152
Partnership Interests:				
Absolute Return [1]	-	-	8,304,212	8,304,212
Private Equity [3]	-	-	1,195,404	1,195,404
Total Partnership Interests	-	-	9,499,616	9,499,616
Collective Trusts:				
U.S. Equity Securities	-	13,652,736	-	13,652,736
Absolute Return [1]	-	-	94,937	94,937
Total Collective Trusts	-	13,652,736	94,937	13,747,673
Closely Held Investments:				
Absolute Return [1]	-	-	8,622,108	8,622,108
Total Investments at Fair Value	$274,797,965	$ 13,652,736	$ 18,216,661	$306,667,362

(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) The fund primarily invests in derivatives linked to commodity indices to gain exposure to the commodity markets. The fund manager fully collateralizes these positions with debt securities.

(3) This category includes several private equity funds that invest primarily in U.S. companies.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following tables set forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31:

	2011			
	Partnership Interests	Collective Trusts	Closely Held Investments	Total
Balance - Beginning of Year	$ 9,499,616	$ 94,937	$ 8,622,108	$ 18,216,661
Realized Gains	-	1,583	-	1,583
Unrealized Gains (Losses) Relating to Instruments Still Held at the Reporting Date	(366,186)	682,109	(213,955)	101,968
Purchases	-	7,815,876	-	7,815,876
Sales	(48,047)	(120,808)	-	(168,855)
Balance - End of Year	$ 9,085,383	$ 8,473,697	$ 8,408,153	$ 25,967,233

	2010			
	Partnership Interests	Collective Trusts	Closely Held Investments	Total
Balance - Beginning of Year	$ 9,131,117	$ 6,827,617	$ 8,107,386	$ 24,066,120
Realized Gains	54,707	469,190	-	523,897
Unrealized Gains (Losses) Relating to Instruments Still Held at the Reporting Date	450,360	(455,363)	514,722	509,719
Purchases, Issuances, and Settlement, Net	(136,568)	(6,746,507)	-	(6,883,075)
Balance - End of Year	$ 9,499,616	$ 94,937	$ 8,622,108	$ 18,216,661

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following tables set forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31:

	2011			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Partnership Interests:				
Euclid Partners SR LTD Partnership	$ 826,410	$ -	N/A	N/A
BPIF Non-Taxable LP	8,178,726	-	Semi-annual	95 days
Ticonderoga Partners III, Ltd. (Concord)	59,052	-	N/A	N/A
Ticonderoga e-Services Fund I, LP	21,195	-	N/A	N/A
Collective Trusts:				
GSTCO Strategic Value Fund	12,669,399	-	N/A	N/A
JPMCB Strategic Property Fund	8,473,697	-	Quarterly	45 days
Prudential US Long Duration Corp. Bond	27,773,777	-	N/A	N/A
Closely Held Investments:				
Aetos Capital Growth Portfolio LLC	8,408,153	-	Quarterly	60 days

	2010			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Partnership Interests:				
Euclid Partners SR LTD Partnership	$ 1,098,485	$ -	N/A	N/A
BPIF Non-Taxable LP	8,304,212	-	Semi-annual	95 days
Ticonderoga Partners III, Ltd. (Concord)	73,339	-	N/A	N/A
Ticonderoga e-Services Fund I, LP	23,580	-	N/A	N/A
Collective Trusts:				
GSTCO Strategic Value Fund	13,652,736	-	None	N/A
Russell Diversified Alternatives Fund	94,937	-	Quarterly	65 days
Closely Held Investments:				
Aetos Capital Growth Portfolio LLC	8,622,108	-	Quarterly	60 days

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Partnership Interests

Absolute Return:

BPIF Non-Taxable LP uses nontraditional investment strategies focusing on market inefficiencies and valuation discrepancies. The fair value is determined based upon quoted market prices for marketable securities and estimated fair value for nonmarketable securities. Generally, a limited partner may, on each June 30 and December 31, request a withdrawal of all or part of its capital account, with a minimum of 95 days notice. Gates may be put in place if a certain percentage of assets are being requested for redemption by investors.

Private Equity:

The partnerships in this investment category typically invest in nonmarketable fixed income and equity securities. The general partners determine the fair value of the investments based upon the sales price of recent transactions in similar securities, restrictions on transfer, recent trading volume, the current financial position of the issuer, significant recent events affecting the issuer, and any other factors affecting value.

Collective Trusts

U.S. Equity Securities:

The GSTCO Strategic Value Fund seeks long-term growth of capital. The Fund is managed by Goldman Sachs Asset Management and uses a forward-looking investment approach that focuses on quality, well-positioned businesses selling at compelling valuations. Portfolio managers utilize a strong valuation discipline to purchase well-positioned, cash-generating businesses run by shareholder-oriented management teams. The investment's fair value is determined based on the quoted market values of the underlying assets.

Fixed Income Securities:

Prudential US Long Duration Corporate Bond Fund invests in marketable fixed income securities. The investment's fair value is determined based on quoted market prices of the underlying assets, quoted prices for similar securities, interest rates, pre-payment, credit risk, etc.

Real Estate:

JPMCB Strategic Property Fund invests in office, retail, residential, and industrial real estate. The 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. Loans are reflected at fair value.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Closely Held Investments:

Absolute Return:

The closely held investment included in the table above is the Aetos Capital Growth Portfolio, LLC (the Portfolio). The Portfolio is designed to provide U.S. and offshore investors a consistent absolute return with lower volatility versus traditional markets. The Portfolio incorporates a fundamentally based investment process with a disciplined approach to strategy allocation, manager selection, and portfolio monitoring. The fair value is determined based upon quoted market prices for marketable securities and estimated fair value for nonmarketable securities. The Portfolio allows for quarterly redemption with a minimum of 60 days written notice. Up to 10 percent of the Plan's assets could be held until the Portfolio's yearly audit is complete. The Portfolio may suspend redemptions at any time.

NOTE 5 INVESTMENTS

The Plan's investments are held in bank-administered trust funds and managed by investment management firms. The finance committee of the Company's board of directors has established a formal investment policy that includes selecting professional investment advisors to manage investments, diversifying the investment portfolio between domestic and foreign investments and fixed-income and equity securities, and utilizing both short-term and long-term investments to help realize a consistent return.

The following presents investments that represent 5 percent or more of the Plan's net assets as of December 31:

	2011		2010	
	Cost	Current Value	Cost	Current Value
Mutual Funds:				
PIMCO Long-Term Credit	$62,871,034	$60,789,930	$90,086,808	$82,276,379
Vanguard Institutional Index Fund	48,005,815	50,742,169	44,671,262	47,676,754
AQR International Equity Fund LP	25,459,008	19,686,883	23,298,749	20,747,499
Vanguard Developed Markets Index Fund	18,337,507	19,604,761	15,087,844	19,733,768
PIMCO All Asset Fund	16,502,518	16,120,569	-	-
PIMCO Extended Duration Fund	13,724,184	16,056,067	16,791,930	13,750,045
Collective Trust:				
Prudential US Long-Term Corp Bond	25,192,006	27,773,777	-	-

NOTE 5 INVESTMENTS (CONTINUED)

During 2011 and 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) as follows:

	2011	2010
Mutual Funds	$ 2,078,515	$20,213,911
Partnership Interests	(462,237)	505,068
Collective Trust Funds	3,130,252	2,617,416
Closely Held Investments	(213,955)	514,722
Total Appreciation	$ 4,532,575	$23,851,117

NOTE 6 PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

1. Annuity benefits former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.

2. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. governmental agency) up to the applicable limitations (discussed subsequently).

3. All other vested benefits (that is, vested benefits not insured by the PBGC).

4. All nonvested benefits.

NOTE 6 PLAN TERMINATION (CONTINUED)

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability, and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees. For Plan terminations occurring during 2011 and 2010, that ceiling which is adjusted periodically, was $4,653 and $4,500, respectively, per month. That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or Plan termination, whichever comes later. For younger annuitants, or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial level of benefits guaranteed by the PBGC.

NOTE 7 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

An independent actuary, Towers Watson, determines the actuarial present value of accumulated Plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The following is a summary of actuarial present value of accumulated Plan benefits as of December 31:

	2011	2010
Actuarial Present Value of Accumulated Plan Benefits:		
Vested Benefits:		
Participants Currently Receiving Payments	$ 162,684,552	$ 143,736,778
Other Participants	105,848,690	102,550,503
Total Vested Benefits	268,533,242	246,287,281
Nonvested Benefits	66,533,301	57,532,991
Total Actuarial Present Value of Accumulated Plan Benefits	$ 335,066,543	$ 303,820,272

NOTE 7 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)

The changes in the actuarial present value of accumulated Plan benefits are summarized as follows for the years ended December 31:

	2011	2010
Actuarial Present Value of Accumulated Plan Benefits - Beginning of Year	$ 303,820,272	$ 274,556,531
Increase (Decrease) During the Year Attributable to:		
Change in Actuarial Assumptions	17,040,427	12,304,061
Actuary Losses	463,852	2,790,814
Benefits Accumulated	10,151,540	9,661,454
Change in Discount Period	22,521,029	21,373,339
Benefits Paid	(19,267,177)	(16,865,927)
Plan Amendments	336,600	-
Actuarial Present Value of Accumulated Plan Benefits - End of Year	$ 335,066,543	$ 303,820,272

Significant assumptions underlying the actuarial computations relating to accumulated Plan benefits as of December 31, 2011 and 2010, are as follows:

Discount Rate:	2011:	6.95%
	2010:	7.40%
Salary Increase:	2011:	4.87% weighted average
	2010:	4.87% weighted average

Mortality Basis: Static tables with separate mortality rates for annuitants and nonannuitants required under the Pension Protection Act of 2006.

Termination Rates: Rates at various ages:

Attained Age	Rate
Less than 25	4.0%
25-29	3.5%
30-34	3.0%
35-39	2.0%
40-44	1.5%
45-49	1.0%
50-54	1.0%
55-59	0.5%
60-64	0.5%
65 and over	- %

NOTE 7 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)

Retirement Rates:

Age	Rate
55	10%
56-57	5%
58-60	10%
61	25%
62	30%
63	25%
64	40%
65	100%

Disability Rates: Rates of disability incidence are based on experience from 1976 to 1980 under group long-term disability insurance plans as reported under the transactions of the Society of Actuaries.

Spouse Benefit: It is assumed 85% of all male participants and 70% of all female participants are married. Wives are assumed to be three years younger than husbands.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.

NOTE 8 PLAN TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated July 26, 2002, that the Plan and related trust are designed in accordance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been restated since receiving the determination letter and has applied for a new determination letter, but has not received a response as of the report date. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 9 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated Plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

The Plan pays certain third-party service providers' fees related to administrative activities of the Plan. These fees are considered party-in-interest transactions.

NOTE 11 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 as of December 31:

	2011	2010
Net Assets Available for Benefits Per the Financial Statements	$ 328,484,034	$ 306,667,362
Employer Contributions Receivable	44,000,000	26,000,000
Net Assets Available for Benefits Per Form 5500	$ 372,484,034	$ 332,667,362

The following is a reconciliation of net increase per the financial statements to Form 5500 for the year ended December 31:

Net Increase Per the Financial Statements	$ 21,816,672
Prior Year Contributions Receivable	(26,000,000)
Current Year Contributions Receivable	44,000,000
Net Increase Per Form 5500	$ 39,816,672

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
E.I.N. 91-04262470 PLAN NO. 001
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2011

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost	(e) Current Value
		Cash Equivalents		
	Highmark	Cash and Temporary Investments	$ 7,550,000	$ 7,550,000
		Mutual Funds		
	AQR Funds	AQR International Equity Fund LP	25,459,008	19,686,883
	Credit Suisse	Credit Suisse Commodity-Return Strategy Fund	7,588,436	6,526,143
	Dodge & Cox	Dodge & Cox Stock Fund	12,319,672	12,991,191
	Lazard	Lazard Emerging Markets	13,575,624	12,949,033
	PIMCO	PIMCO All Asset	16,502,518	16,120,569
	PIMCO	PIMCO Extended Duration Fund	13,724,184	16,056,067
	PIMCO	PIMCO Long-Term Credit	62,871,034	60,789,930
	T. Rowe Price	T. Rowe Price Institutional Large Cap Growth Fund	11,004,725	12,990,031
	Vanguard	Vanguard Developed Markets Index Fund	18,337,507	19,604,761
	Vanguard	Vanguard Institutional Index Fund	48,005,815	50,742,169
	Vanguard	Vanguard Russell 1000 Growth Index Fund	12,695,158	13,023,703
	Vanguard	Vanguard Small Cap Index	11,673,869	13,043,145
		Total Mutual Funds	253,757,550	254,523,625
		Partnership Interests		
	Private Equity Partnership	Euclid Partners SR LTD Partnership	1,144,175	826,410
	Private Equity Partnership	BPIF Non-Taxable LP	8,000,000	8,178,726
	Private Equity Partnership	Ticonderoga Partners III, Ltd. (Concord)	315,849	59,052
	Private Equity Partnership	Ticonderoga e-Services Fund I, LP	624,327	21,195
		Total Partnership Interests	10,084,351	9,085,383
		Collective Trusts		
	Goldman Sachs	GSTCO Strategic Value Fund	11,966,587	12,669,399
	JP Morgan	JPMCB Strategic Property Fund	7,791,447	8,473,697
	Prudential	Prudential US Long Duration Corp Bond	25,192,006	27,773,777
		Total Collective Trusts	44,950,040	48,916,873
		Closely Held Investments		
	Aetos Alternatives Management LLC	Aetos Capital Growth Portfolio LLC	7,650,000	8,408,153
	Total		$323,991,941	$328,484,034

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
E.I.N. 91-04262470 PLAN NO. 001
SCHEDULE H, LINE 4j – SCHEDULE OF REPORTABLE TRANSACTIONS
YEAR ENDED DECEMBER 31, 2011

(a) Identity of Party Involved	(b) Description of Assets	(c) Purchase Price	(d) Selling Price	(g) Cost	(h) Current Value	(i) Net Gain (Loss)
Category (i) - Single Transaction in Excess of 5% of Plan Assets						
Highmark Diversified MMKT Fund	1 purchase	$ 22,671,152	$ -	$ -	$ 22,671,152	$ -
Highmark Diversified MMKT Fund	1 sale	-	22,500,000	22,500,000	22,500,000	-
Highmark Diversified MMKT Fund	1 purchase	16,998,000	-	-	16,998,000	-
Category (iii) - A Series of Transactions in Excess of 5% of Plan Assets						
Highmark Diversified MMKT Fund	67 purchases	$ 99,824,631	$ -	$ -	$ 99,824,631	$ -
Highmark Diversified MMKT Fund	67 sales	-	92,274,632	92,274,632	92,274,632	-
PIMCO Long-Term Credit Institutional Class	32 sales	-	33,216,804	32,119,984	33,216,804	1,096,820
PIMCO Long-Term Credit Institutional Class	14 purchases	7,821,064	-	-	7,821,064	-
Prudential US Long Duration Corp Bonds	3 purchases	24,500,000	-	-	24,500,000	-
Prudential US Long Duration Corp Bonds	3 sales	-	30,381	28,813	30,381	1,568
Vanguard Institutional Index Fund	7 purchases	15,008,224	-	-	15,008,224	-
Vanguard Institutional Index Fund	29 sales	-	12,495,058	12,329,123	12,495,058	165,935

Columns (e) and (f) are omitted as they are not applicable.

POLITICAL ADVERTISING

INSTRUCTIONS: LIST ALL PROPOSED PAYMENTS FOR ADVERTISING THE PURPOSE OF WHICH IS TO AID OR DEFEAT ANY MEASURE BEFORE THE PEOPLE OR TO PROMOTE OR PREVENT THE ENACTMENT OF ANY NATIONAL, STATE, DISTRICT OR MUNICIPAL LEGISLATION. GIVE THE SPECIFIC PURPOSE OF SUCH ADVERTISING, WHEN AND WHERE TO BE PLACED, AND THE ACCOUNT OR ACCOUNTS TO BE CHARGED. REPORT WHOLE DOLLARS ONLY.

NONE

POLITICAL CONTRIBUTIONS

INSTRUCTIONS: LIST ALL PROPOSED PAYMENTS OR CONTRIBUTIONS TO PERSONS AND ORGANIZATIONS FOR THE PURPOSE OF AIDING OR DEFEATING ANY MEASURE BEFORE THE PEOPLE OR TO PROMOTE OR PREVENT THE ENACTMENT OF ANY NATIONAL, STATE, DISTRICT, OR MUNICIPAL LEGISLATION. THE PURPOSE OF ALL CONTRIBUTIONS OR PAYMENTS SHOULD BE CLEARLY EXPLAINED. REPORT WHOLE DOLLARS ONLY.

$383,000	(OR's PORTION $57,000)	CONTRACT LOBBYIST FEES AND EXPENSES
$139,000	(OR's PORTION $20,000)	POLITICAL CONTRIBUTIONS

EXPENDITURES AND MAJOR CONTRACTS FOR THE PURCHASE OR SALE OF EQUIPMENT

INSTRUCTIONS: LIST ALL PROPOSED EXPENDITURES AND MAJOR CONTRACTS FOR THE PURCHASE OR SALE OF EQUIPMENT. GIVE THE NAME AND ADDRESS OF THE PERSON OR ORGANIZATION WITH WHOM IT IS PROPOSED TO HAVE SUCH DEALINGS AND THE ACCOUNT OR ACCOUNTS CHARGED. DESCRIBE FULLY THE EQUIPMENT TO BE PURCHASED OR SOLD. DO NOT REPORT ESTIMATES OF ROUTINE CONSTRUCTION PROJECT. LIMIT THE REPORT TO MAJOR CONTRACTS AND EXPENDITURES. REPORT WHOLE DOLLARS ONLY.

NAME AND ADDRESS OF PERSON OR ORGANIZATION, DESCRIPTION OF EQUIPMENT	ACCOUNT NUMBER	TOTAL AMOUNT	AMOUNT ASSIGNED TO OREGON
None.			

INSTRUCTIONS: REPORT ALL PROPOSED EXPENDITURES TO ANY PERSON OR ORGANIZATION HAVING AN AFFILIATED INTEREST FOR SERVICE, ADVICE, AUDITING, ASSOCIATING, SPONSORING, ENGINEERING, MANAGING, OPERATING, FINANCIAL, LEGAL OR OTHER SERVICES. SEE OREGON REVISED STATUTES 757.015 AND 759.010 FOR DEFINITION OF "AFFILIATED INTEREST." GIVE REFERENCE IF SUCH PROPOSED EXPENDITURES HAVE IN THE PAST BEEN APPROVED BY THE COMMISSION. DESCRIBE THE SERVICES TO BE RECEIVED AND THE ACCOUNT OR ACCOUNTS TO BE CHARGED. REPORT WHOLE DOLLARS ONLY.

NAME AND ADDRESS OF PERSON OR ORGANIZATION, DESCRIPTION OF SERVICES	ACCOUNT NUMBER	TOTAL AMOUNT	AMOUNT ASSIGNED TO OREGON
None.			

THE FOREGOING REPORT MUST BE CERTIFIED BY THE CHIEF ACCOUNTING OFFICER AND BY THE PRESIDENT OR OTHER CHIEF OFFICER OF THE REPORTING COMPANY.

WE CERTIFY THAT THIS BUDGET OF EXPENDITURES REPORT HAS BEEN PREPARED UNDER OUR DIRECTION; THAT WE HAVE CAREFULLY EXAMINED THE REPORT AND DECLARE IT TO BE A COMPLETE AND CORRECT ESTIMATE OF COMPANY EXPENDITURES FOR THE COMING YEAR, TO THE BEST OF OUR KNOWLEDGE, INFORMATION, AND BELIEF.

SIGNATURE OF PRESIDENT OR OTHER CHIEF OFFICER Dennis P. Vermillion	DATE 3/22/13
SIGNATURE OF SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER Mark T. Thies	DATE March 25, 2013