e-FILING REPORT COVER SHEET

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

REPORT NAME: 2017 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 860-027-0005 and 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: RG 42

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 31, 2017

Public Utility Commission of Oregon
Administrative Regulatory Operations
201 High Street SE
Suite 100
Salem, OR 97301

RE: Annual Compliance with OAR 860-027-0005 and 860-027-0015

Avista Corporation d/b/a/ Avista Utilities, hereby submits for electronic filing its annual budget reports in compliance with OAR 860-027-0005 and 860-027-0015.

Provided are the 2017 annual budget reports with the exception of the report "Annual salary and other compensation of officers and retired 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
PO BOX 1088, SALEM, OR 97308-1088
PUC.FilingCenter@state.or.us

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2017

GENERAL INSTRUCTIONS

1. Each energy 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 March 31st and report information on new construction, extensions, and new additions to property of the utility in accordance with Oregon Administrative Rule 860-027-0015.

2. The New Construction Budget report should be completed and filed with the Public Utility Commission of Oregon Filing Center. Complete the e-Filing Report Cover Sheet found at http://www.puc.state.or.us/eFiling/eReports/efiling_report_cover_sheet_FM050.pdf. Email both the report and cover sheet to PUC.FilingCenter@state.or.us no later than March 31st.

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: Attach 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 attach 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 budgeted cost.

FULL NAME OF GAS UTILITY			
Avista Corporation			
ADDRESS: PO BOX OR STREET NUMBER	CITY	STATE	ZIP CODE
PO 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]	SR VP & Chief Financial Officer	3-30-17

Schedule B: Gas Utility New Construction Budget (System)	COMPANY: Avista Corporation	BUDGET YEAR: 2017

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.	B.Y. 2017	B.Y. + 1 2018	B.Y. + 2 2019	B.Y. + 3 2020	B.Y. + 4 2021	REQUIRED TO COMPLETE	TOTAL
Major Production and Storage Projects:										
Non-Major Production and Storage Projects										
Total Production and Storage Projects				77,371	63,065	57,806	67,201	66,697		332,140
Major Transmission Projects:										
Non-Major Transmission Projects										
Total Transmission Projects				42,641	53,793	60,435	54,241	63,213		274,324
Distribution (See Instruction 3):										
Mains										
Measuring & Reg. Sta. Equipment										
Compressor Station Equipment										
Services										
Meters and Regulators										
Meter Installations										
Other (Land, Equipment, Structures)										
Total Distribution				190,657	202,206	193,020	186,773	198,457		971,113
Major General Plant Projects:										
Non-Major General Plant Projects										
Total General Plant Projects				94,330	85,936	93,739	96,785	76,633		447,423
Total New Construction Budget				405,000	405,000	405,000	405,000	405,000		2,025,000

Schedule C: Gas Utility New Construction Budget (Oregon)	COMPANY: Avista Corporation	BUDGET YEAR: 2017

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.	B.Y. 2017	B.Y. + 1 2018	B.Y. + 2 2019	B.Y. + 3 2020	B.Y. + 4 2021	REQUIRED TO COMPLETE	TOTAL
Major Production and Storage Projects:										
Non-Major Production and Storage Projects				157	151	143	143	143		737
Total Production and Storage Projects				157	151	143	143	143		737
Major Transmission Projects:										
Non-Major Transmission Projects										
Total Transmission Projects				0	0	0	0	0		0
Distribution (See Instruction 3):										
Mains				27,166						
Measuring & Reg. Sta. Equipment										
Compressor Station Equipment										
Services				2,243						
Meters and Regulators				6,412						
Meter Installations										
Other (Land, Equipment, Structures)										
Total Distribution				35,824	28,195	28,630	29,045	29,551		151,245
Major General Plant Projects:										
Non-Major General Plant Projects										
Total General Plant Projects				0	0	0	0	0		0
Total New Construction Budget				35,981	28,346	28,773	29,188	29,694		151,982

Avista Utilities Oregon Large Project Summary – 2017 Capital Plan

*Please note that all of the below major projects are included in the 'Mains' figures on page 3.

ER 3209 – Pierce Rd La Grande HP Reinforcement (formerly Elgin Line HP Reinforcement)

Project Description: Install 16,800' of 6" stl gas main to reinforce the supply line to Elgin, OR. This last phase will connect the existing 6" main at Gekeler Rd and Pierce Rd to the 4" main on Hwy 82. Additionally, this project will add reliability to the area by providing two sources to the supply system in La Grande and Elgin.

Need for the Project: Currently, the Elgin line is fed from the 12th St regulator station. This station also feeds the entire town of La Grande, and this line is tapped in numerous places before it ends in Elgin. The proposed reinforcement would provide improved pressure East of Island City, providing a stronger feed for this line and the ability to reliably serve firm gas customers on design day conditions (defined as the coldest day on record). A detailed Gas Planning study has determined that gas service cannot be maintained to firm customers on a design day.

Budget Year	2017	2018	2019	2020	2021
($000)	3,490				

ER 3000 – Reinforcement Program
Jacksonville 6" PE Reinforcement, Ph. 1, Medford

Project Description: TBD, route options are still being analyzed.

Need for the Project: The existing distribution system supplying gas to the town of Jacksonville is shown through planning models to be capacity constrained and cannot fully meet the demands of firm gas customers on a design day (coldest temperature on record). This project is ranked as a high priority reinforcement on the list of required reinforcements that is managed by Gas Planning and Gas Engineering. A detailed Gas Planning study has determined that gas service cannot be maintained to firm customers on a design day. No project number has been generated at this time.

Budget Year	2017	2018	2019	2020	2021
($000)	300				

ER 3000 – Reinforcement Program
Project: Myrtle Creek 6" Intermediate Pressure Reinforcement Phase 2

Project Description: Install approximately 4,000' of 6" plastic main to replace existing 4" steel and plastic main and reinforce the intermediate pressure (IP) trunk mainline serving the Myrtle Creek intermediate pressure system. This reinforcement will include multiple mainline tie-ins, service tie-overs and replacements. This is Phase 2 of a 3 Phase project. Phase 1 was completed in 2016.

Avista Utilities Oregon Large Project Summary – 2017 Capital Plan

This project is estimated to have a budget of approximately $400K which is expected to transfer to plant by the end of 2017. Scope and budget are not finalized yet for 2017 as work continues with the contractor to determine the costs for this phase of work. No project number has been generated at this time.

Need for the Project: The existing Myrtle Creek distribution system is shown through planning models to be capacity constrained and cannot fully meet the demands of firm gas customers on a design day (coldest temperature on record). This project is ranked as a high priority reinforcement on the list of required reinforcements that is managed by Gas Planning and Gas Engineering. A detailed Gas Planning study has determined that gas service cannot be maintained to firm customers on a design day.

Budget Year	2017	2018	2019	2020	2021
($000)	400				

ER 3057 – HP Remediation Program
Project # 98405273, S. Medford 12" HP Install

Project Description: Construct approximately 6,500' of new 12" steel high pressure gas main to replace existing 6" and 10" steel parallel gas mains along the S. Stage Road corridor in Medford, OR. This is part of the Medford transmission elimination and remediation project.

Need for the Project: The existing 10" high pressure gas mainline in South Medford has material characteristics that do not allow for operation of this system at the current system Maximum Allowable Operating Pressure of 470 PSIG without being classified as transmission by the Federal Code definition. In addition, the material records for the existing parallel 6" segment of existing main are not verifiable and complete by code and records cannot prove the grade of these materials. With the increased risk, regulation compliance requirements and costs associated with operation of transmission facilities Avista plans to remediate these facilities and improve existing material and test records for our high pressure system as well as maintain the ability to operate this portion of the system at the current Maximum Allowable Operating Pressure of 470 PSIG without being classified as transmission.

Budget Year	2017	2018	2019	2020	2021
($000)	1,255				

ER 3057 – HP Remediation Program
Project # 98405286, S. Stage Rd Canals 8" HP crossings

Project Description: Replace approximately 300' of existing 10" steel high pressure high pressure gas main at two canal locations along S. Stage Road in Medford, OR. This is part of the Medford high pressure transmission elimination and remediation project.

Avista Utilities Oregon Large Project Summary – 2017 Capital Plan

Need for the Project: The existing 10" high pressure gas mainline at the two canal crossings have material characteristics that do not allow for operation of this system at the proposed system Maximum Allowable Operating Pressure without being classified as transmission by the Federal Code definition. With the increased risk, regulation compliance requirements and costs associated with operation of transmission facilities Avista plans to remediate these facilities and improve existing material and test records for our high pressure system as well as maintain the ability to operate this portion of the system at the proposed Maximum Allowable Operating Pressure without being classified as transmission.

Budget Year	2017	2018	2019	2020	2021
($000)	370				

ER 3057 – HP Remediation Program
Project # 98705091, Ponderosa JHS 8" HP Relocate

Project Description: Replace and relocate approximately 4,200' of 8-inch steel high pressure mainline in private easement and along Highway 39 in Klamath Falls, OR.

Need for the Project: The existing 8-inch steel mainline is routed in close proximity and adjacent to a Junior High School and crosses an area with visible ground subsidence. The purpose of this project is to re-route these facilities in a location with less risk of geologic activity and that is further away from the high occupancy Junior High School facility. Failure to relocate this main at this time subjects the Junior High School to unacceptable risk if the pipe were to fail due to the land movement.

Budget Year	2017	2018	2019	2020	2021
($000)	900				

PUBLIC UTILITY COMMISSION OF OREGON
PO BOX 1088, SALEM, OR 97308-1088
PUC.FilingCenter@state.or.us

BUDGET OF EXPENDITURES REPORT FOR THE YEAR 2017

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.
2. The Budget of Expenditures Report should be completed and filed with the Public Utility Commission of Oregon Filing Center. Complete the e-Filing Report Cover Sheet found at: http://www.puc.state.or.us/eFiling/eReports/efiling_report_cover_sheet_FM050.pdf. Email both the report and cover sheet to PUC.FilingCenter@state.or.us no later than March 31st.
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 included in the email as an attachment in Microsoft Word document format or text-searchable PDF.
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
		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 ORGANIZATION IF NOT INCORPORATED		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	2017
Kristianne Blake	Spokane, WA	1 Year	2017
Donald C. Burke	Langhorne, PA	1 Year	2017
John F. Kelly*	Winter Park, FL	1 Year	2017
Rebecca A. Klein	Austin, TX	1 Year	2017
Scott H. Maw	Seattle, WA	1 Year	2017
Scott L. Morris	Spokane, WA	1 Year	2017
Marc F. Racicot	Bigfork, MT	1 Year	2017
Heidi B. Stanley	Spokane, WA	1 Year	2017
R. John Taylor	Lewiston, ID	1 Year	2017
Janet D. Widmann	Lafayette, CA		

*John Kelly will be retiring at the May 11, 2017 Annual Meeting

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 and the accounts to be charged. Give the name of each organization to whom a payment is to be made except that items less than $1000 may be consolidated by category stating the number of organizations included. Group expenditures under headings such as:

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 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
2017 Estimated Donations				
Charitable Organizations				
CASA OF JACKSON COUNTY INC		426	1,000	1,000
LIVING OPPORTUNITIES			1,000	1,000
PROVIDENCE COMMUNITY HEALTH FOUNDATION			1,800	1,800
TREVA HOFFMAN FOUNDATION			1,000	1,000
CITY OF GRANTS PASS			1,000	1,000
OREGON INSTITUTE OF TECHNOLOGY			1,000	1,000
ROGUE COMMUNITY HEALTH			1,000	1,000
Organizations (20) less than $1000 ea		426	8,225	8,225
	Subtotal		16,025	16,025
Other Donations/Contributions				
ASHLAND CHAMBER OF COMMERCE		426	1,000	1,000
THE CHAMBER OF MEDFORD / JACKSON COUNTY			3,770	3,770
ASHLAND INDEPENDENT FILM FESTIVAL			1,000	1,000
CRATERIAN PERFORMANCES			2,500	2,500
ROSS RAGLAND THEATER			1,000	1,000
BOARDMAN CHAMBER OF COMMERCE			1,100	1,100
GRANTS PASS ACTIVE CLUB			1,000	1,000
UNION COUNTY EXTENSION			3,575	3,575
KCEDA			1,000	1,000
BUTTE CREEK MILL FOUNDATION			1,000	1,000
MEDFORD ROGUES BASEBALL CLUB			1,800	1,800
TALENT HARVEST FESTIVAL			1,000	1,000
TOWN OF BONANZA			1,000	1,000
Organizations (36) less than $1000 ea		426	16,945	16,945
	Subtotal		37,690	37,690
	TOTAL		**53,715**	**53,715**
2017 Estimated Dues				
Utility Organizations:				
Western Energy Institute		930	30,000	2,768
	Subtotal		30,000	2,768
Technical/Professional Organizations:				
Northwest Gas Assn.		930	60,306	5,564
American Gas Assn			210,879	19,458
	Subtotal		271,185	25,022
Other Organizations:				
SOREDI		426	2,500	2,500
THE PARTNERSHIP			2,500	2,500
OREGON ECONOMIC DEVELOPMENT ASSOC			5,000	5,000
KCEDA			2,500	2,500
KCEDA		930	2,500	2,500
Organizations (15) less than $1000 each		426	3,990	3,990
Organizations (1) less than $1000 each		874	215	215
Organizations (1) less than $1000 each		879	115	115
Organizations (4) less than $1000 each		880	1,459	1,459
Organizations (1) less than $1000 each		921	348	348
Organizations (8) less than $1000 each		930	3,573	1,757
	Subtotal		24,699	22,884
	TOTAL		**325,884**	**50,674**

EXPENDITURES FOR PENSIONS OR A TRUST TO PROVIDE PENSIONS

INSTRUCTIONS: List all proposed payments to persons or 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
2017 Pension, Pension Administration and Actuarial Costs: An audited copy of the Trustee's Financial Statements for the Plan Year ended 12/31/15 is attached. Contributions to the plan for 2017 have not yet been determined. All administrative and actuarial costs will be paid directly from the pension fund. The details of administrative and actuarial costs for 2017 are not yet available.			

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 who 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.

2017 Budgeted Contract Lobbyist Fees/Expenses

- $479,500 (Oregon's Portion $57,000)

2017 Budgeted Political Contributions

- $225,000 (Oregon's Portion $20,000)

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 projects. 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			

EXPENDITURES TO ANY PERSON OR ORGANIZATION HAVING AN AFFILIATED INTEREST FOR SERVICES, ETC.

INSTRUCTIONS: Report all proposed expenditures to any person or organization having an affiliated interest for service. Advice, auditing, association, 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			

CERTIFICATION

The foregoing report must be certified by an Officer of the reporting company.

I certify that this Budget of Expenditures Report has been prepared under my direction, that I 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 my knowledge, information, and belief.

SIGNATURE OF OFFICER	DATE
	3-30-17
NAME OF OFFICER	DATE
Mark T. Thies	3-30-17

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEARS ENDED DECEMBER 31, 2015 AND 2014

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Retirement Plan for Employees of Avista Corporation (the Plan), which comprise the statements of net assets available for benefits (modified cash basis) as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits (modified cash basis) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2015 and 2014, and the changes in financial status for the years then ended, in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements were prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified in respect to this matter.

Report on Supplementary Information

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) as of December 31, 2015 and schedule of reportable transactions for the year then ended 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 11, 2016

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(MODIFIED CASH BASIS)
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
INVESTMENTS (at Fair Value)		
Cash Equivalents and Temporary Investments	$ 1,261,271	$ 324,875
Bonds	288,503,555	153,309,186
Mutual Funds	151,125,810	319,610,641
Partnerships / Closely Held Interests	59,457,884	53,570,867
Collective Trust	13,565,112	11,886,199
NET ASSETS AVAILABLE FOR BENEFITS	$ 513,913,632	$ 538,701,768

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, 2015 AND 2014

	2015	2014
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO:		
INVESTMENT INCOME (LOSS)		
Interest and Dividends	$ 17,104,862	$ 13,470,631
Net Appreciation (Depreciation) in Fair Value of Investments	(23,550,257)	43,194,540
Total Investment Income (Loss)	(6,445,395)	56,665,171
COMPANY CONTRIBUTIONS	12,000,000	32,000,000
BENEFITS PAID TO PARTICIPANTS	(29,771,538)	(30,165,079)
ADMINISTRATIVE FEES	(571,203)	(541,011)
NET INCREASE (DECREASE)	(24,788,136)	57,959,081
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	538,701,768	480,742,687
End of Year	$ 513,913,632	$ 538,701,768

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 April 1, 2014. 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.

Effective January 1, 2014, the Plan was amended to exclude non-collectively bargained employees hired on or after that date. As of same date, the Plan was also amended to modify the lump sum distribution calculations and clarify eligible compensation and crediting methods. Effective April 1, 2014, the Plan was amended to exclude certain collectively bargained employees.

Effective January 1, 2016, the Plan was restated with no material changes.

The Plan is administered by the Company's Benefit Plan Administrative Committee (BPAC). The Committee has overall responsibility for the operation and administration of the Plan. The Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Company's board of directors (compensation and organization committee).

Pension Benefits

The Plan provides for normal annual retirement benefits equal to 1.5% or 1.2% 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% of the Member's Final Average Earnings (as defined) for non-bargained 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.

As a pension plan subject to Internal Revenue Code Section 412, participants receive their accrued vested benefits in the form of a lump sum payment, Life Annuity, or a Qualified Joint and Survivor Annuity depending on traditional or cash balance participant. Under the terms of the Plan, a Qualified Joint and Survivor Annuity is a joint and 50% survivor annuity.

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Pension Benefits (Continued)

As defined by the Plan, participants become fully vested in the Plan upon their normal retirement date or early retirement date. Normal retirement date is defined as the later date on which a participant attains age 65 or the fifth anniversary of their employment. A participant's early retirement date is the first day of the month on which the participant ceases to be an employee and has attained age 55 and completed 15 years of vesting service.

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.

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, 2015 and 2014, met the minimum funding requirements of ERISA.

Although it has not expressed an 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 provisions set form in ERISA.

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.

Change in Accounting Principle

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU is effective for public business entities for fiscal years beginning after December 15, 2015, and all other entities for fiscal years beginning after December 15, 2016, with early adoption permitted. The ASU is retrospectively applied. The Plan has elected to early adopt the ASU.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*. Parts I and III are not applicable to the Plan. Part II eliminates the requirements to disclose individual investments that represent 5% or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured at fair value. Plans will continue to disaggregate investments that are measured at fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics, and risks. Further, the disclosure of information about fair value measurements should be provided by general type of plan asset. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Part II is to be retrospectively applied. The Plan has elected to early adopt Part II.

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

Investments are reported 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. See Note 4 for discussion of fair value measurements.

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 (depreciation) includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Certain administrative functions are performed by officers or employees of the Company (BPAC) 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform with the 2015 presentation. These reclassifications do not affect net assets available for benefits as previously reported.

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 11, 2016, the date the financial statements were available to be issued.

NOTE 3 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) beneficiaries of employees who have died, and
c) present employees or their beneficiaries.

Benefits under the Plan are accumulated based on the employees' highest five consecutive complete credited years of compensation out of the last ten latest years prior to the normal retirement date. The accumulated plan benefits for active employees are based on their highest five consecutive complete credited years of compensation ending on the date as of which the benefit information is presented (the valuation date). 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. Benefits to be provided through annuity contracts are excluded from plan assets and are also excluded from accumulated plan benefits. The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that 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.

NOTE 3 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)

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

	2015	2014
Actuarial Present Value of Accumulated		
Plan Benefits:		
Vested Benefits:		
Participants Currently Receiving Payments	$ 249,939,470	$ 243,969,282
Other Participants	185,460,543	182,957,095
Total Vested Benefits	435,400,013	426,926,377
Nonvested Benefits	40,796,345	39,317,428
Total Actuarial Present Value of		
Accumulated Plan Benefits	$ 476,196,358	$ 466,243,805

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

	2015	2014
Actuarial Present Value of Accumulated		
Plan Benefits - Beginning of Year	$ 466,242,805	$ 382,413,465
Increase (Decrease) During the Year Attributable to:		
Change in Actuarial Assumptions	(5,498,005)	72,297,431
Actuary (Gains) Losses	4,977,828	3,858,407
Benefits Accumulated	15,500,752	12,705,058
Change in Discount Period	24,743,516	25,082,375
Benefits Paid	(29,771,538)	(30,165,079)
Plan Amendments	-	52,148
Actuarial Present Value of Accumulated		
Plan Benefits - End of Year	$ 476,195,358	$ 466,243,805

Significant assumptions underlying the actuarial computations relating to accumulated plan benefits as of December 31, 2015 and 2014 are as follows:

Discount Rate:	2015	5.40%
	2014	5.30%
Salary Increase:	2015	4.55% weighted average
	2014	4.93% weighted average
Mortality Basis:	2015 & 2014	2014 IRS-prescribed static Annuitant and Non-Annuitant tables for males and females.

NOTE 4 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (CONTINUED)

Termination Rates: Rates at various ages:

Attained Age	Rate
Less than 25	13.0%
25-29	3.5
30-34	3.5
35-39	1.5
40-44	3
45-49	1.5
50-54	1.5
55-59	3
60-64	6
65 and Over	-

Retirement Rates:

Age	Rate
55	7%
56	5
57	8
58-60	11
61	18
62	30
63	25
64	20
65	40
66	50
67-68	25
69	75
70	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 eligible male participants and 70% of eligible 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 4 FAIR VALUE OF INVESTMENTS

The framework for measuring fair value 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 other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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.

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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2015 and 2014.

Cash equivalents and temporary investments: Investments in cash and cash equivalents are valued based on cost, which approximates fair value in a non-inflationary economy.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective trust: A collective fund that is composed primarily of real estate investments is valued at the net asset value (NAV) of units of the bank collective trust. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported NAV. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Closely held investments and partnership interests: Investments in these investments are valued based on the net asset value per unit (or its equivalent) based upon the fair value of the underlying investments. NAV is used as a practical expedient to estimate fair value.

Real estate investments: Included in the “Collective trust funds” and “Closely held investments and partnership interests” categories above are various real estate holdings. The market-related value of Plan assets invested in real estate was determined by the investment manager based on three basic approaches:

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

Government, Agency, and Corporate Obligations: Valued using methodologies that utilize actual market transactions, broker-dealer supplied valuations, or other formula-driven valuation techniques. These techniques generally consider such factors as yields or prices of bonds of comparable quality, type of issue, coupon, maturity, ratings, and general market conditions.

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

	2015			
	Level 1	Level 2	Level 3	Total
Cash Equivalents and Temporary Investments	$ -	$ 1,261,271	$ -	$ 1,261,271
Bonds	-	288,503,555	-	288,503,555
Mutual Funds	142,016,765	9,109,045	-	151,125,810
Total Investments in the Fair Value Hierarchy	$ 142,016,765	$ 298,873,871	$ -	440,890,636
Investments Measured at Net Asset Value				73,022,996
Total Investments at Fair Value				$ 513,913,632

	2014			
	Level 1	Level 2	Level 3	Total
Cash Equivalents and Temporary Investments	$ -	$ 324,875	$ -	$ 324,875
Bonds	143,786,404	9,522,782	-	153,309,186
Mutual Funds	316,789,622	2,821,020	-	319,610,642
Total Investments in the Fair Value Hierarchy	$ 460,576,026	$ 12,668,677	$ -	473,244,703
Investments Measured at Net Asset Value				65,457,065
Total Investments at Fair Value				$ 538,701,768

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 NAV (or its equivalent) as of December 31:

	2015			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Partnership / Closely Held Interests:				
Euclid Partners SR LTD Partnership	$ 73,386	$ -	Semi-annual	95 days
BPIF Non-Taxable LP	10,426,633	-	Semi-annual	90 days
Oaktree RE Opp Fund VI LP	9,941,511	-	Monthly	75 days
AQR Delta XN Offshore LP	17,647,877	-	Quarterly	60 Days
Aetos Capital Growth Port	10,362,172	-	Quarterly	90 Days
UBS Trumbull Property Fund	11,006,305	-	Quarterly	60 Days
Collective Trusts:				
JPMCB Strategic Property Fund	13,565,112	-	Quarterly	45 Days

	2014			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Partnership / Closely Held Interests:				
Euclid Partners SR LTD Partnership	$ 73,386	$ -	Semi-annual	95 days
BPIF Non-Taxable LP	10,110,286	-	Semi-annual	90 days
Oaktree RE Opp Fund VI LP	7,137,355	-	Monthly	75 days
AQR Delta XN Offshore LP	16,050,684		Quarterly	60 Days
Aetos Capital Growth Port	10,338,114	-	Quarterly	90 Days
UBS Trumbull Property Fund	9,861,042	-	Quarterly	60 Days
Collective Trusts:				
JPMCB Strategic Property Fund	11,886,199	-	Quarterly	45 Days

Partnership Interests/Closely Held Investments

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.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Partnership Interests/Closely Held Investments (Continued)

Absolute Return (Continued)

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% of the Plan's assets could be held until the Portfolio's yearly audit is complete. The Portfolio may suspend redemptions at any time.

The AQR Delta SN Offshore Fund, L.P.'s stated investment objective is to seek to efficiently capture a diversified set of classic hedge fund strategies and deliver them to investors in a transparent and liquid vehicle with little or no correlation to traditional assets classes. Using a bottom-up, clearly defined investment process, the Fund seeks to provide exposure to more than sixty "hedge fund risk premiums" across nine broad strategy groups with a dynamic and disciplined investment process that aims to provide risk-balanced exposure to the underlying strategies. The result is a high risk-adjusted expected return stream with low correlation to traditional asset classes. The Fund also for redemptions on the 15th of every month and with 75 calendar days notice may make a full withdrawal from the Fund.

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.

Real Estate

The primary objective of the Oaktree Real Estate Opportunities Fund VI, L.P. is to achieve superior risk-adjusted returns without subjecting principal to undue risk of loss primarily through investments in real estate and real estate-related debt, companies, securities and other assets on a global basis, with an emphasis on investment sin the United States.

UBS Trumbull 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 5 PLAN TERMINATION

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.

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.

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 6 PLAN TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated October 22, 2012, that the Plan and related trust are designed in accordance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. 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 is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 7 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 8 PARTY-IN-INTEREST TRANSACTIONS

The Plan pays certain investment managers' fees and custodial fees, which are netted against investment income. These fees are considered party-in-interest transactions.

NOTE 9 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:

	2015	2014
Net Assets Available for Benefits per the Financial Statements	$ 513,913,632	$ 538,701,768
Company Contributions Receivable	12,000,000	12,000,000
Net Assets Available for Benefits per Form 5500	$ 525,913,632	$ 550,701,768

The following is a reconciliation of net increase (decrease) in net assets available for benefits per the financial statements to net increase (decrease) per Form 5500 for the years ended December 31:

	2015	2014
Net Increase (Decrease) per the Financial Statements	$ (24,788,136)	$ 57,959,081
Prior Year Contributions Receivable	(12,000,000)	(32,000,000)
Current Year Contributions Receivable	12,000,000	12,000,000
Net Increase (Decrease) per Form 5500	$ (24,788,136)	$ 37,959,081

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, 2015

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost	(e) Current Value
		Cash		
		Cash	$ 86,091	$ 86,091
		Collateral Cash Held	1,175,180	1,175,180
			1,261,271	1,261,271
		Mutual Funds		
	AQR Funds	AQR International Equity Fund LP	21,640,148	20,216,328
	Dodge & Cox	Dodge & Cox Stock Fund	4,757,980	7,448,506
	T. Rowe Price	T. Rowe Price Institutional Large Cap Growth Fund	4,293,469	7,916,314
	Vanguard	Vanguard Developed Markets Index Fund	17,128,913	20,126,503
	Vanguard	Vanguard Institutional Index Fund	45,299,977	67,405,101
	Vanguard	Vanguard Small Cap Index	3,056,284	4,907,910
	First Amer	First American Prime Obligation FdCl	9,109,045	9,109,045
	PIMCO	PIMCO All Asset	16,393,932	13,996,103
		Total Mutual Funds	121,679,748	151,125,810
		Bonds		
	US Government Issues	See Attached Schedule	49,944,052	47,496,896
	Corporate Issues	See Attached Schedule	203,241,046	188,724,972
	Foreign Issues	See Attached Schedule	37,244,331	34,100,974
	Municipal Issues	See Attached Schedule	19,287,946	18,180,713
			309,717,375	288,503,555
		Partnership / Closely Held Interests		
	Aetos Alternatives Management LLC	Aetos Capital Growth Portfolio LLC	7,703,725	10,362,172
	Private Equity Partnership	Euclid Partners SR LTD Partnership	858,983	73,386
	Private Equity Partnership	BPIF Non-Taxable LP	8,000,000	10,426,633
	Private Equity Partnership	Oaktree RE Opportunities Fund VI LP	8,000,000	9,941,511
	Private Equity Partnership	AQR Delta XN Offshore LP	14,000,000	17,647,877
	UBS	UBS Trumbull Property Fund	9,578,664	11,006,305
		Total Partnership Interests	48,141,372	59,457,884
		Collective Trusts		
	JP Morgan	JPMCB Strategic Property Fund		
		Total Collective Trusts	8,425,976	13,565,112
			$ 489,225,742	$ 513,913,632

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, 2015

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(g) Cost	(h) Current Value	(i) Net Gain (Loss)
Category (i) - A Single Transaction Exceeds 5% of Plan Assets						
Daily Income Mmkt Port Fid	1 purchase	$ 156,540,533	$ -	$ 156,540,533	$ 156,540,533	$ -
Daily Income Mmkt Port Fid	1 sale	-	156,000,000	156,000,000	156,000,000	-
Daily Income Mmkt Port Fid	1 sale	-	28,644,467	28,644,467	28,644,467	-
Daily Income Mmkt Port Fid	1 purchase	158,000,000	-	158,000,000	158,000,000	-
Daily Income Mmkt Port Fid	1 sale	-	35,145,126	35,145,126	35,145,126	-
Pimco Long Term Credit Inst	1 sale	-	112,438,074	107,499,162	112,438,074	4,938,912
Vanguard Lt Gov Bond Idx Ins	1 sale	-	27,151,605	22,467,895	27,151,605	4,683,710
Category (ii) - A Series of Transactions with Same Broker Exceeds 5% of Value						
Barclays Capital Inc.	28 sales, 49 purchases	$ 32,540,116	$ 32,355,820	$ 32,540,116	$ 32,355,820	$ (184,296)
Bkns Ny/Rates Desk	5 sales, 5 purchases	29,051,920	28,182,681	29,051,920	28,182,681	(869,239)
Citigroup Global Markets, Inc	46 sales, 63 purchases	31,868,032	31,540,367	31,868,032	31,540,367	(327,665)
Goldman, Sachs & Co.	28 sales, 72 purchases	38,619,960	38,190,500	38,619,960	38,190,500	(429,460)
J.P. Morgan Securities, LLC	38 sales, 103 purchases	59,723,438	58,817,433	59,723,438	58,817,433	(906,005)
Jefferies, LLC	20 sales, 15 purchases	59,903,872	60,068,025	59,903,872	60,068,025	164,153
Mlpfs Inc/Fixed Income	39 sales, 72 purchases	41,975,917	41,820,140	41,975,917	41,820,140	(155,777)
Morgan Stanley	120 sales, 163 purchases	50,947,119	50,020,336	50,947,119	50,020,336	(926,783)
Scotia Capital (USA) Inc.	2 sales, 8 purchases	49,289,442	49,938,219	49,289,442	49,938,219	648,777
Wells Fargo Securities, LLC	25 sales, 54 purchases	29,222,773	29,386,522	29,222,773	29,386,522	163,749

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
E.I.N. 91-04262470 PLAN NO. 001
SCHEDULE H, LINE 4j—SCHEDULE OF REPORTABLE TRANSACTIONS (CONTINUED)
YEAR ENDED DECEMBER 31, 2015

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(g) Cost	(h) Current Value	(i) Net Gain (Loss)
Category (iii) - A Series of Transactions in Excess of 5% of Plan Assets						
Daily Income Mmkt Port Fid	180 purchases	$ 360,760,720	$ -	$ -	$ 360,760,720	$ -
Daily Income Mmkt Port Fid	201 sales	-	363,760,720	363,760,720	363,760,720	-
First Amer Prime Oblig Fd Cl	253 purchases	73,046,420	-	-	73,046,420	-
First Amer Prime Oblig Fd Cl	227 sales	-	63,937,379	63,937,379	63,937,379	-
Pimco Long Term Credit Inst	0 purchases	-	-	-	-	-
Pimco Long Term Credit Inst	3 sales	-	112,615,407	107,683,550	112,615,407	4,931,857
US Treasury Bd 3.125% 8/15/44	15 purchases	10,575,243	-	-	10,575,243	-
US Treasury Bd 3.125% 8/15/44	13 sales	-	27,358,895	26,269,343	27,358,895	1,089,552
US Treasury Nt 3.000% 11/15/44	30 purchases	39,768,513	-	-	39,768,513	-
US Treasury Nt 3.000% 11/15/44	25 sales	-	32,585,095	33,839,026	32,585,095	(1,253,931)
US Treasury Nt 2.500% 2/15/45	29 purchases	-	-	-	-	-
US Treasury Nt 2.500% 2/15/45	23 sales	-	24,705,721	24,317,581	24,705,721	388,140
US Treasury Nt 3.000% 5/15/45	44 purchases	31,720,588	-	-	31,720,588	-
US Treasury Nt 3.000% 5/15/45	25 sales	-	30,908,649	31,720,586	30,908,649	(811,937)
US Treasury Nt 2.875% 8/15/45	22 purchases	26,863,259	-	-	26,863,259	-
US Treasury Nt 2.875% 8/15/45	5 sales	-	1,216,025	1,202,726	1,216,025	13,299
Vanguard Lt Gvt Bond idx Ins	0 purchases	-	-	-	-	-
Vanguard Lt Gvt Bond idx Ins	1 sale	-	27,151,605	22,467,895	27,151,605	4,683,710

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

There were no category (iv) transactions during the year ended December 31, 2015.

CONFIDENTIAL

US Bank Statement January 1, 2015 to December 31, 2015