

e-FILING REPORT COVER SHEET

REPORT NAME: Annual Affiliated Interest Report

COMPANY NAME: Avista Corp, dba Avista Utilities

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed 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 Pursuant to OAR 860-27-0100
 Statute
 Order
 Other

Is this report associated with a specific docket/case? No Yes
If Yes, enter docket number:

Key words: Affiliated Interest

If known, please select the PUC Section to which the report should be directed:

- Corporate Analysis and Water Regulation
- Economic and Policy Analysis
- Electric and Natural Gas Revenue Requirements
- Electric Rates and Planning
- Natural Gas Rates and Planning
- Utility Safety, Reliability & Security
- Administrative Hearings Division
- Consumer Services Section

PLEASE NOTE: Do NOT use this form or e-filing with the PUC Filing Center for:

- 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.

STATE OF OREGON

AFFILIATED INTEREST REPORT

OF

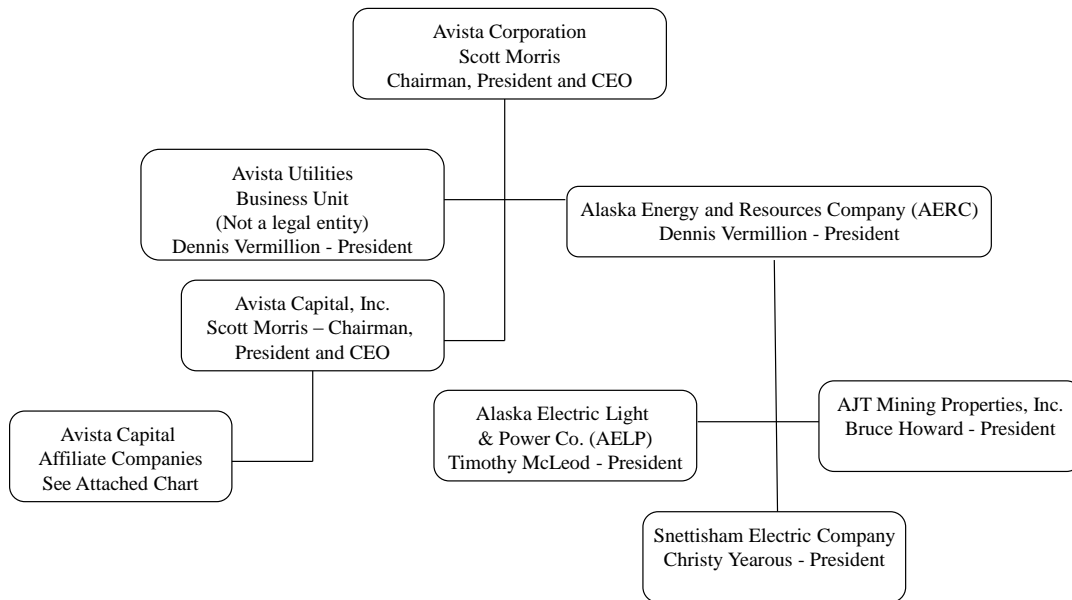
AVISTA CORPORATION

d/b/a AVISTA UTILITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

On May 16, 1991, through Order 91-671, the Public Utility Commission of Oregon approved the sale of the natural gas utility assets and transfer of the allocated service territory of the CP National Corporation to The Washington Water Power Company (WWP). WWP began official operation of these properties on September 30, 1991 under the name of "WP Natural Gas, a division of The Washington Water Power Company." On January 1, 1999, the Company changed its corporate name from The Washington Water Power Company to Avista Corporation (hereinafter Avista or Company). The Company now operates in its utility service territories as Avista Utilities. Total transactions being reported herein are for the twelve-month period ending December 31, 2015.

I. Organizational Chart



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

A. Directors and/or Officers

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

B. Ownership Changes:

The following entity was dissolved during 2015:

- **Spokane Energy, LLC** (Spokane Energy) was a special purpose limited liability company and all of its membership capital was owned by Avista Corp. Spokane

Energy was formed in December 1998, to assume ownership of a fixed rate electric capacity contract between Avista Corp. and Portland General Electric Company. The fixed rate electric capacity contract, which expires in December 2016, was transferred from Spokane Energy to Avista Corp during the second quarter of 2015. Spokane Energy was dissolved during the third quarter of 2015. The fixed rate electric capacity contract had a value of \$14.7 million as of December 31, 2015.

C. Narrative Descriptions

Avista Utilities is a combination utility that provides service to approximately 375,000 electric customers and 335,000 natural gas customers in a 30,000-square-mile area in eastern Washington, northern Idaho, and parts of southern and eastern Oregon, with a population of 1.6 million. The largest community served in the area is Spokane, Washington, which is the location of its main offices.

Descriptions of subsidiaries of Avista Corporation follows:

Avista Capital, Inc., is a wholly owned subsidiary of Avista Corp. and is the parent corporation of Avista Corporation's non-regulated subsidiary investments and operations.¹ As of December 31, 2015, Avista Capital had the following non-utility subsidiary investments:

- **Avista Energy, Inc. and Avista Energy Canada, Ltd.** (100% ownership–Inactive), were energy marketing and resource management companies. On June 30, 2007, Avista completed the sale of the operations of Avista Energy to Coral Energy Holding, L.P., and certain of its subsidiaries, a subsidiary of Shell (Coral).
- **Avista Development, Inc.** (100% ownership-no employees, passive income) was established to manage real estate investments including:
 - **Steam Plant Square, LLC** (85% ownership) Manages and operates the Steam Plant Square in Spokane, Washington.
 - **Steam Plant Brew Pub, LLC** (100% ownership) Manages and operates the Steam Plant Grill in Spokane, Washington.

¹ The only exceptions relate to Avista Receivables, Inc., a special purpose subsidiary formed in connection with the sale of accounts receivable, an entity directly owned by Avista Corp. In addition, Spokane Energy, LLC, was also a special purpose limited liability company formed for the purpose of implementing a long-term capacity contract between Avista Utilities and Portland General Electric Company until its dissolution in 2015. See page 3 for a further description of Spokane Energy, LLC.

- **Court Yard Office Center, LP** (100% ownership) Owns and operates commercial office space rentals.
- **Pentzer Corporation** is a wholly owned private investment company that serves as parent of the non-utility businesses listed below (100% ownership-no employees, passive income):
 - **Advanced Manufacturing and Development, Inc., dba METALfx** (89.2% ownership), located in Willits, California, is a manufacturer and turnkey assembler of electronic enclosures, parts, and systems primarily for the computer and instrumentation industries. This company is held by **Bay Area Manufacturing, Inc.** (100% ownership)
 - **Pentzer Venture Holdings II, Inc.** (100% ownership) Holding company for an inactive sewage treatment plant near Spokane Industrial Park.
- **Avista Northwest Resources, LLC** (100% ownership) was formed for the purpose of holding unregulated investments in the energy industry.
- **Salix, Inc.** (100% ownership) was formed October 8, 2013, for the purpose of exploring business opportunities.

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

- **Alaska Electric Light & Power Co. (AEL&P)**, a wholly-owned subsidiary of AERC, which is a vertically integrated electric utility providing electric service to the City and Borough of Juneau, Alaska, and is regulated by the Regulatory Commission of Alaska (RCA).
- **AJT Mining Properties, Inc.**, a wholly-owned subsidiary of AERC which is an inactive mining company holding certain properties.
- **Snettisham Electric Company**, a non-operating subsidiary of AERC, has the option to purchase the Snettisham project at any time for the principal amount of the bonds outstanding at that time. The Snettisham hydroelectric project is AEL&P's primary generation facility and the main power source for Juneau, supplying approximately two-thirds of the area's electricity.

Descriptions of affiliates of Avista Corporation follows:

As of December 31, 2015, Avista Capital had the following affiliates:

- **Pivotal Investment Partners I, L.P.** (30.34% ownership by Avista Northwest Resources, LLC)
- **EnerTech II** (2.29% ownership by Avista Development, Inc.)
- **Woodside IV** (4.52% ownership by Avista Development, Inc.)
- **Inland TechStart Fund, LLC** (14.93% ownership by Avista Development, Inc.)
- **Kick Start II** (7.69% ownership by Avista Development, Inc.)
- **Matrix Genetics** (18.22% ownership by Avista Development, Inc.)
- **Trove** (32.33% ownership by Avista Development, Inc.)
- **Dragon Jacket, LLC** (5% ownership by Avista Development, Inc.)
- **Toolbox, LLC** (9.52% ownership by Avista Development, Inc.)

As of December 31, 2015, Salix had the following affiliates:

- **Plum Energy** (19.8% ownership by Avista Capital, Inc.)

D. Financial Statements

Balance Sheet and Income Statement for affiliates with affiliated operating service transactions in excess of \$25,000 for payments TO and FROM Avista Corporation are included as **Attachment 3**. Please note that Attachment 3 is CONFIDENTIAL PER ORS 192.501 and 192.502.

II. Services Rendered Between Avista Corporation and Affiliates

Description of Services – by Affiliates

SERVICE PAYMENTS BY THE UTILITY TO THE AFFILIATE			
<u>NAME</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL COMPANY</u>	<u>TOTAL OREGON</u>
Steam Plant Square	107 CWIP (1)(2)	\$68,937	\$5,999
Steam Plant Square	931 Rents (3)(4)	\$74,100	\$0
Trove Predictive Data Analytics, LLC	165 Prepayments (1)(2)	\$95,000	\$8,267
Cost of Service		(1)	
Margin of Charges Over Costs		(1)	
Assets Allocable to Services		(1)	
Overall Rate of Return		(1)	

Description of Basis for Pricing of Transactions

(1) Services are provided at cost. Any charges allocated to Oregon are allocated based on the Company's four-factor allocation methodology. (Please refer to **Attachment 4** for the allocation factors.)

(2) The capital investment is a system project that will be used by all ratepayers in all jurisdictions; therefore, Oregon will be allocated the plant cost and associated depreciation expense.

(3) None of the O&M lease payments were allocated to the Oregon jurisdiction in 2015. See page 8 for further description.

(4) All of the costs were for electric service, therefore, none were allocated to Oregon.

Description of Services – by Avista Utilities

The following transactions are for electric and natural gas services provided by the Utility to its affiliates at approved tariff rates.

SERVICE PAYMENTS BY THE AFFILIATE TO THE UTILITY			
Avista Development			
ACCOUNT	DESCRIPTION	TOTAL COMPANY	TOTAL OREGON
400 & 1400	Revenue - electric & gas	(1) \$210,096	\$0
(The above accounts are for electric and natural gas service for the State of Washington).			
Cost of Service		(1)	
Margin of Charges Over Costs		(1)	
Assets Allocable to Services		(1)	
Overall Rate of Return		(1)	

(1) Description of Basis for Pricing

Electricity and natural gas sales are priced according to approved tariffs. See <http://www.avistautilities.com/prices/rates/default.asp> for current tariffs used to price services provided to Avista Development, Inc.

III. Inter-Company Loans

Avista Corp / Avista Capital Note Payable / Receivable

During 2015, Avista Corp. recorded short-term note payable to Avista Capital, Inc. The year-end note payable amount at December 31, 2015 was \$22,177,680. The maximum note payable amount outstanding during the year, due to Avista Capital, was \$23,538,657 at October 31, 2015. Total interest expense in 2015 was \$131,921.

The balances of the short-term notes payable at month-end during 2015 follow:

<u>Accounting Period</u>	<u>Ending Balance</u>
January-15	\$ (9,207,346)
February-15	\$ (9,214,017)
March-15	\$ (12,722,070)
April-15	\$ (12,732,051)
May-15	\$ (12,742,382)

June-15	\$	(12,127,104)
July-15	\$	(12,064,417)
August-15	\$	(11,921,896)
September-15	\$	(10,666,018)
October-15	\$	(23,538,657)
November-15	\$	(23,409,560)
December-15	\$	(22,177,680)

According to the Cash Management Guidelines and Procedures, investment/borrowing rates between Avista Corporation and Avista Capital that were in effect during 2015 were:

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

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

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

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

A copy of the updated Cash Management Guidelines and Procedures is provided as **Attachment 5**.

IV. Parent Guaranteed Debt

Avista Corporation does not guarantee any debt of any of its affiliates. See Section V, Non-Service Transactions: Miscellaneous Agreements, page 10.

V. Non-Service Transactions

Description of Avista Corporation Corporate Services

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

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

OTHER PAYMENTS BY THE AFFILIATE TO THE UTILITY			
ACCOUNT	DESCRIPTION	TOTAL <u>COMPANY</u>	TOTAL <u>OREGON</u>
146	A/R Avista Capital	\$74,378	\$0
146	A/R Avista Energy	\$7,670	\$0
146	A/R Alaska Electric Light & Power	\$137,732	\$0
146	AR Alaska Energy & Resources Company	\$9,005	\$0
146	A/R Salix	\$698,329	\$0
Total		<u>\$927,114</u>	<u>\$0</u>
Cost of Service		(1)	
Margin of Charges Over Costs		(1)	
Assets Allocable to Services		(1)	
Overall Rate of Return		(1)	

(1) **Description of Basis for Pricing**

Services are provided at cost.

Description of Avista Capital II (Trust) Expenses

In 1997, the Company issued Floating Rate Junior Subordinated Deferrable Interest Debentures, Series B, with principle amount of \$51.5 million to Avista Capital II, an affiliated business trust formed by the Company. Avista Capital II issued \$50.0 million of Preferred Trust Securities. The interest charges for the trust carried on Avista's books for 2015 totaled \$609,997 and were recorded in FERC Account No. 427 (interest expense). There are no other costs associated with this trust.

Description of Spokane Energy, LLC Transactions

As referenced earlier, Spokane Energy was dissolved during 2015. Avista previously had acted as the servicer of Spokane Energy's commodity contracts with Portland General Electric. This agreement called for monthly service fees paid by Spokane Energy to Avista. \$5,045 was paid to Avista in January 2015, which represents services for the month of December 2014.

Description of Steam Plant Square, LLC Lease

Avista Utilities leases office space (two leases under separate Multi-Tenant Lease Agreements) from Steam Plant Square, LLC. For the first lease (suite 201/202), Avista Corporation assumed a lease in May 2003 from Avista Capital, Inc. that was renewed May 1, 2010. The basic terms of this lease (i.e. square footage, monthly rents, etc.) remained the same. A copy of the lease agreement was provided to the Commission in Docket No. UE-110067. Lease payments for this space during 2015 was recorded to FERC Account No. 931 (Rents) in the amount of \$74,100.

The second space was leased in August 2010 (suites 201, 211 and 221). A copy of the lease agreement was provided to the Commission in Docket No. UE-101859. Payments associated with this lease were recorded in 2015 in the amount of \$68,937 in FERC Account No. 107 (CWIP). This lease was replaced effective December 31, 2015 by a new lease with essentially the same contract terms, but for a more limited space

requirement². The terms of this lease has decreased from three spaces to one space (suite 211) and the monthly expense has decreased from \$6,267 to \$2,000 per month.

Description of Trove Predictive Data Analytics, LLC

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

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

Since the restructuring transaction on October 28, 2014, Avista Development has made staged equity payments and held Class A equity units in Trove equal to 26.8% on a fully diluted basis as of December 31, 2015.

The rights to discounted services assigned to Avista Utilities upon the restructuring completed October 28, 2014, included a Statement of Work, signed June 17, 2014. This Statement of Work included the development, delivery and integration of a platform which was integrated with Avista Utilities load forecasting application.

The terms of the Statement of Work included a fixed fee for the integration of the product in the amount of \$300,000. This work was complete, and expensed, during 2014. Additionally, the agreement included payment of annual fees for maintenance and

² On April 26, 2016, Avista filed a copy of the new lease with the Commission. As stated in that letter, the only change between the old lease and the new lease is a reduction in space and amount of rent.

support for 2015 and 2016 for \$35,000 per year, and third party data access fees in the amount of \$25,000 for January 1, 2014 through June 30, 2015 and July 1, 2015 through December 31, 2016. Please refer to **Attachment 6** for the GridGlo Statement of Work.³

Miscellaneous Agreements and Transactions

During 2015 there were no Miscellaneous Agreements or Transactions to report.

VI. Employee Transfers

Avista Corporation no longer provides payroll services to its affiliates and therefore does not track employee transfers between affiliates.

VII. Intra-Company Cost Allocation Procedures

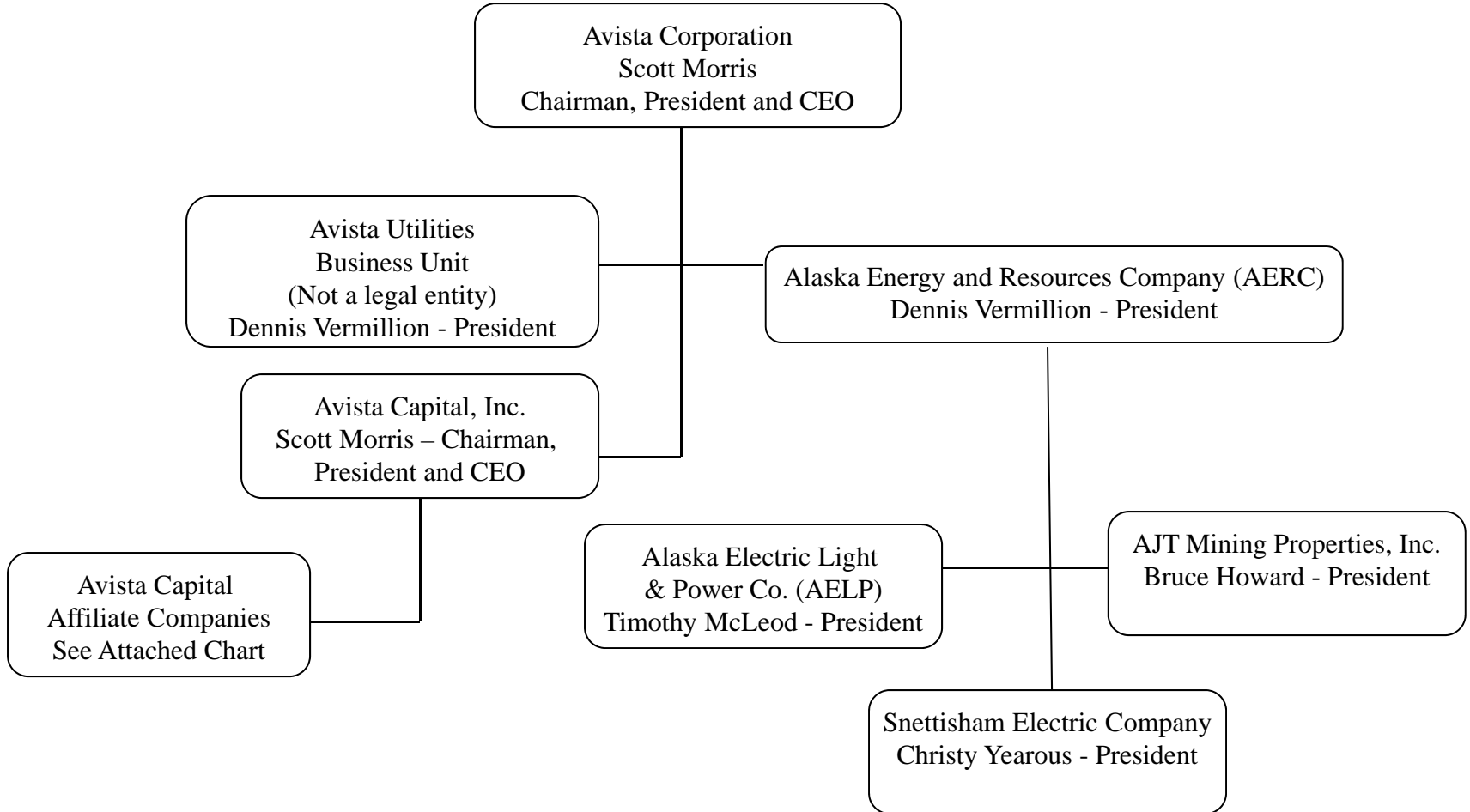
See V. above. Avista Corporation charges all costs incurred by its affiliates directly to the respective affiliate.

VIII. Cost Allocation Manual

Pursuant to OAR 860-027-0048 (6), attached as **Attachment 7** is Avista Corp.'s Cost Allocation Manual.

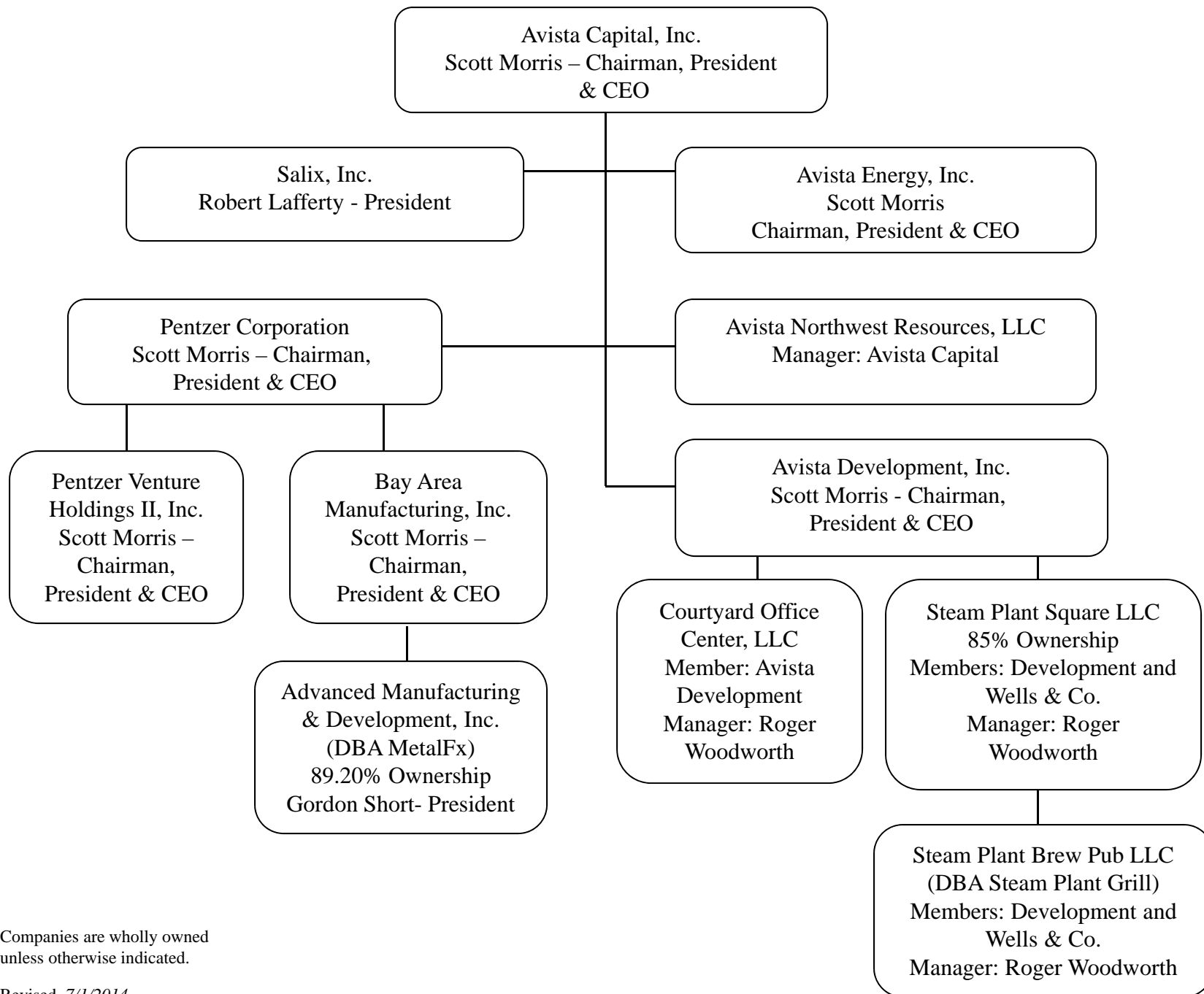
³ Prior to October 28, 2014, Avista Development had no ownership in GridGlo or Trove Predictive Data Analytics, LLC, and was therefore not an Affiliate. This information was previously provided in Avista's Affiliated Interest and Subsidiary Transaction Report for the year ended December 31, 2014.

ATTACHMENT 1



Companies are wholly owned
unless otherwise indicated.

Revised October 23, 2015



Companies are wholly owned unless otherwise indicated.

Revised 7/1/2014

ATTACHMENT 2



Corporate Secretary Department
Current as of December 1, 2015

Annual Meeting Held in May of Each Year

Directors:

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

Officers:

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

Corporate Governance/

Nominating Committee

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

Executive Committee

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

Audit Committee

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

**Compensation & Organization
Committee**

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

Finance Committee

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

**Environmental, Technology &
Operations Committee**

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

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

ADVANCED MANUFACTURING & DEVELOPMENT, INC.

Doing business as METALfx

(A Subsidiary of Bay Area Manufacturing, Inc.)

(A California Corporation)

200 North Lenore Ave.

Willits, CA 95490

(707) 459-9451

Directors:

Marian M. Durkin

Scott L. Morris

Mark T. Thies

Officers:

Scott L. Morris

Gordon B. Short

Ryan L. Krasselt

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Jill Porterfield

Chairman of the Board

President & Chief Executive Officer

Vice President & Treasurer

Senior Vice President & Chief Financial Officer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Corporate Secretary

AJT MINING PROPERTIES, INC.

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

Directors:

Marian M. Durkin

Karen S. Feltes

Mark T. Thies

Dennis P. Vermillion

Officers:

Dennis P. Vermillion Chairman of the Board

Bruce Howard President

Connie Hulbert Treasurer and Assistant Corporate Secretary

Christy Yearous Vice President and Generation Engineer

Debbie Driscoll Corporate Secretary

ALASKA ELECTRIC LIGHT AND POWER COMPANY

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

Directors:

Marian M. Durkin

Karen S. Feltes

Timothy McLeod

Mark T. Thies

Dennis P. Vermillion

Officers:

Dennis P. Vermillion

Chairman of the Board

Timothy McLeod

President

Connie Hulbert

Vice President, Treasurer & Corporate Secretary

Christy Yearous

Vice President and Generation Engineer

Debbie Driscoll

Vice President, Director of Consumer Affairs and

Assistant Corporate Secretary

Eric Eriksen

Vice President, Transmission and Distribution Engineer

Rod Ahlbrandt

Vice President, Director of Information Technology and

Revenue Metering

Alec Mesdag

Vice President, Director of Energy Services

Catherine Johnson

Assistant Treasurer and Controller

Bryan Farrell

Assistant Treasurer and Assistant Generation Engineer

Mechanical/Electrical

Darrell Wetherall

Assistant Corporate Secretary and Assistant Transmission and

Distribution Engineer

ALASKA ENERGY AND RESOURCES COMPANY

(A Subsidiary of Avista Corp.)

5601 Tongard Ct.

Juneau, AK 99801

Directors:

Marian M. Durkin

Karen S. Feltes

Scott L. Morris

Mark T. Thies

Dennis P. Vermillion

Officers:

Scott L. Morris

Dennis P. Vermillion

Timothy McLeod

Connie Hulbert

Karen S. Feltes

Susan Y. Fleming

Debbie Driscoll

Chairman of the Board

President

Vice President

Treasurer

Corporate Secretary

Assistant Corporate Secretary

Assistant Corporate Secretary

Current as of October 1, 2015

AVISTA CAPITAL, INC.

(A Subsidiary of Avista Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

Directors:

Marian M. Durkin

Scott L. Morris

Mark T. Thies

Officers:

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Ryan L. Krasselt

Susan Y. Fleming

Don M. Falkner

Chairman of the Board, President & CEO

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Vice President

Assistant Corporate Secretary

Assistant Treasurer

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

AVISTA DEVELOPMENT, INC.

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

Directors:

Marian M. Durkin

Scott L. Morris

Mark T. Thies

Officers:

Scott L. Morris

Roger D. Woodworth

Mark T. Thies

Marian M. Durkin

Dennis P. Vermillion

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman of the Board and CEO

President

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President

Senior Vice President & Environmental Compliance Officer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

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

AVISTA ENERGY, INC.

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane WA 99202

Directors:

Marian M. Durkin

Scott L. Morris

Mark T. Thies

Officers:

Scott L. Morris

Chairman of the Board, President & CEO

Mark T. Thies

Senior Vice President, Chief Financial Officer & Treasurer

Karen S. Feltes

Senior Vice President & Corporate Secretary

Tracy Van Orden

Controller

Susan Y. Fleming

Assistant Corporate Secretary

Don M. Falkner

Assistant Treasurer

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

AVISTA NORTHWEST RESOURCES, LLC

(An Affiliate of Avista Capital)

1411 E. Mission Ave.

Spokane, WA 99202

Member:

Avista Capital

Officers (Managers):

Scott L. Morris

President & Chief Executive Officer

Mark T. Thies

Senior Vice President & Chief Financial Officer

Ryan L. Krasselt

Vice President & Treasurer

Karen S. Feltes

Senior Vice President & Corporate Secretary

Susan Y. Fleming

Assistant Corporate Secretary

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

Current as of May 8, 2015

BAY AREA MANUFACTURING, INC.

(A Subsidiary of Pentzer Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

Directors:

Marian M. Durkin

Scott L. Morris

Mark T. Thies

Officers:

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

Current as of March 31, 2009

COURTYARD OFFICE CENTER, LLC

(An Affiliate of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

Member:

Avista Development, Inc.

Manager

Roger Woodworth

PENTZER CORPORATION

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

Directors:

Scott L. Morris

Mark T. Thies

Jason Thackston

Officers:

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

PENTZER VENTURE HOLDINGS II

(A Subsidiary of Pentzer Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

Directors:

Scott L. Morris

Mark T. Thies

Jason R. Thackston

Officers:

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

SALIX, INC.

(A Subsidiary of Avista Capital)
1411 E. Mission Ave.
Spokane, WA 99202

Directors:

Marian M. Durkin
Scott L. Morris
Mark T. Thies
Dennis P. Vermillion
Roger D. Woodworth

Officers:

Robert J. Lafferty	President
Mark T. Thies	Treasurer
Karen S. Feltes	Corporate Secretary
Susan Y. Fleming	Assistant Corporate Secretary

SNETTISHAM ELECTRIC COMPANY

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

Directors:

Eric Eriksen

Timothy McLeod

Jason Thackston

Officers:

Christy Yearous

President

Timothy McLeod

Vice President

Eric Eriksen

Treasurer

Debbie Driscoll

Corporate Secretary

Connie Hulbert

Assistant Corporate Secretary

Current as of December 31, 2010

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

Members:
Avista Development, Inc.
Wells & Co.

Manager
Roger Woodworth

Current as of December 31, 2010

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

Members:

Avista Development, Inc.
Wells & Co.

Manager

Roger Woodworth

ATTACHMENT 3

REDACTED



Subsidiary Balance Sheets

December 31, 2015

	AVISTA CAPITAL	PENTZER CORP.	AVISTA DEVELOPMENT	AVISTA ENERGY	NORTHWEST RESOURCES, LLC	SALIX INC.
Cash and Cash Equivalents:						
Cash						
Temporary Cash Investments						
Total Cash and Cash Equivalents						
Accounts and Notes Receivable:						
Notes Receivable / (Payable) - Related Companies						
Accounts Receivable / (Payable) - Corp. w/o						
Accounts Receivable / (Payable) - Sub Interco.						
Accounts Receivable / (Payable) - Affiliate LOC						
Prepaid/Earnest Money						
Total Accounts and Notes Receivable						
Deferred Income Taxes - Current						
Income Taxes Receivable / (Payable)						
Other Misc. Current Assets						
Total Current Assets						
Investment in Subsidiaries						
Investment in LLCs						
Goodwill						
Long Term Notes Receivable						
Deposits with Counterparties						
Other Investments						
Total Assets						
Misc. Accrual						
SIP WWTP Accrual						
OSR Accrual						
Total Current Liabilities						
Long Term Deferred Income Taxes:						
Long Term Deferred Income Tax - (Asset)						
Long Term Deferred Income Tax - Liability						
Total Long Term Deferred Income Taxes						
Other Long Term Liabilities						
Stockholders Equity:						
Common Stock						
Capital Stock Expense and Paid in Capital						
Minority Interest						
Retained Earnings						
YTD Earnings						
Total Stockholders Equity						
Total Liabilities and Stockholders Equity						



**Subsidiary Income Statements - YTD
201512**

	AVISTA CAPITAL	PENTZER CORP.	AVISTA DEVELOPMENT	AVISTA ENERGY	NORTHWEST RESOURCES, LLC	SALIX INC.
Operating Revenue						18,251.08
Operating Expenses:						
Depreciation and Amortization						
Operating and Maintenance						
Administrative and General						
Taxes Other Than Income Taxes						
Total Operating Expenses						
Income / (Loss) from Operations						
Interest Income / (Expense):						
Interest Income						
Interest Income - Intercompany						
Interest Expense						
Interest Expense - Intercompany						
Total Interest Income / Expense						
Subsidiary Income / (Loss)						
LLC Income / (Loss)						
Investments in Partnerships						
Gain on Sale		705,522.22				
Miscellaneous Income / (Expense)						
Income Before Income Taxes						
Income Tax (Income) / Expense						
Net Income / (Loss)						
<i>Stand-alone Net Income / (Loss)</i>						



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

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

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

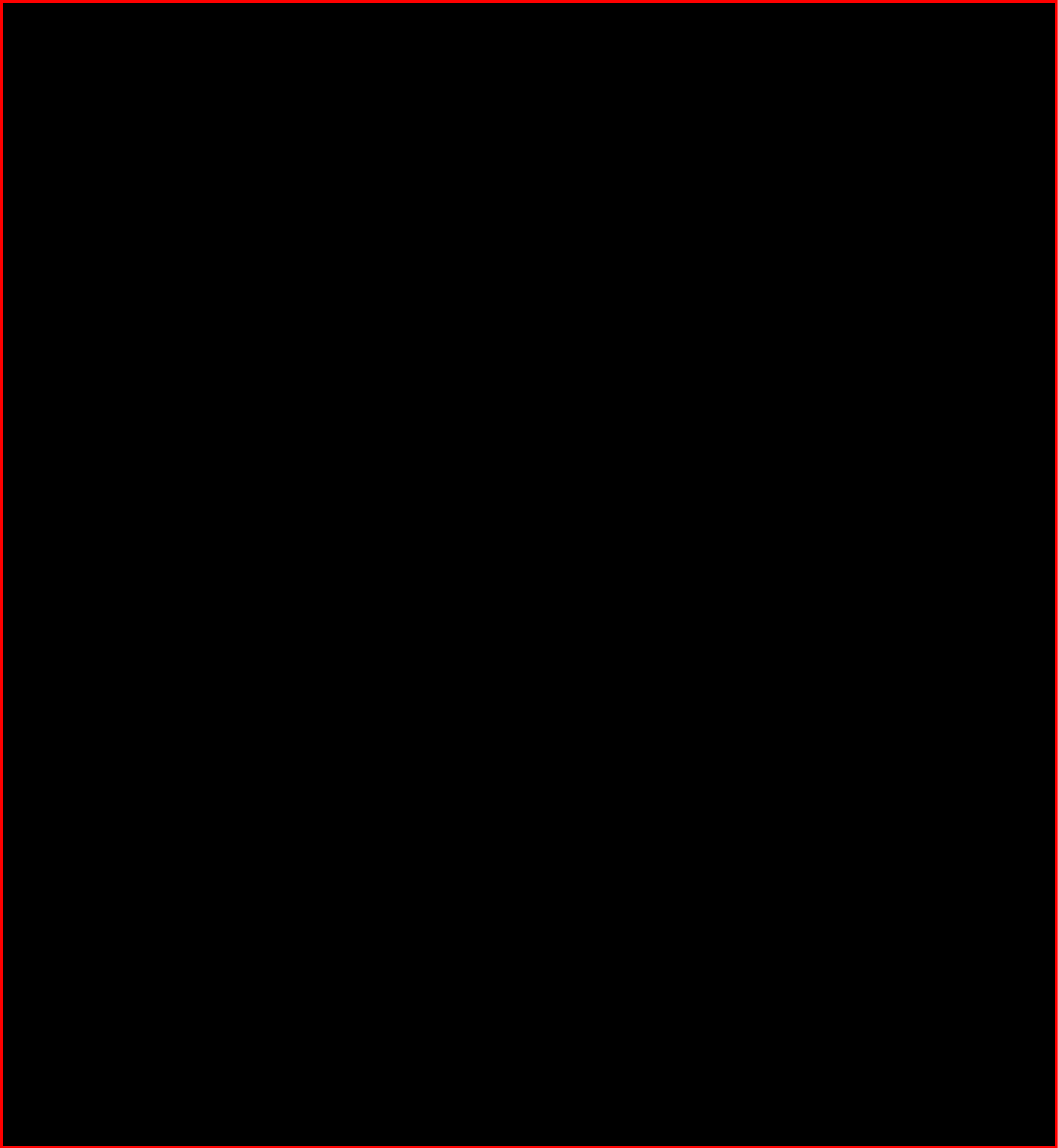
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Statements of Changes in Capital and Retained Earnings	5
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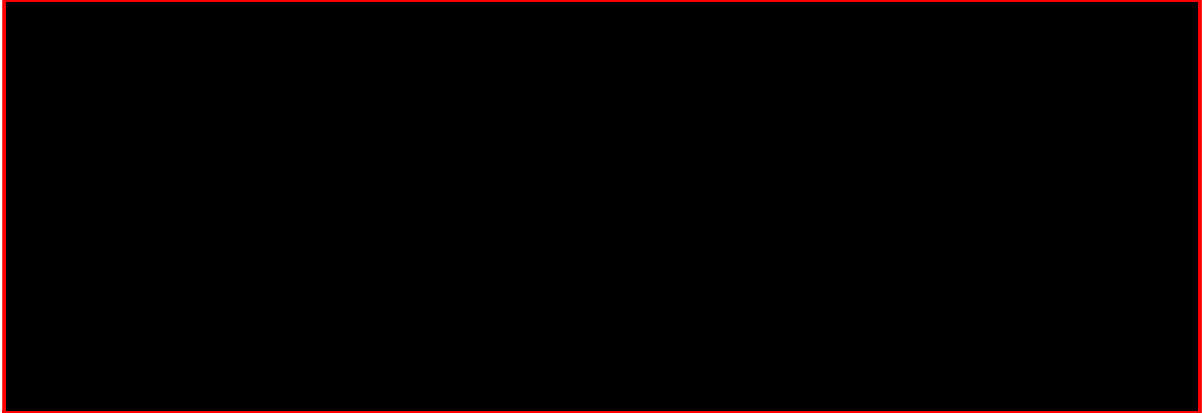


KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

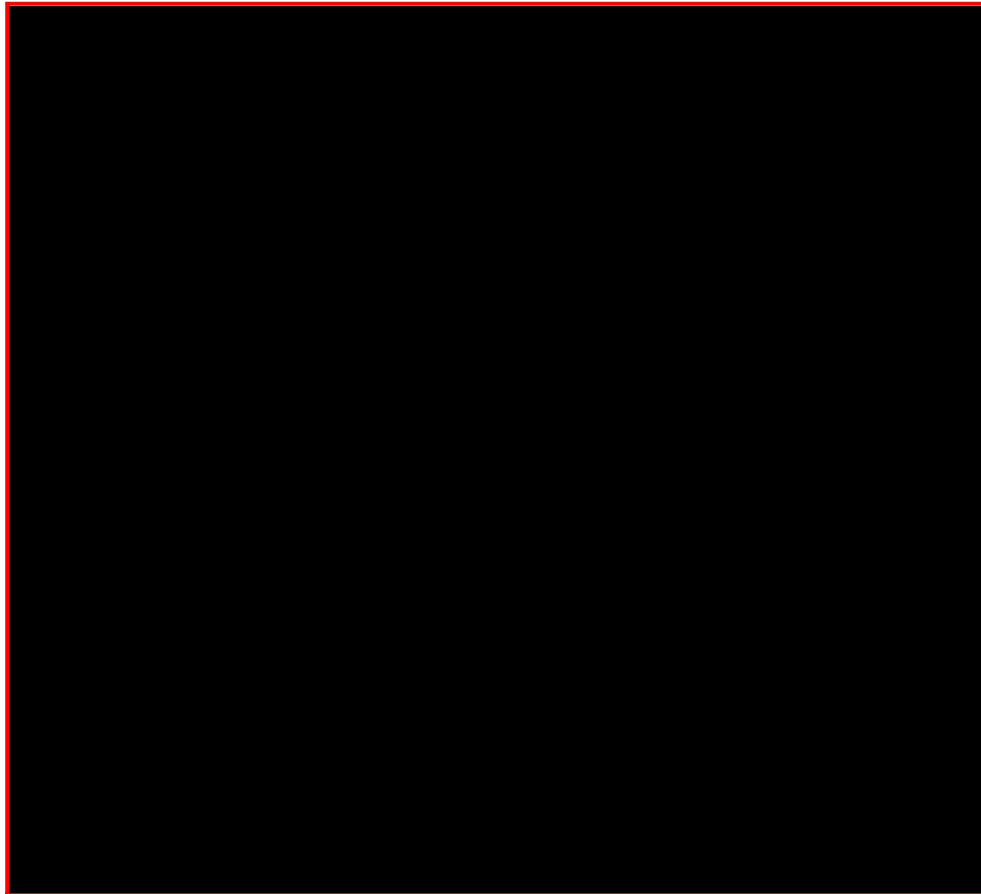


KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

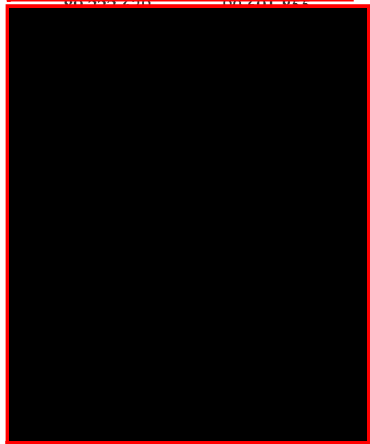
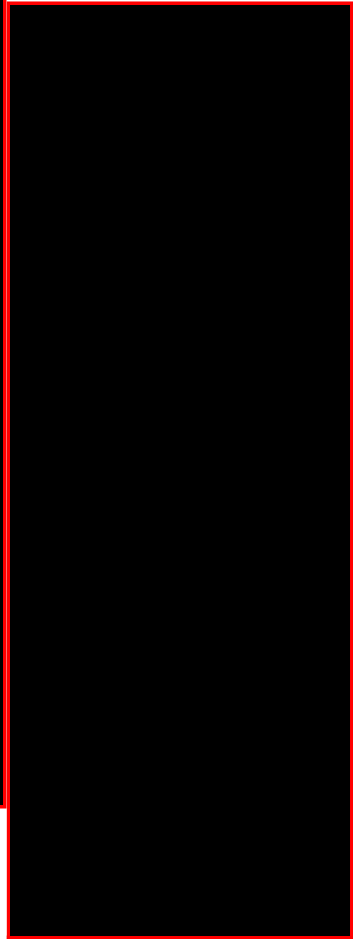


ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

Balance Sheets
December 31, 2015 and 2014



Successor	
2015	2014

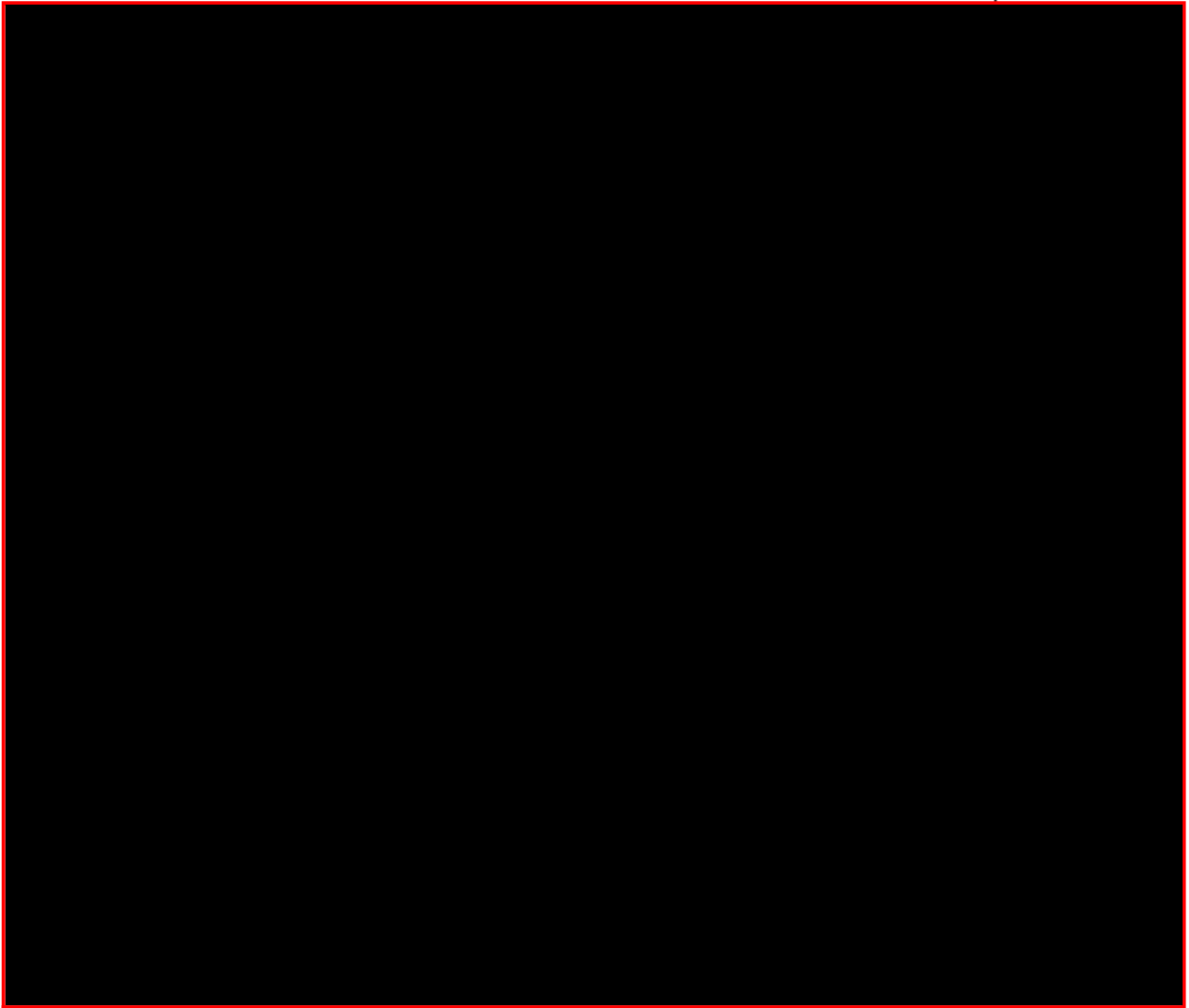


Total assets



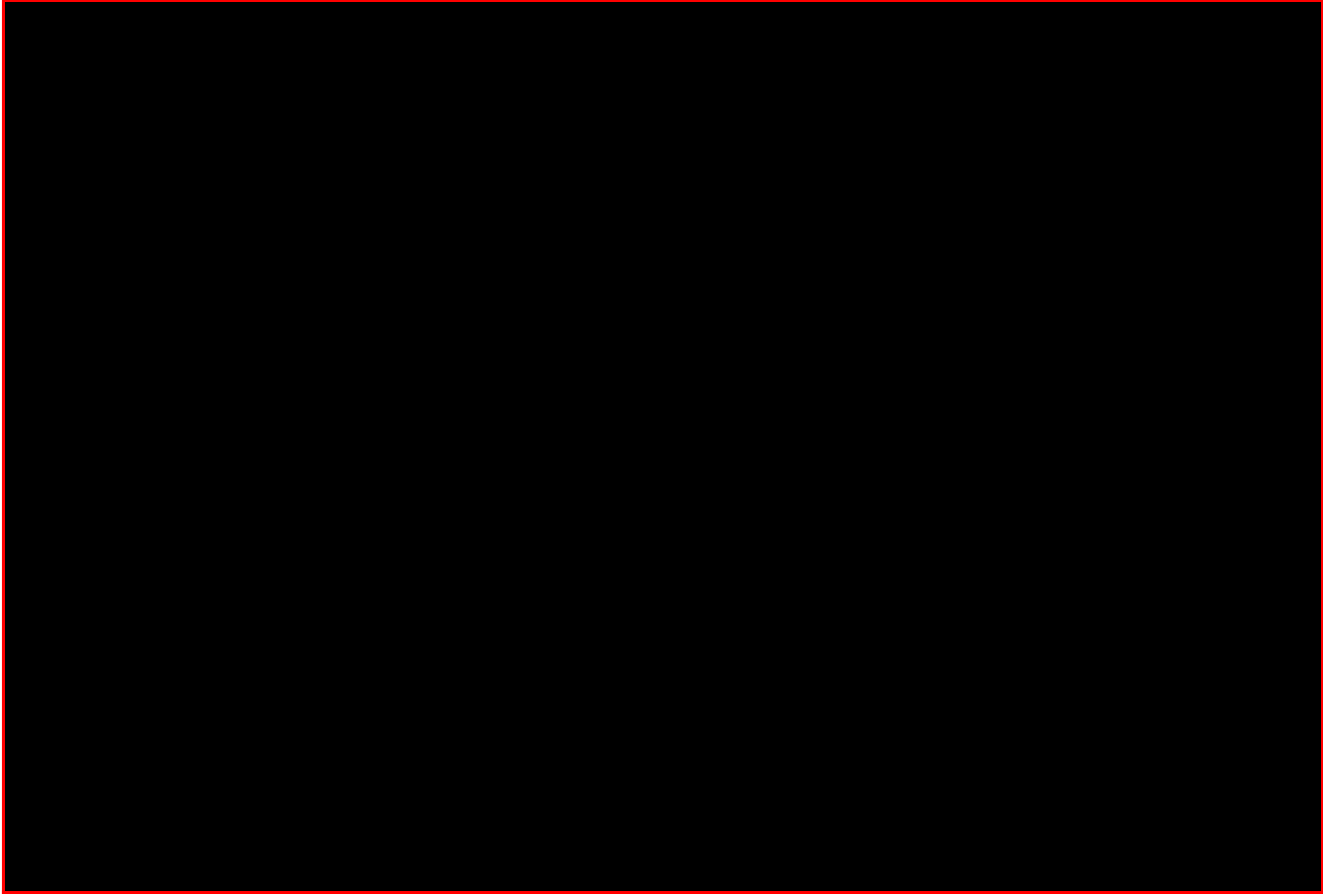
Successor Company

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

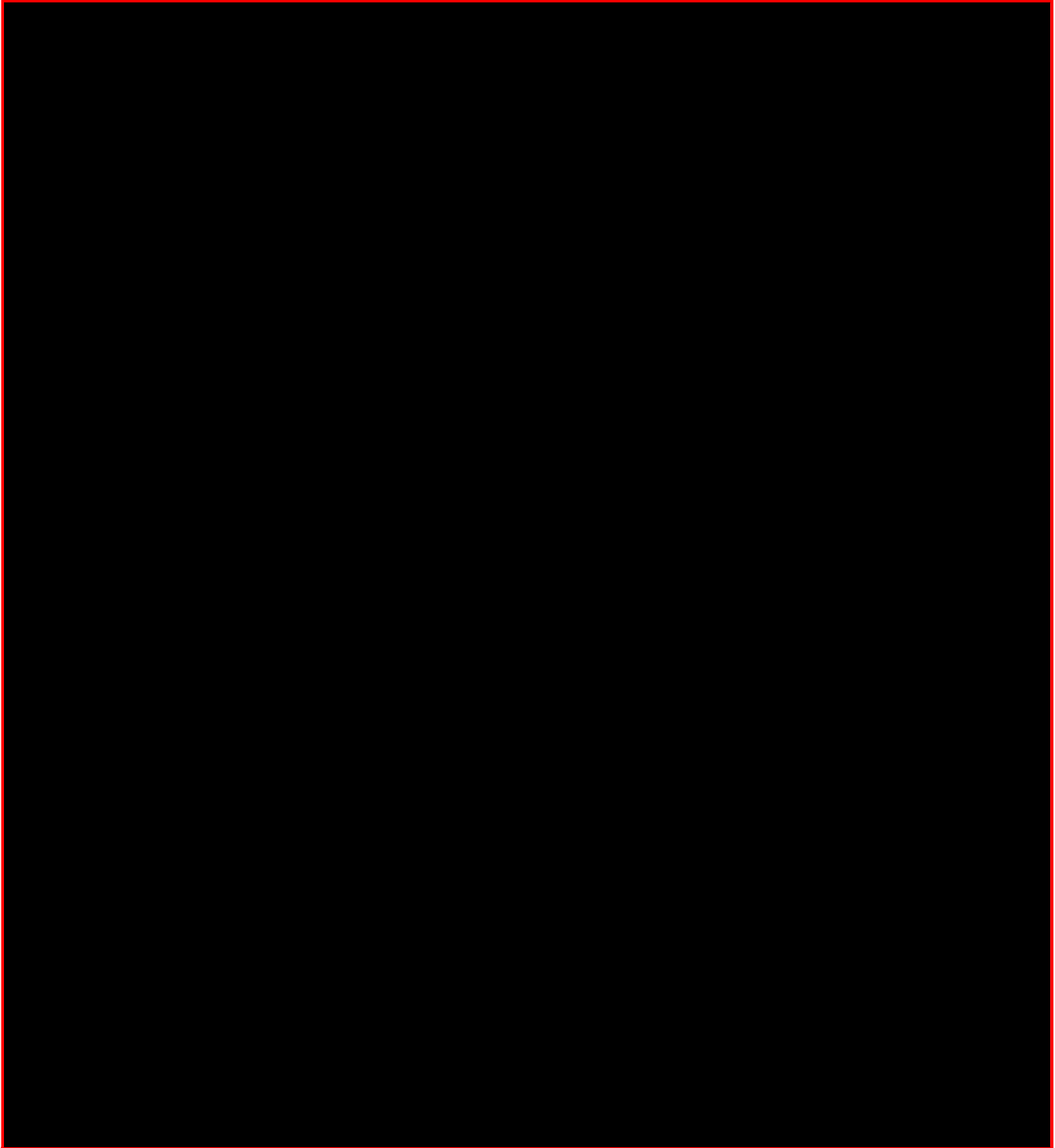


See accompanying notes to financial statements.

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



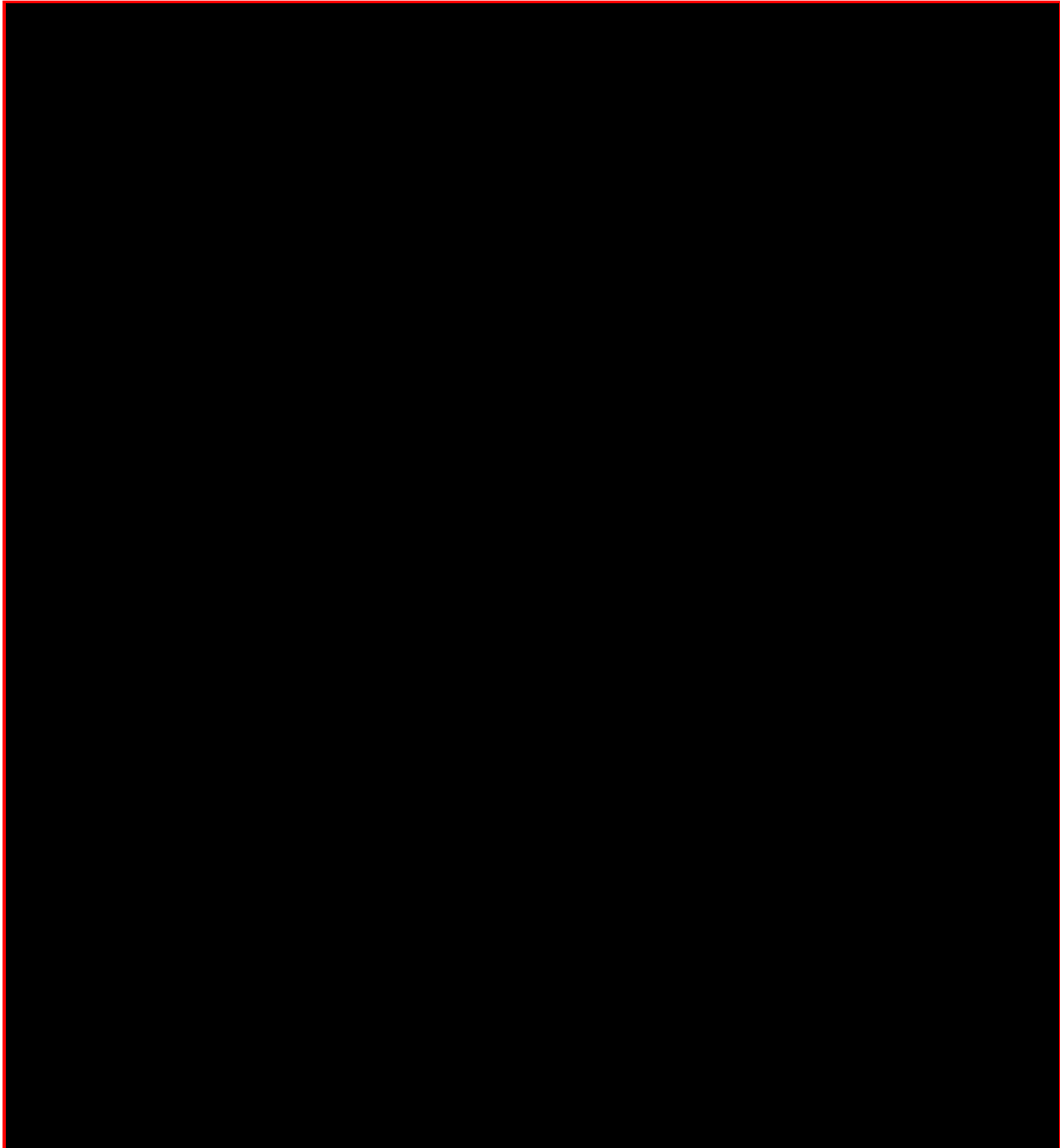
ALASKA ELECTRIC LIGHT AND POWER COMPANY
(A Wholly Owned Subsidiary of Alaska Energy Resources Company)
Statements of Cash Flows



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

Notes to Financial Statements

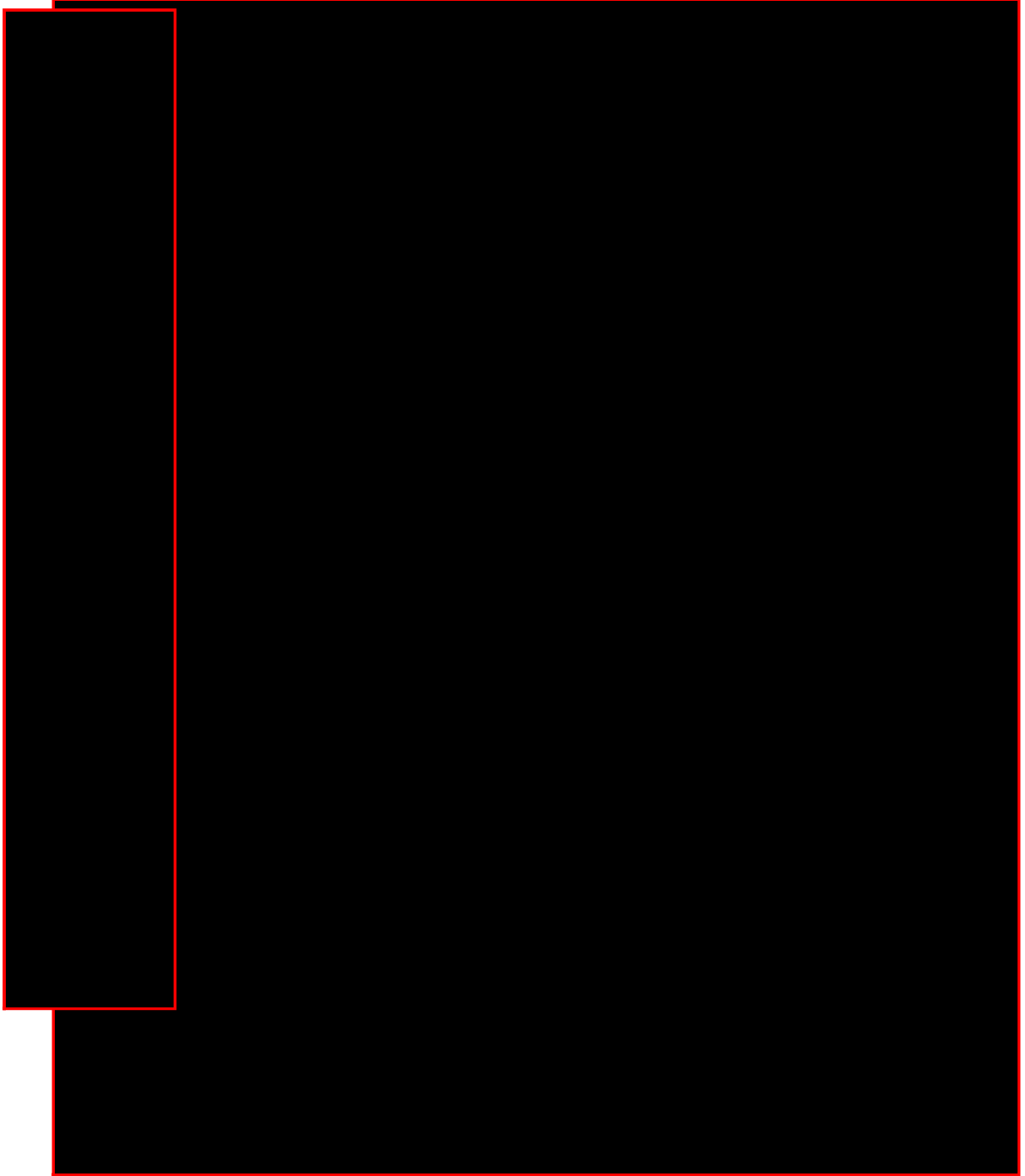
December 31, 2015 and 2014



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

Notes to Financial Statements

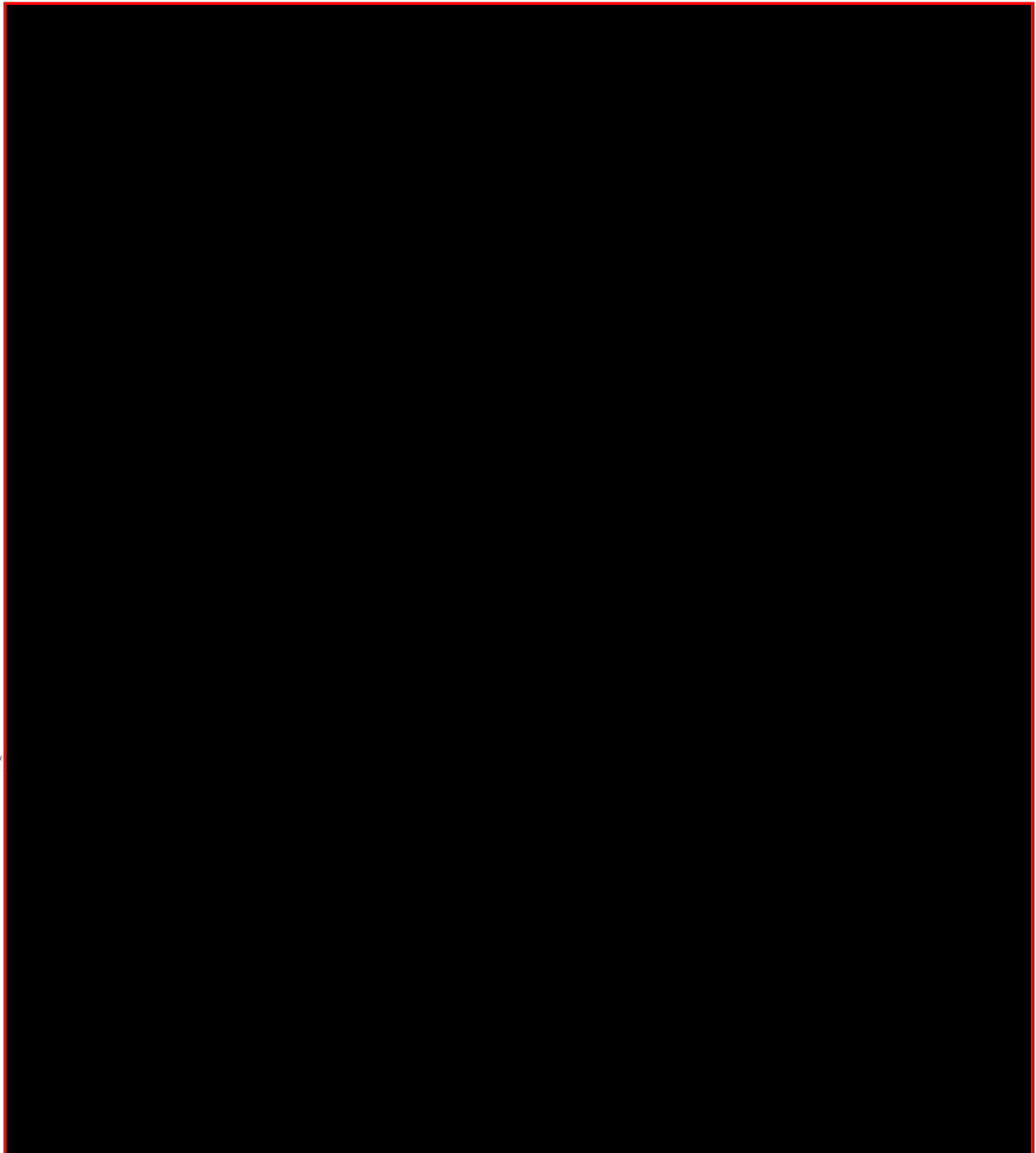
December 31, 2015 and 2014



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

Notes to Financial Statements

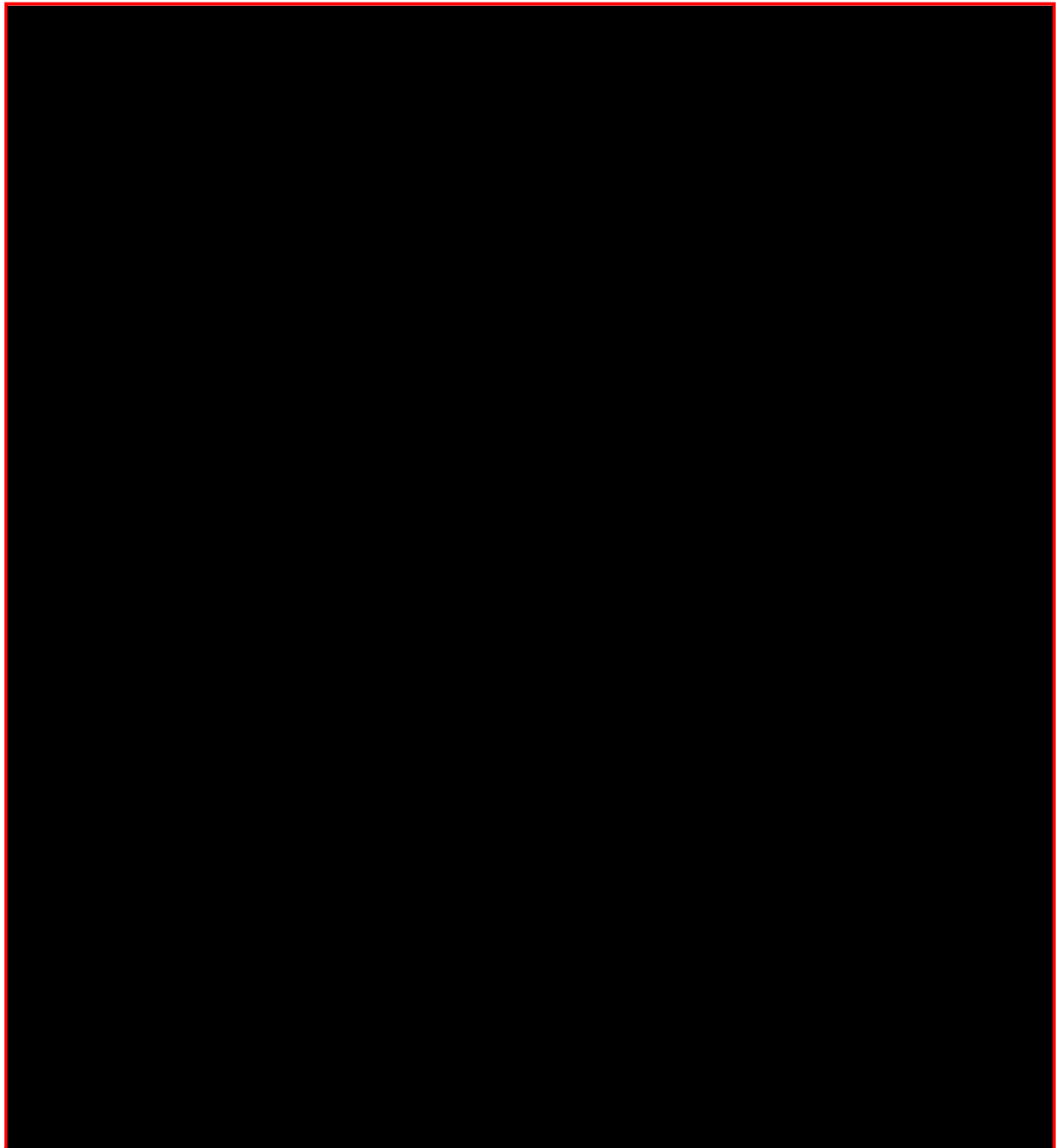
December 31, 2015 and 2014



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

Notes to Financial Statements

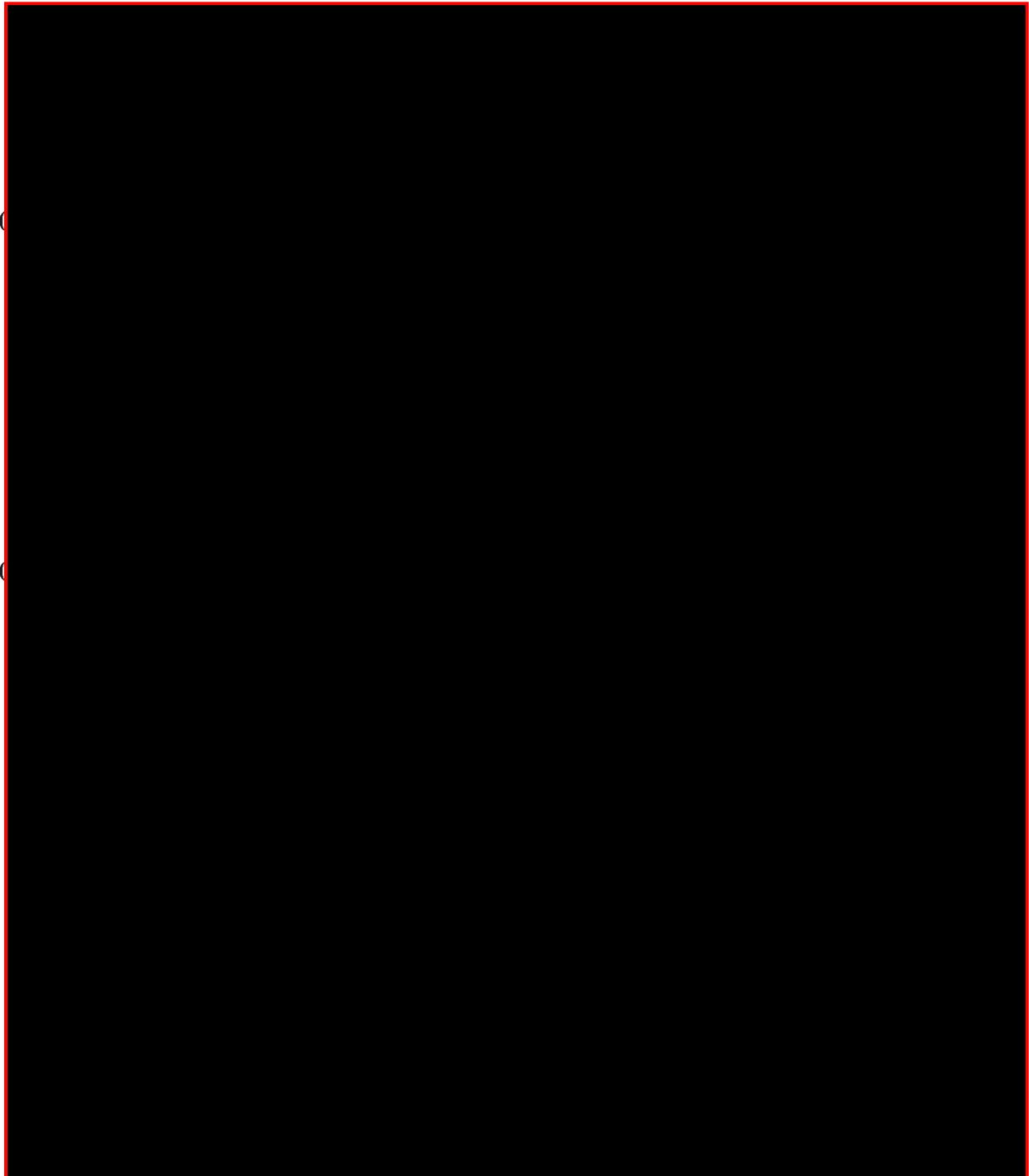
December 31, 2015 and 2014



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

Notes to Financial Statements

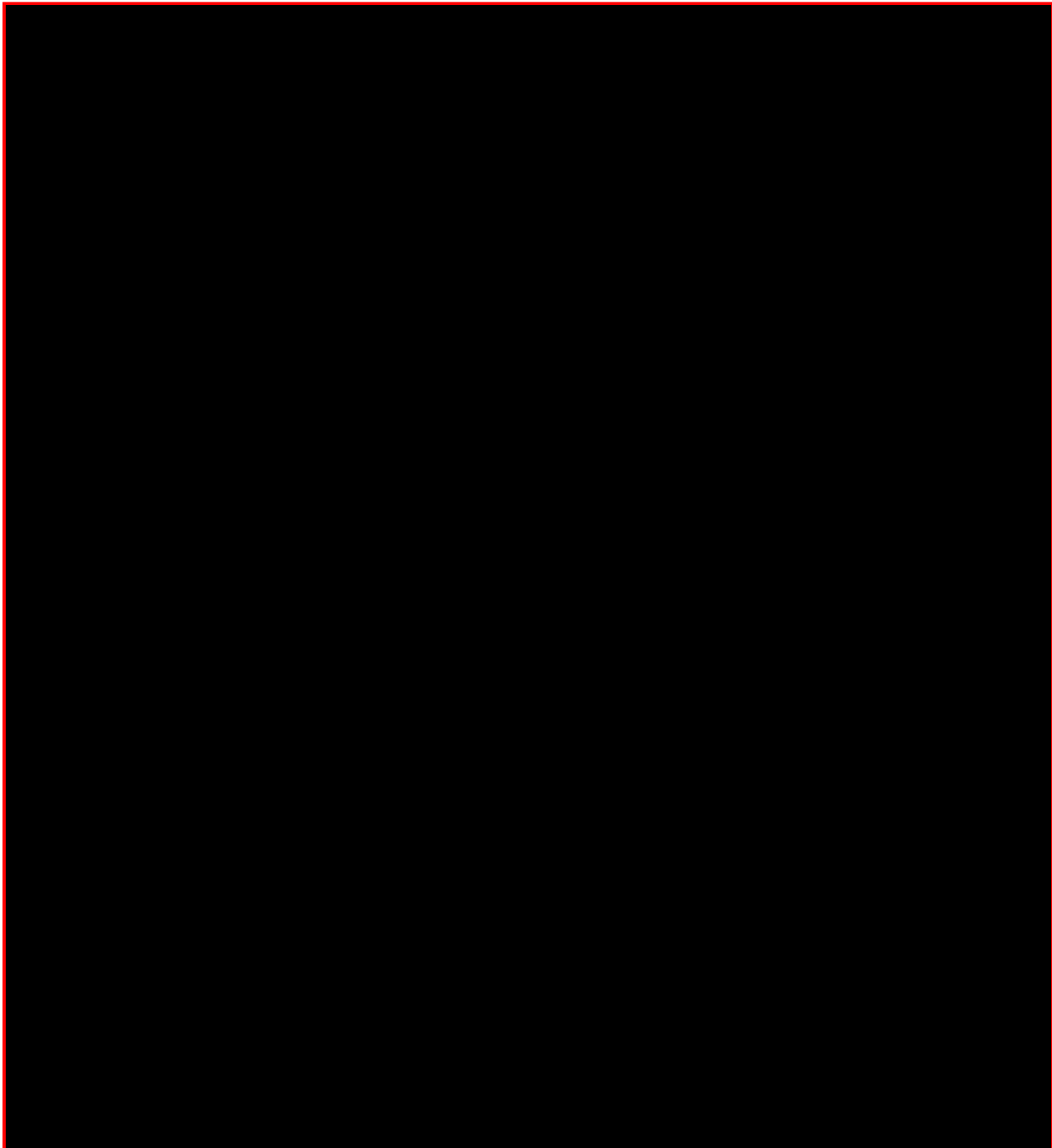
December 31, 2015 and 2014



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

Notes to Financial Statements

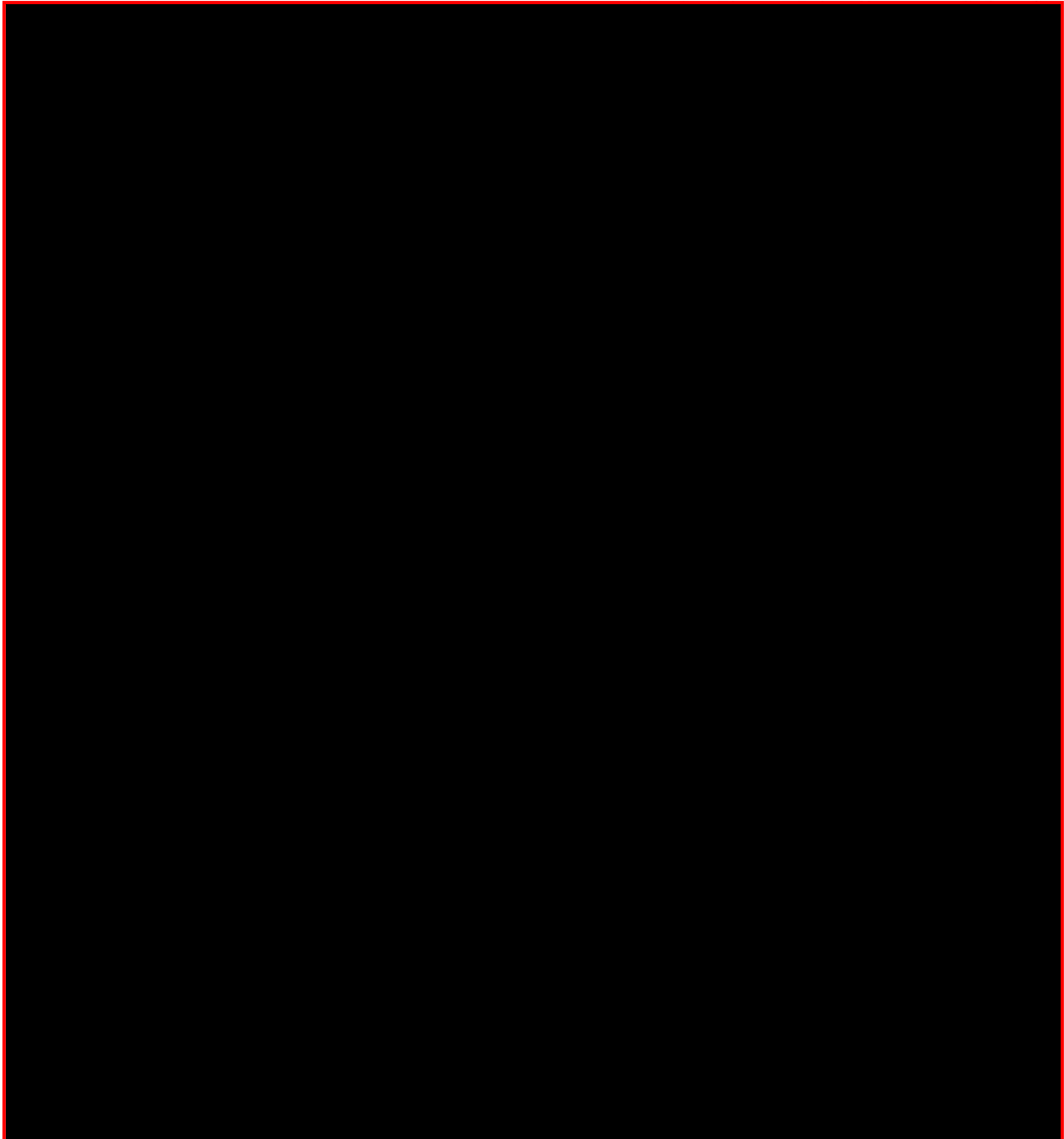
December 31, 2015 and 2014



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

Notes to Financial Statements

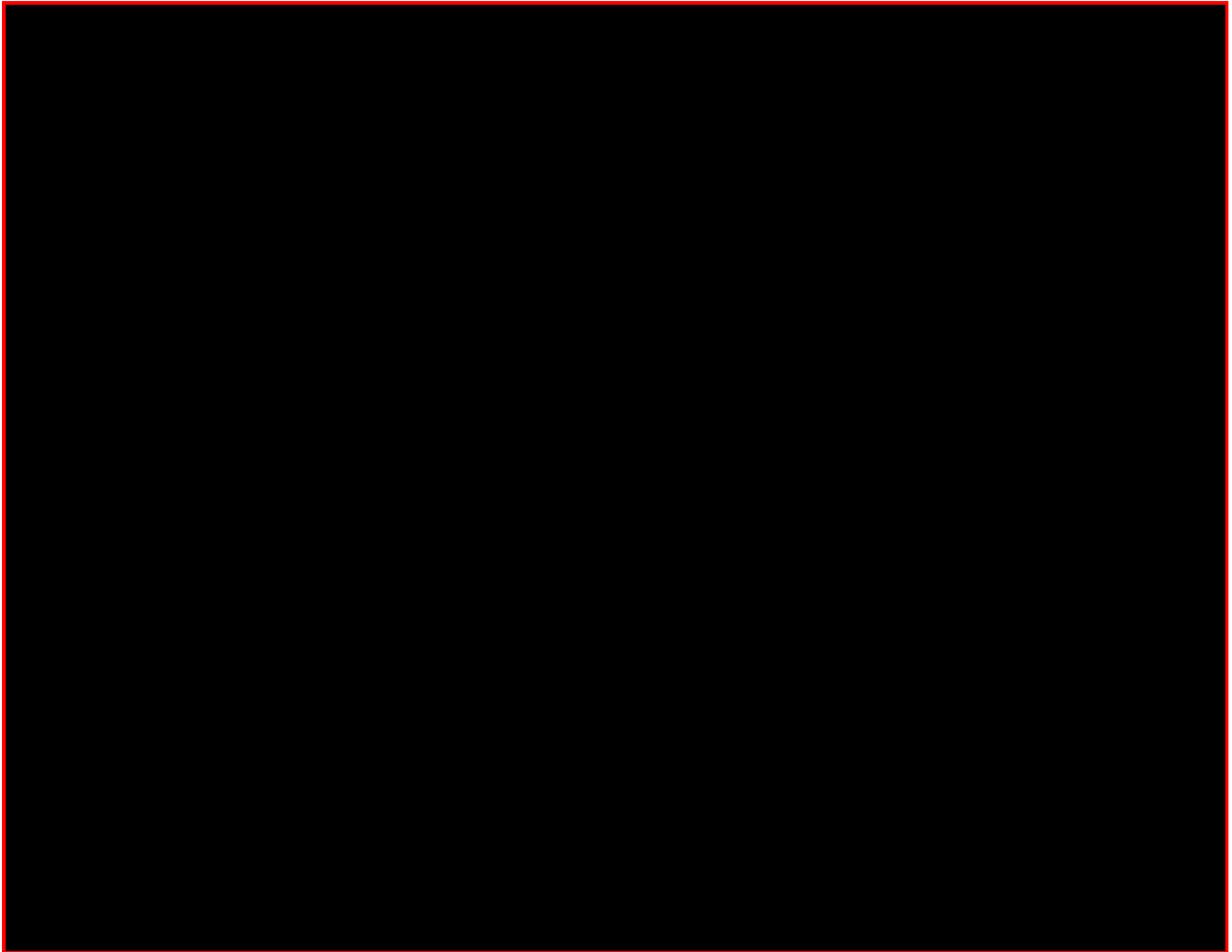
December 31, 2015 and 2014



ALASKA ELECTRIC LIGHT AND POWER COMPANY
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Notes to Financial Statements

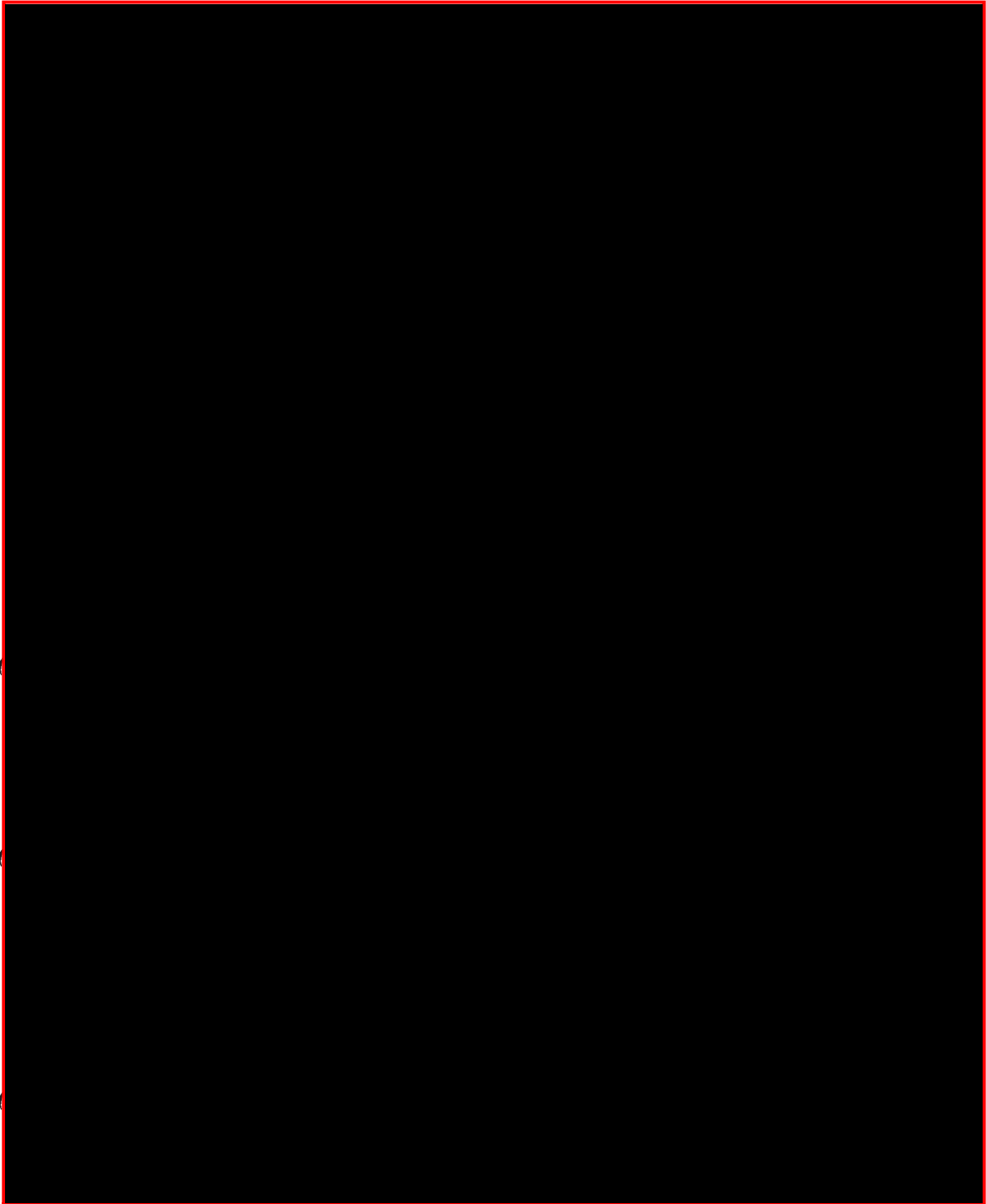
December 31, 2015 and 2014



ALASKA ELECTRIC LIGHT AND POWER COMPANY
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Notes to Financial Statements

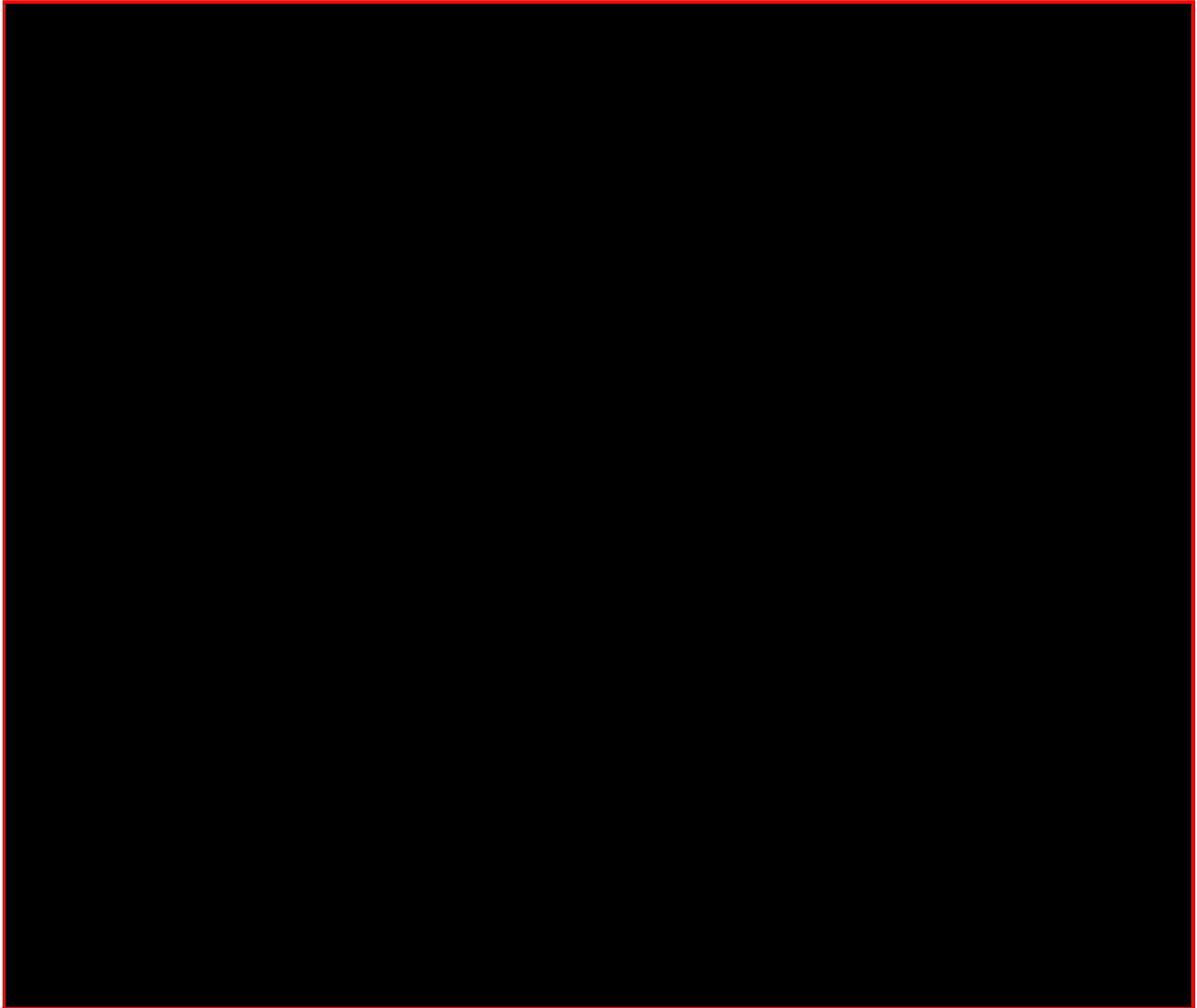
December 31, 2015 and 2014



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

Notes to Financial Statements

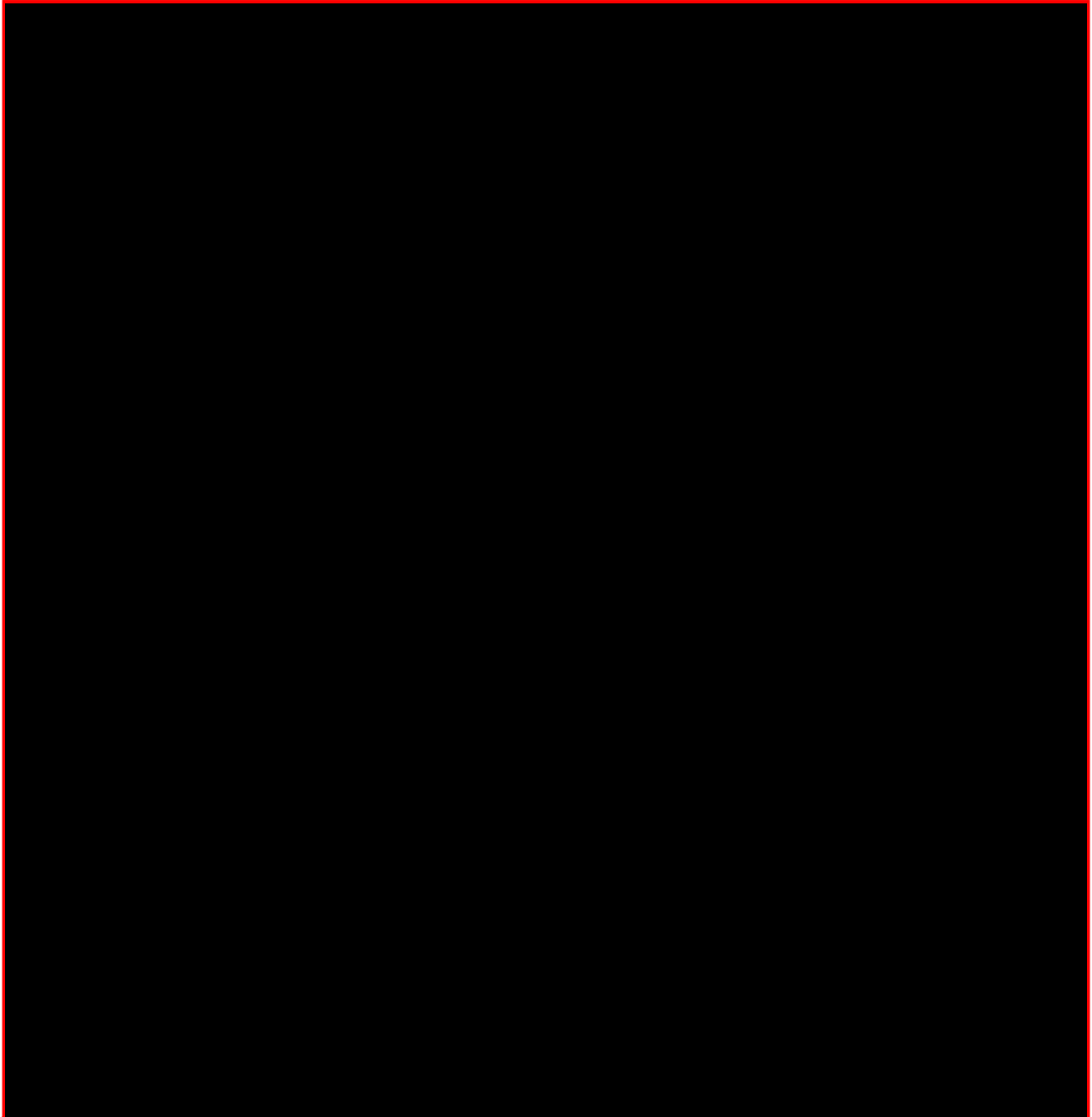
December 31, 2015 and 2014



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

Notes to Financial Statements

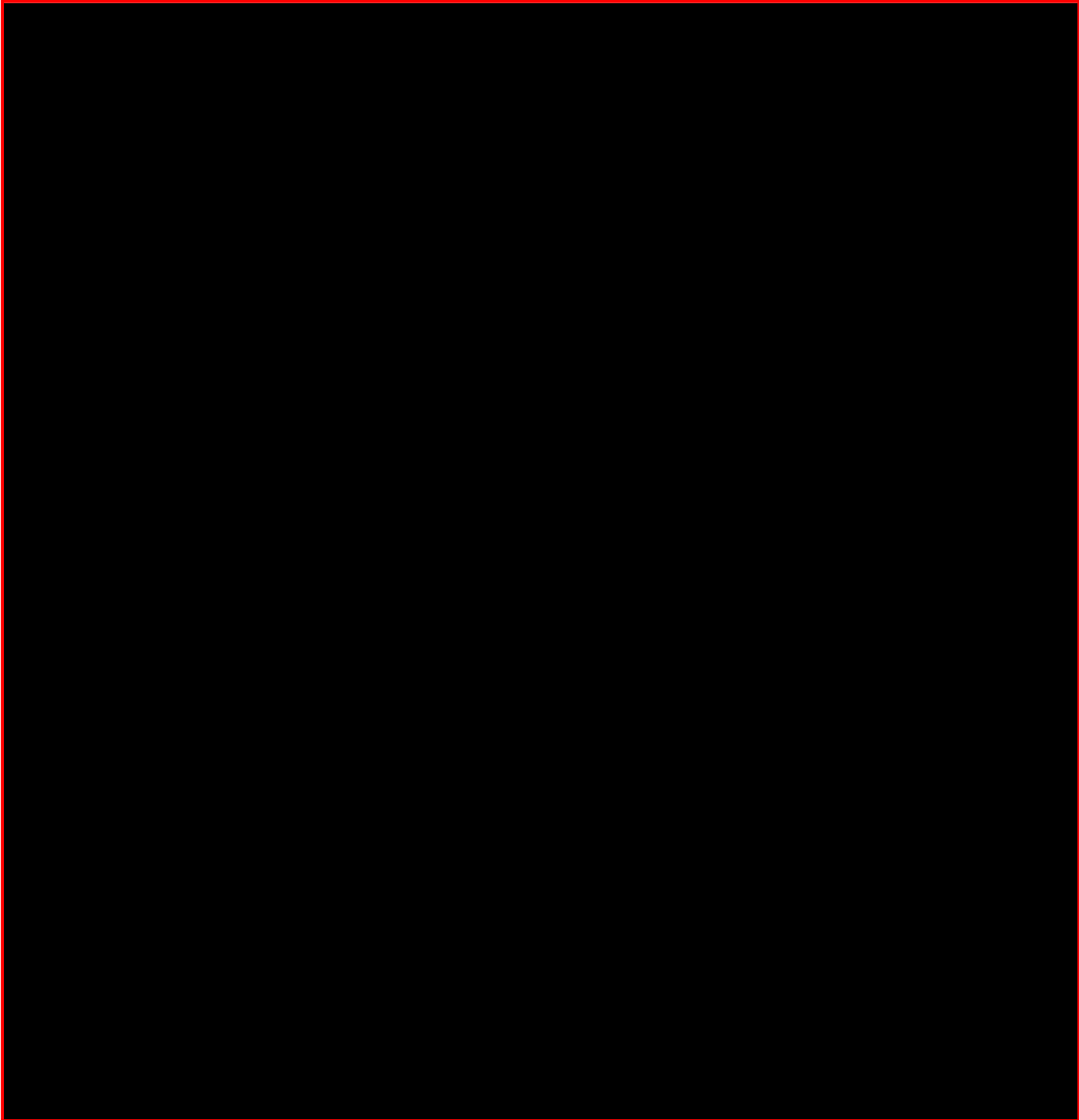
December 31, 2015 and 2014



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

Notes to Financial Statements

December 31, 2015 and 2014



ATTACHMENT 4

RESULTS OF OPERATIONS
ELECTRIC ALLOCATION PERCENTAGES
For Twelve Months Ended December 31, 2015
Average of Monthly Averages Basis

Report ID:
E-ALL-12A

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho
1	Input	Production/Transmission Ratio	01-01-2015 thru 12-31-2015	100.000%	65.630%	34.370%
2	Input	Number of Customers - AMA Percent	01-01-2015 thru 12-31-2015	373,614 100.000%	245,401 65.683%	128,213 34.317%
3	E-OPS	Direct Distribution Operating Expense Percent	01-01-2015 thru 12-31-2015	26,998,321 100.000%	18,093,437 67.017%	8,904,884 32.983%
	Input	Jurisdictional 4-Factor Ratio	01-01-2015 thru 12-31-2015			
		Direct O & M Accts 500 - 598		22,258,114	14,179,208	8,078,906
		Direct O & M Accts 901 - 935		27,675,297	19,974,239	7,701,058
		Total		49,933,411	34,153,447	15,779,964
		Percentage		100.000%	68.398%	31.602%
		Direct Labor Accts 500 - 598		14,905,270	10,500,754	4,404,516
		Direct Labor Accts 901 - 935		5,379,445	4,296,600	1,082,845
		Total		20,284,715	14,797,354	5,487,361
		Percentage		100.000%	72.948%	27.052%
		Number of Customers		374,962	246,435	128,527
		Percentage		100.000%	65.723%	34.277%
		Net Direct Plant		951,044,253	619,058,713	331,985,540
		Percentage		100.000%	65.093%	34.907%
4		Total Percentages Percent		400.000%	272.161%	127.839%
				100.000%	68.040%	31.960%

RESULTS OF OPERATIONS
ELECTRIC ALLOCATION PERCENTAGES
For Twelve Months Ended December 31, 2015
Average of Monthly Averages Basis

Report ID:
E-ALL-12A

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho	
			01-01-2014 thru 12-31-2014	Total	Electric	Gas North	Oregon Gas
Input		Elec/Gas North/Oregon 4-Factor		71,329,474	60,416,061	7,188,338	3,725,075
		Direct O & M Accts 500 - 894		41,851,885	32,202,921	6,220,526	3,428,438
		Direct O & M Accts 901 - 935		5,113,972	3,569,949	1,544,023	0
		Direct O & M Accts 901 - 905 Utility 9 Only		0	0	0	0
		Adjustments		0	0	0	0
		Total		118,295,331	96,188,931	14,952,887	7,153,513
		Percentage		100.000%	81.313%	12.640%	6.047%
		Direct Labor Accts 500 - 894		66,370,574	49,821,911	12,117,710	4,430,953
		Direct Labor Accts 901 - 935		5,437,133	3,522,548	278,804	1,635,781
		Direct Labor Accts 901 - 905 Utility 9 Only		9,861,227	6,556,215	3,305,012	0
		Total		81,668,934	59,900,674	15,701,526	6,066,734
		Percentage		100.000%	73.346%	19.226%	7.428%
		Number of Customers at		699,916	370,194	231,528	98,194
		Percentage		100.000%	52.892%	33.079%	14.029%
		Net Direct Plant		2,799,108,133	2,201,148,885	393,544,662	204,414,586
		Percentage		100.000%	78.637%	14.060%	7.303%
		Total Percentages		400.000%	286.187%	79.005%	34.808%
		Average (CD AA)		100.000%	71.547%	19.751%	8.702%

RESULTS OF OPERATIONS
ELECTRIC ALLOCATION PERCENTAGES
For Twelve Months Ended December 31, 2015
Average of Monthly Averages Basis

Report ID:
E-ALL-12A

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho	
			01-01-2014 thru 12-31-2014	Total	Electric	Gas North	Oregon Gas
Input		Gas North/Oregon 4-Factor		10,308,779	0	6,790,084	3,518,695
		Direct O & M Accts 500 - 894		9,216,208	0	5,941,535	3,274,673
		Direct O & M Accts 901 - 935		1,544,023	0	1,544,023	0
		Direct O & M Accts 901 - 905 Utility 9 Only		21,069,010	0	14,275,642	6,793,368
		Total		100.000%	0.000%	67.757%	32.243%
		Percentage					
		Direct Labor Accts 500 - 894		12,684,814	0	9,288,418	3,396,396
		Direct Labor Accts 901 - 935		1,603,381	0	233,486	1,369,895
		Direct Labor Accts 901 - 905 Utility 9 Only		3,305,012	0	3,305,012	0
		Total		17,593,207	0	12,826,916	4,766,291
		Percentage		100.000%	0.000%	72.908%	27.092%
		Number of Customers at		329,722	0	231,528	98,194
		Percentage		100.000%	0.000%	70.219%	29.781%
		Net Direct Plant		588,468,040	0	385,114,173	203,353,867
		Percentage		100.000%	0.000%	65.444%	34.556%
		Total Percentages		400.000%	0.000%	276.328%	123.672%
		Average (GD AA)		100.000%	0.000%	69.082%	30.918%

8

RESULTS OF OPERATIONS
ELECTRIC ALLOCATION PERCENTAGES
For Twelve Months Ended December 31, 2015
Average of Monthly Averages Basis

Report ID:
E-ALL-12A

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho	Oregon Gas
	Input	Elec/Gas North 4-Factor	01-01-2014 thru 12-31-2014	Total	Electric	Gas North	Oregon Gas
		Direct O & M Accts 500 - 894		67,621,722	60,416,061	7,205,661	0
		Direct O & M Accts 901 - 935		38,441,898	32,202,921	6,238,977	0
		Adjustments		0	0	0	0
		Total		106,063,620	92,618,982	13,444,638	0
		Percentage		100.000%	87.324%	12.676%	0.000%
		Direct Labor Accts 500 - 894		61,766,029	49,821,911	11,944,118	0
		Direct Labor Accts 901 - 935		3,969,931	3,522,548	447,383	0
		Total		65,735,960	53,344,459	12,391,501	0
		Percentage		100.000%	81.150%	18.850%	0.000%
		Number of Customers at		601,722	370,194	231,528	0
		Percentage		100.000%	61.522%	38.478%	0.000%
		Net Direct Plant		2,563,811,758	2,178,697,585	385,114,173	0
		Percentage		100.000%	84.979%	15.021%	0.000%
		Total Percentages		400.000%	314.975%	85.025%	0.000%
9		Average (CD AN/ID/WA)		100.000%	78.744%	21.256%	0.000%
10	E-PLT	Net Electric Distribution Plant - AMA	12-01-2014 thru 12-31-2015	953,092,430	621,474,155	331,618,275	
		Percent		100.000%	65.206%	34.794%	
11		Book Depreciation	01-01-2015 thru 12-31-2015	94,667,828	61,314,627	33,353,201	
		Percent		100.000%	64.768%	35.232%	

RESULTS OF OPERATIONS
ELECTRIC ALLOCATION PERCENTAGES
 For Twelve Months Ended December 31, 2015
 Average of Monthly Averages Basis

Report ID:
E-ALL-12A

AVISTA UTILITIES

Basis	Ref	Description	Based on Data from:	System	Washington	Idaho
12		Net Electric Plant (before DFIT) - AMA Percent	12-01-2014 thru 12-31-2015	2,419,440,884 100.000%	1,589,485,452 65.696%	829,955,432 34.304%
13	E-PLT	Net Electric General Plant - AMA Percent	12-01-2014 thru 12-31-2015	209,434,487 100.000%	139,951,864 66.824%	69,482,623 33.176%
14		Net Allocated Schedule M's - AMA Percent	01-01-2015 thru 12-31-2015	-183,357,087 100.000%	-117,653,055 64.166%	-65,704,032 35.834%
99	Input	Not Allocated		0.000%	0.000%	0.000%

ATTACHMENT 5

Avista Corp. Cash Management Guidelines and Procedures

In order to efficiently manage cash at the corporate and subsidiary levels, minimize borrowing costs and maximize investment returns, the following procedures should be followed regarding cash management activity between Avista Corp, Avista Capital and Avista Capital Subsidiaries (excluding Advantage IQ who manages their cash in accordance with their cash management investment guidelines):

I. Investment/Borrowing Policies

All excess subsidiary company cash will be managed at the Avista Corp. level. Cash will be transferred to the subsidiaries through Avista Capital to cover payables according to the guidelines set below. (Note: A Master Promissory Note in effect for any Subsidiary will supercede these guidelines.)

1. Avista Capital may maintain a money market account with a maximum balance of \$1,000,000. This account may be used to fund subsidiary payables. Avista Capital cash balances over \$1,000,000 and up to the outstanding loan balance will be transferred to Avista Corp as a payment against the outstanding borrowings on the loan between Avista Corp and Avista Capital.
2. Avista Capital may borrow from Avista Corp. to cover subsidiary company cash needs in accordance with board-approved limits. Avista Capital may loan excess funds to Avista Corp upon receipt of appropriate approvals. Regulatory restrictions should be considered prior to transferring funds between the utility and non-regulated subsidiaries. The current guidance in Washington is WAC 480-100-244 and in Oregon it is Order No. 07-297.
3. Unless specifically stated in a master promissory note, all loans between companies are unsecured.
4. Subsidiaries with cash deficits may borrow from Avista Capital. Borrowings will be in accordance with each company's board-approved limits. Subsidiaries will repay or loan excess funds to Avista Capital.
5. Investment/Borrowing Rates Between Avista Corp. and Avista Capital:
 - a) Upon receiving appropriate approvals, excess Avista Capital cash may be invested with (loaned to) Avista Corp. at a rate equal to Avista Corp.'s avoided short-term borrowing cost currently estimated at the one-month LIBOR plus 130 basis points (this is the short-term borrowing rate related to Avista Corp.'s credit facility). The rate will be reset monthly with the LIBOR rate in effect on the second business day of each month.

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

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

- b) Avista Capital may borrow from Avista Corp., subject to board-approved limits, at a rate equal to at least the Prime rate plus 30 basis points. This rate will be reset at such time as the Agent bank on the Avista Corp. credit agreement changes the Prime rate or the margin is changed per the

credit facility pricing grid. If an Alternate Base Rate (as defined in the credit facility) is in effect, the borrowing rate would be adjusted accordingly.

6. Investment/Borrowing Rates Between Avista Capital and Subsidiary Companies:
Subsidiaries of Avista Capital which are wholly-owned and are not expected to seek outside investors within the next two years will not be charged interest on borrowings or receive interest on invested funds with Avista Capital. The following interest rate guidelines apply to all other subsidiaries:
 - a) Subsidiary companies will borrow from Avista Capital at a rate equal to at least the Prime rate plus 30 basis points. This rate will be reset at such time as the Prime rate is changed by the Agent bank on the Avista Corp. credit agreement changes the Prime rate or the margin is changed per the credit facility pricing grid. If an Alternate Base Rate (as defined in the credit facility) is in effect, the borrowing rate would be adjusted accordingly.
 - b) Subsidiary company cash invested with (loaned to) Avista Capital will be at a rate equal to Avista Corp.'s avoided short-term borrowing cost, currently estimated at the one-month LIBOR plus 130 basis points. The rate will be reset monthly with the LIBOR rate in effect on the second business day of each month.
7. The Avista Corp. subsidiary accountant will maintain daily interest schedules of all borrowings and repayments between all subsidiary companies. Documentation will include the date and amount of the borrowing or repayment, the maturity date, if any, the applicable interest rate, and daily balances of all outstanding loans.

II. Subsidiary Cash Management Guidelines

1. Cash Balances
Subsidiary companies will keep a maximum of \$50,000 cash balance per book in their checking accounts at any time. Accurate up-to-date "checkbook" balances must be maintained and deposit information should be updated when funds are received. This information is available currently via Wells Fargo Commercial Electronic Office reports or through the Cash Manager for Avista Corp. Excess balances resulting from large deposits should be transferred to Avista Capital for investment or to pay down loan balances. Transfers of excess cash to Avista Capital may be incorporated in the weekly funding request for payables. Please contact the Avista Corp. Subsidiary Accountant for details.
2. Accounts Payable Check Runs
Subsidiaries should normally plan to do one check run per week. Manual checks outside of the check run are discouraged except in emergency situations. To receive maximum float on our funds, checks should be mailed on Friday.
3. Funding Requests from Avista Capital
Estimated funding requests must be submitted by email to the Subsidiary Accountant by 3:00 pm Friday for funding the following Monday. (Please cc: to the Avista Corp. Cash Manager) The funding request should indicate what expenses are included in the request for funding.
Actual funding requests (based on that estimate) for check runs must be received by 9:00 am on Monday for checks mailed on the prior working day. Funding requests should be submitted by e-mail to the Subsidiary Accountant at Avista Corp. Voucher must be signed by an authorized subsidiary representative. Funds will not be transferred without proper signatures.

Please note: For funding requests over \$2 million, please notify the Avista Corp. cash manager of the due date as far in advance as possible.
4. Emergency Checks Due Before Next Check Run

Checks written outside of the normal check run should be funded one business day after they are mailed, or the same day as written if hand delivered. If funding for these checks is required from Avista Capital, the request for funds must be made by telephone to the Subsidiary Accountant, followed by a fax/e-mail request received by 3:00 p.m. the day before the funds transfer. Funding requests must be signed by an authorized subsidiary representative. Same day transfer of funds over \$50,000 may be accommodated but cannot be guaranteed. Please contact Subsidiary Accountant or Cash Manager for availability of same day funds.

5. Wire Transfers

Amounts payable over \$500,000 should be paid by electronic transfer on the due date. The Voucher request for wire payment and funding request (if needed) should be received by the Subsidiary Accountant by 3:00 p.m. on the day prior to the due date. These wire transfer amounts should be included in the weekly advance estimates due at 3:00 on Friday. (See item 3 above.) Voucher requests for wire transfers must be accompanied by an approved cash approval request.

All funding requests from subsidiaries, whose accounting function is not done at the corporate offices, must be approved by an authorized person at the subsidiary.

6. Intercompany payments

Intercompany payments between Avista Corp, Avista Capital and all Subsidiaries should be made electronically. This includes payments for work orders, payroll and taxes.

These cash management guidelines and procedures will be reviewed at least annually, and at the time the Avista Corp. bank credit agreement is renewed.

Approved:

By: _____

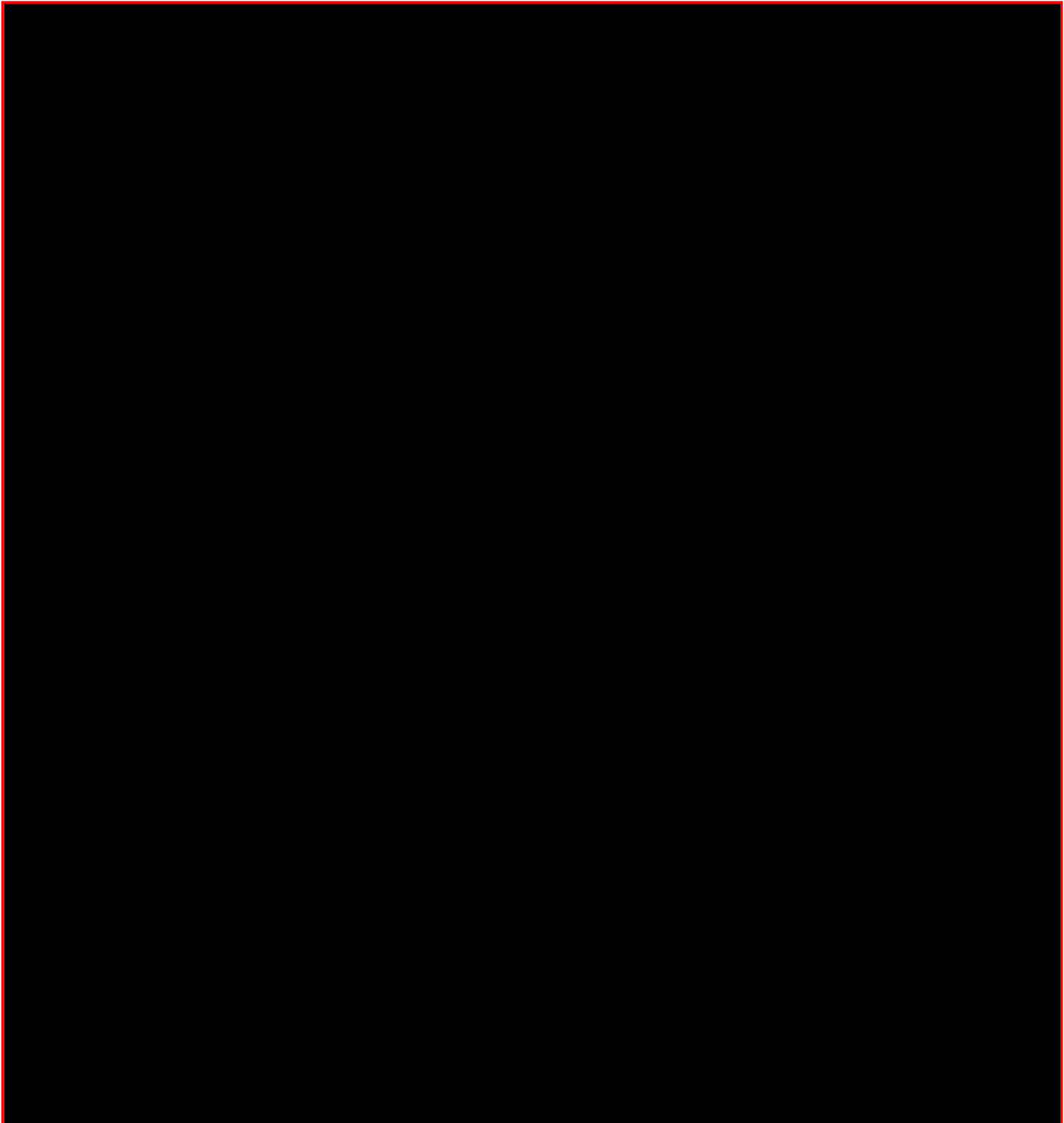
Treasurer – Avista Corp.

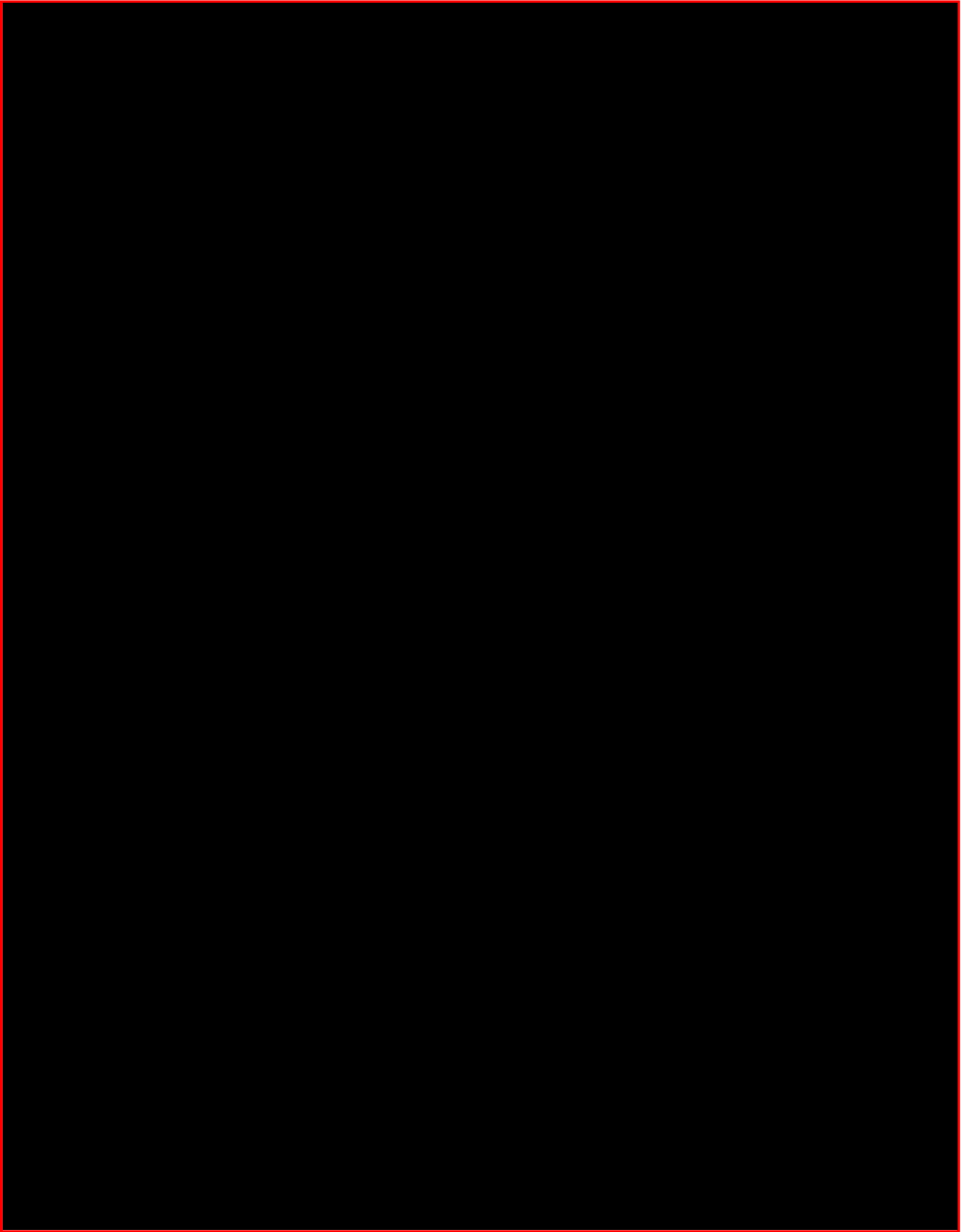
ATTACHMENT 6

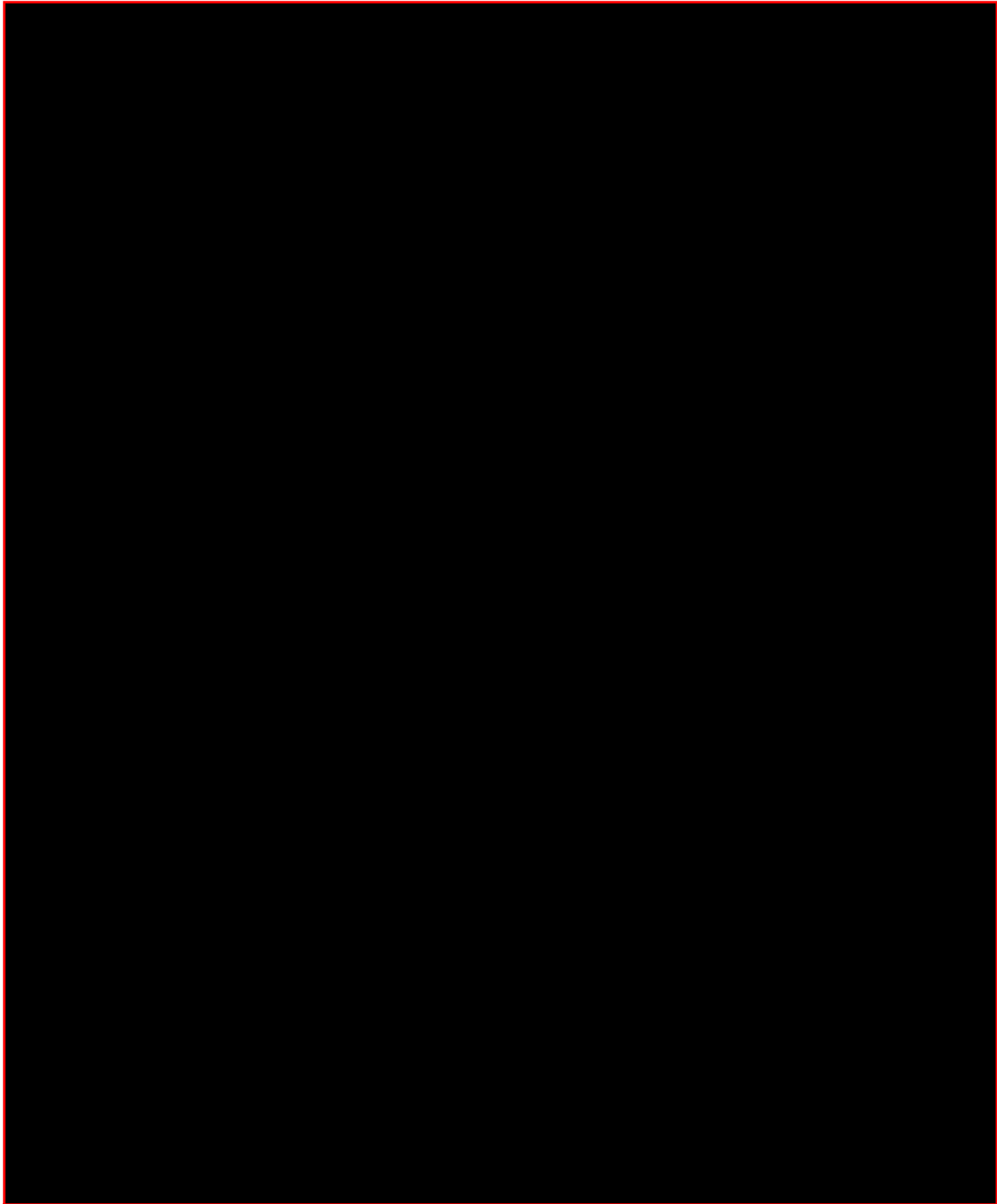
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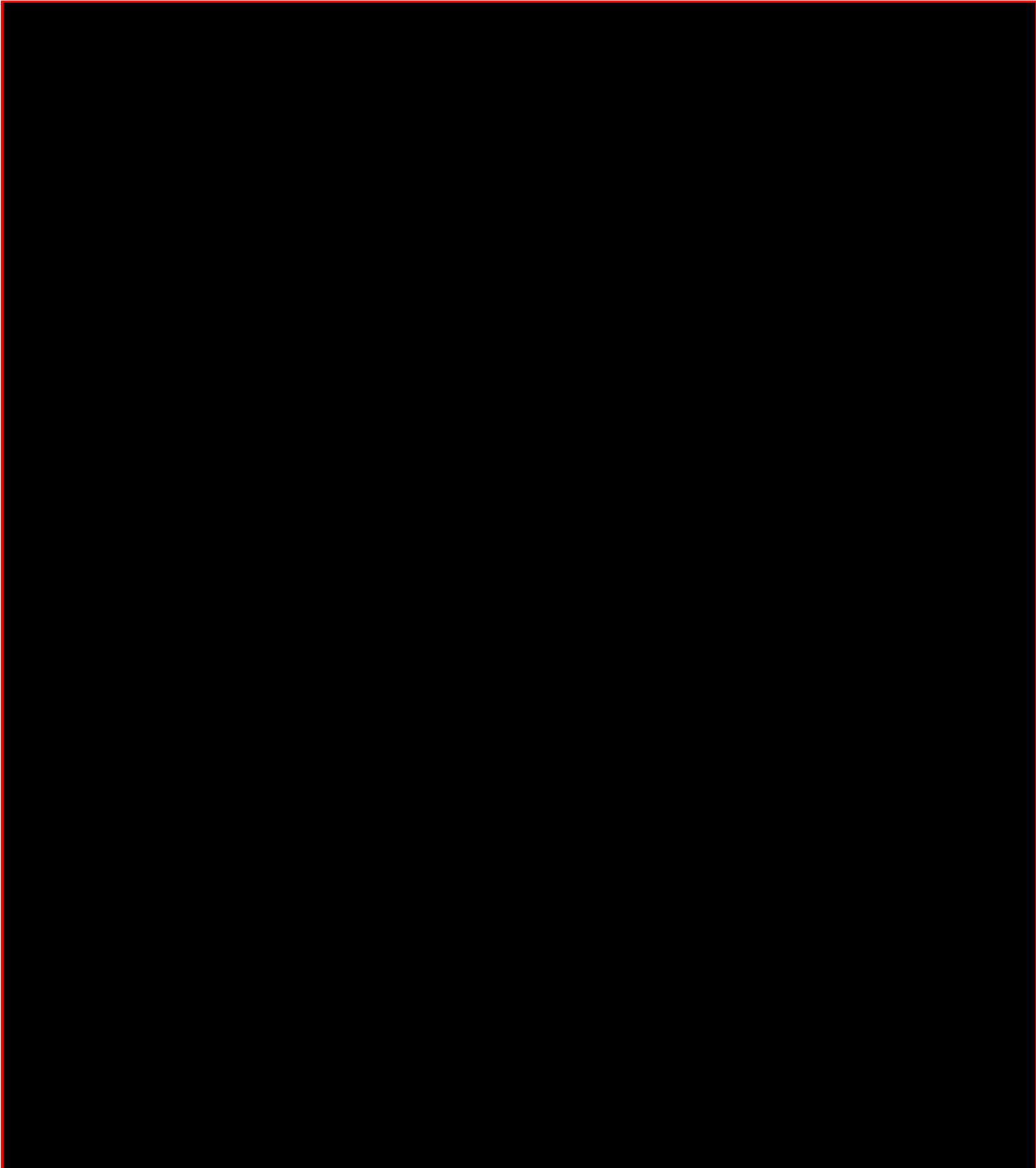
**STATEMENT OF WORK TO THE
MASTER SOFTWARE LICENSE AND SERVICES AGREEMENT**

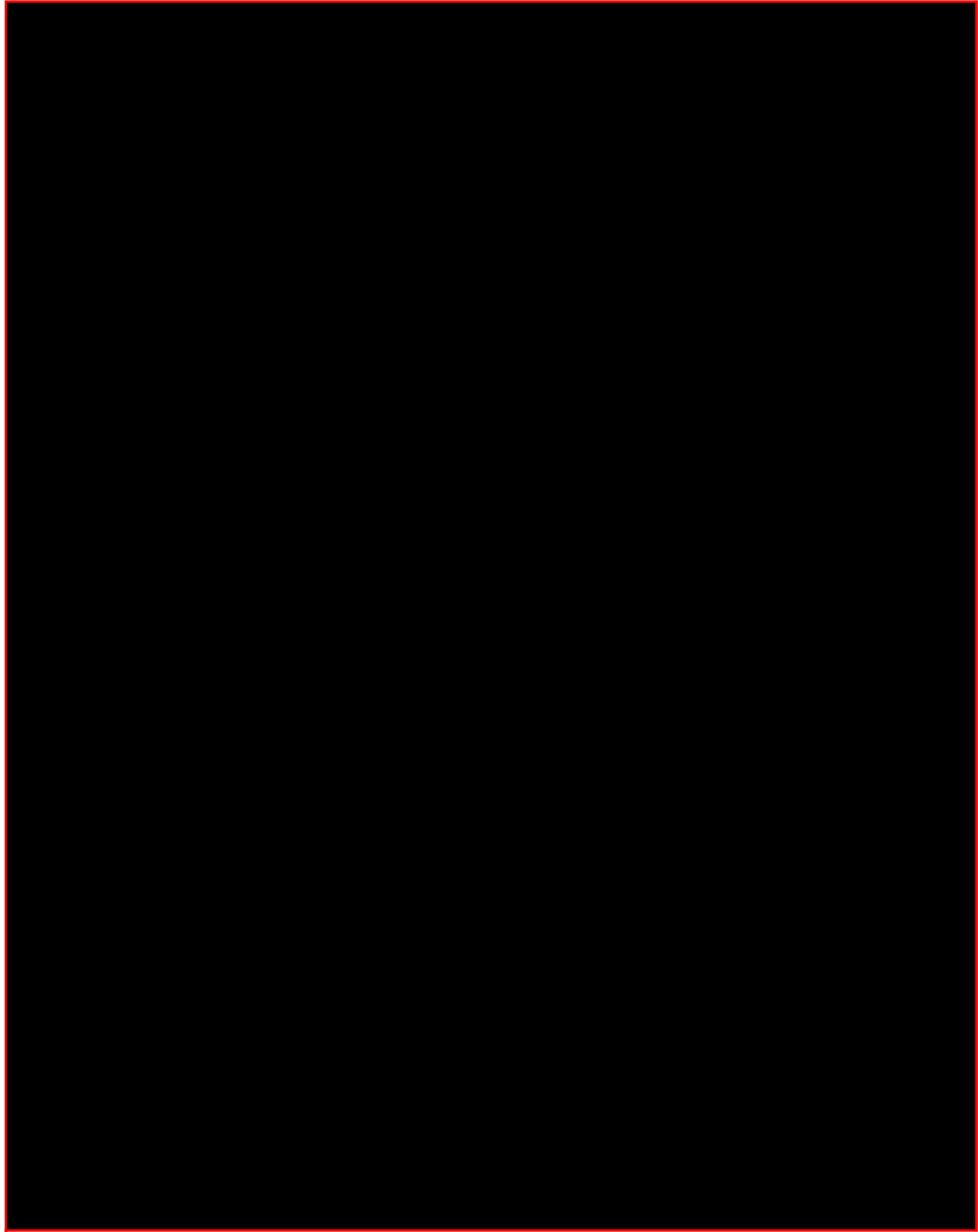
Originally Signed: June 26, 2013
Revised and Restated: April __, 2014

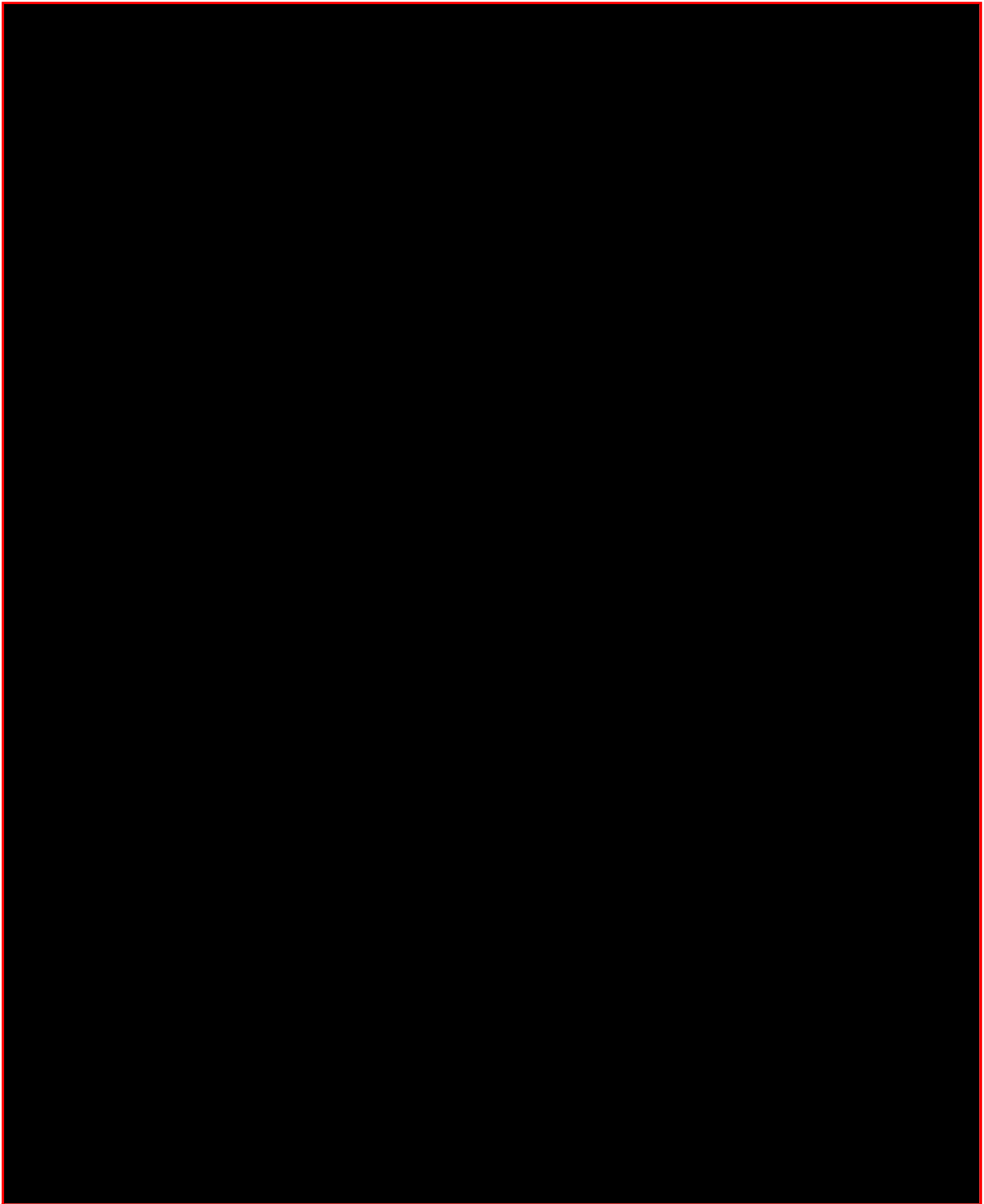


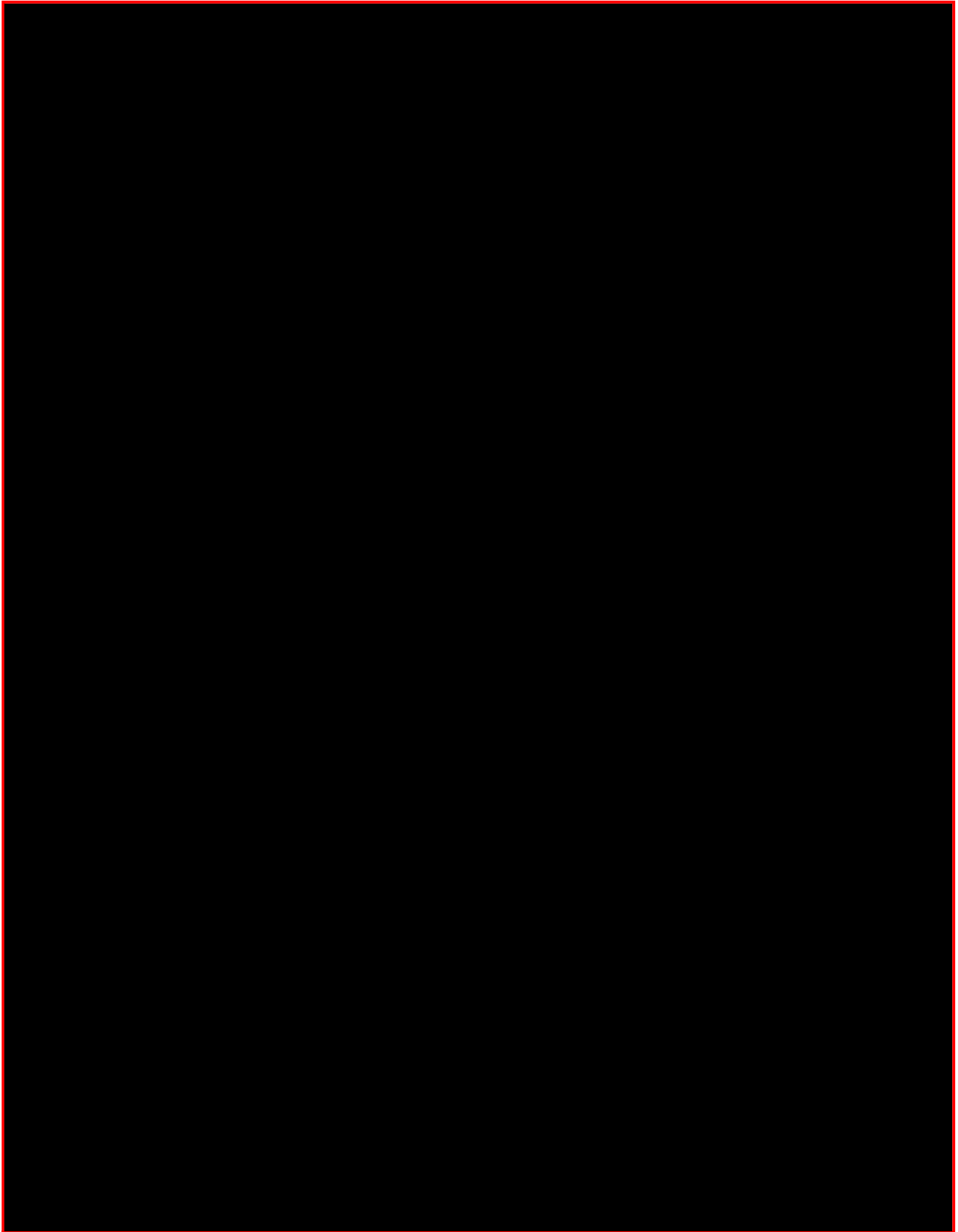


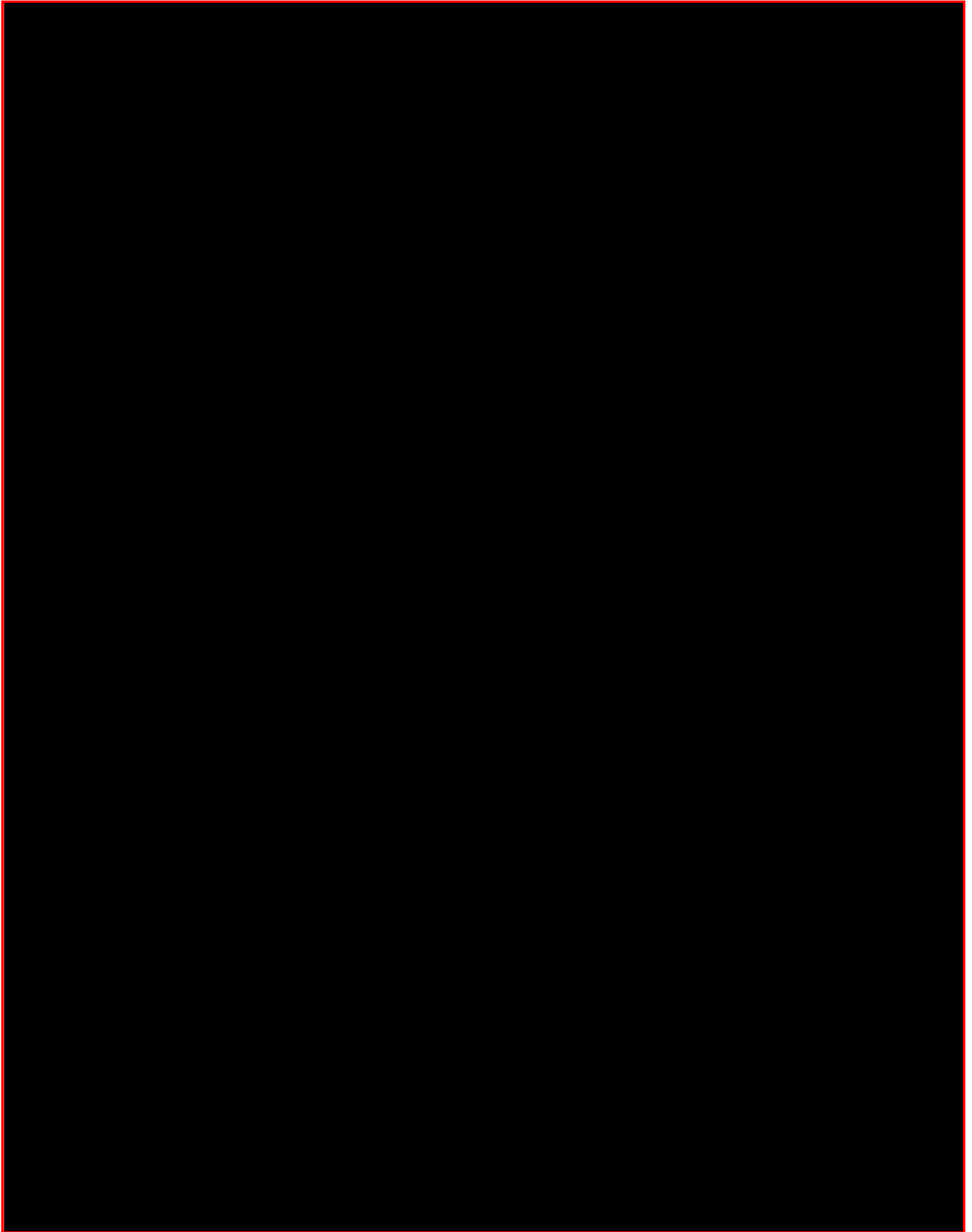


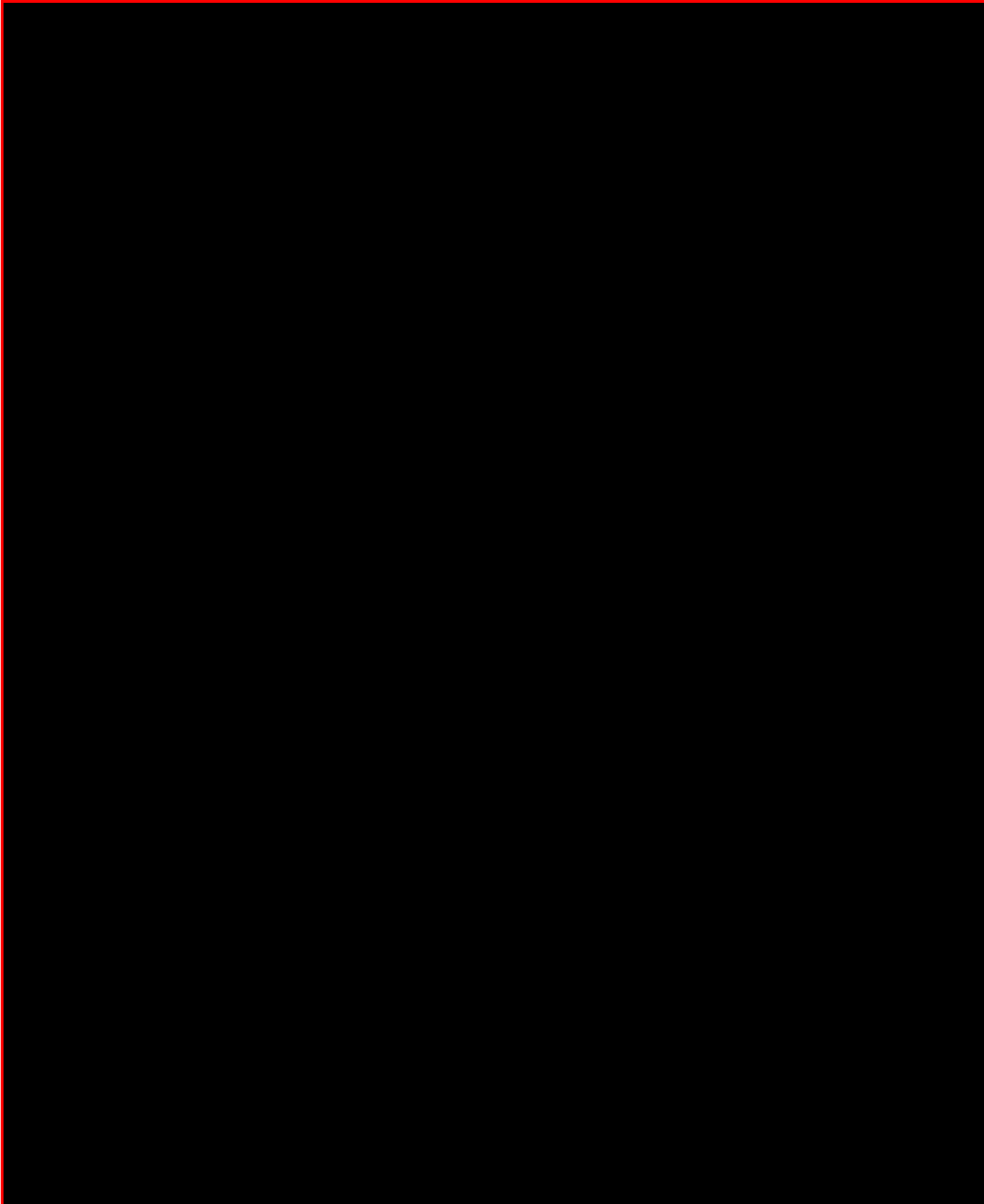


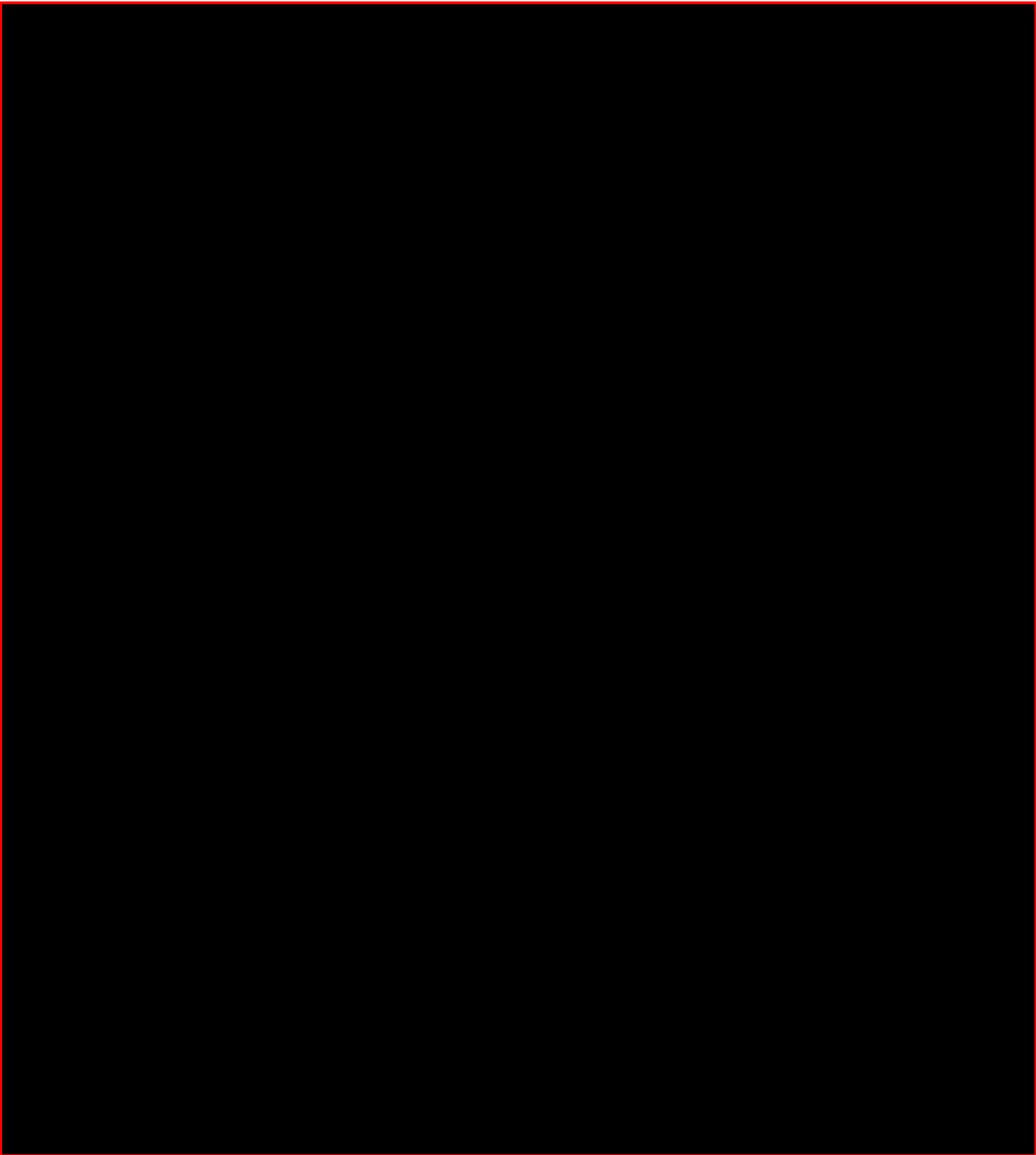


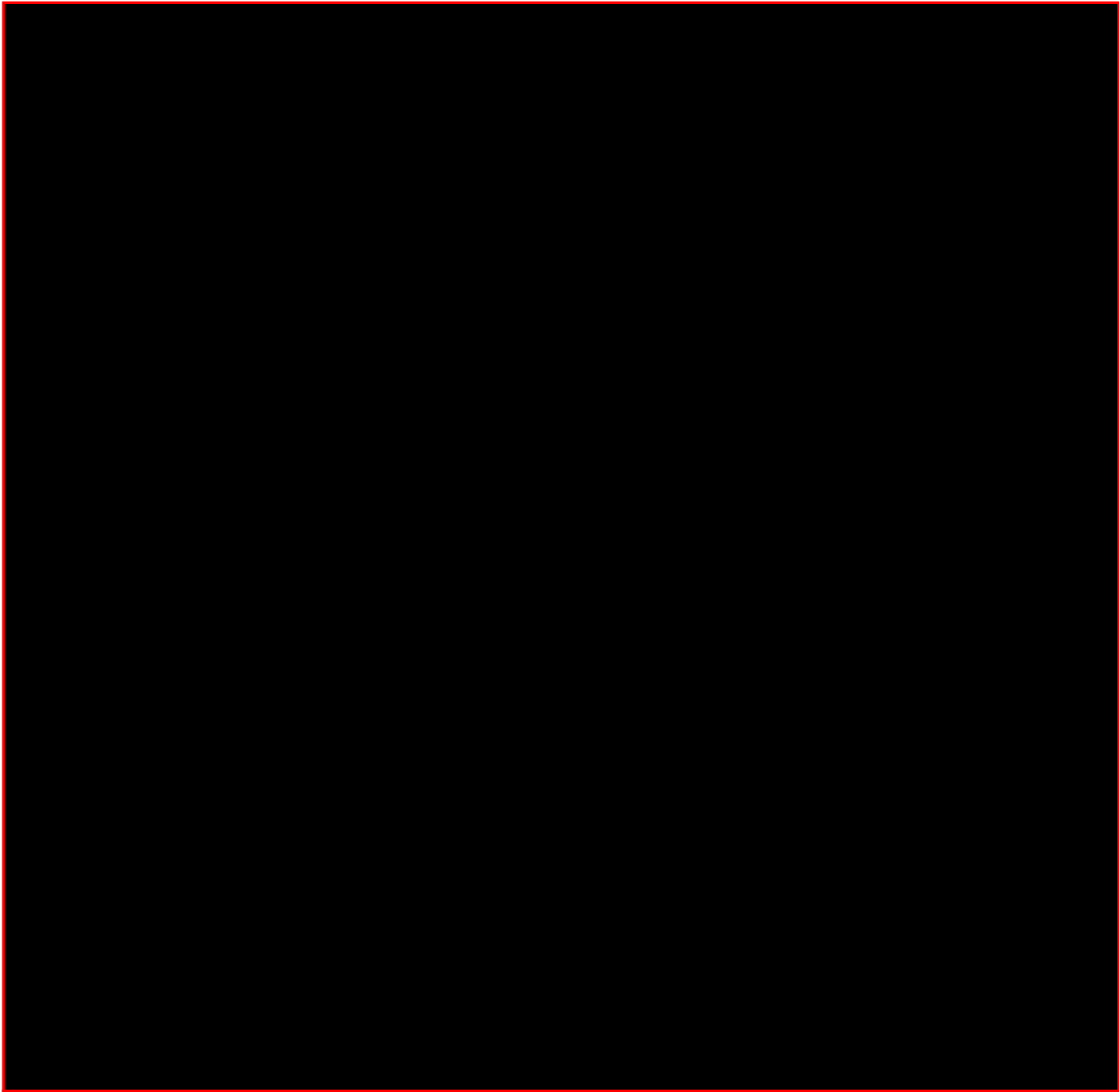


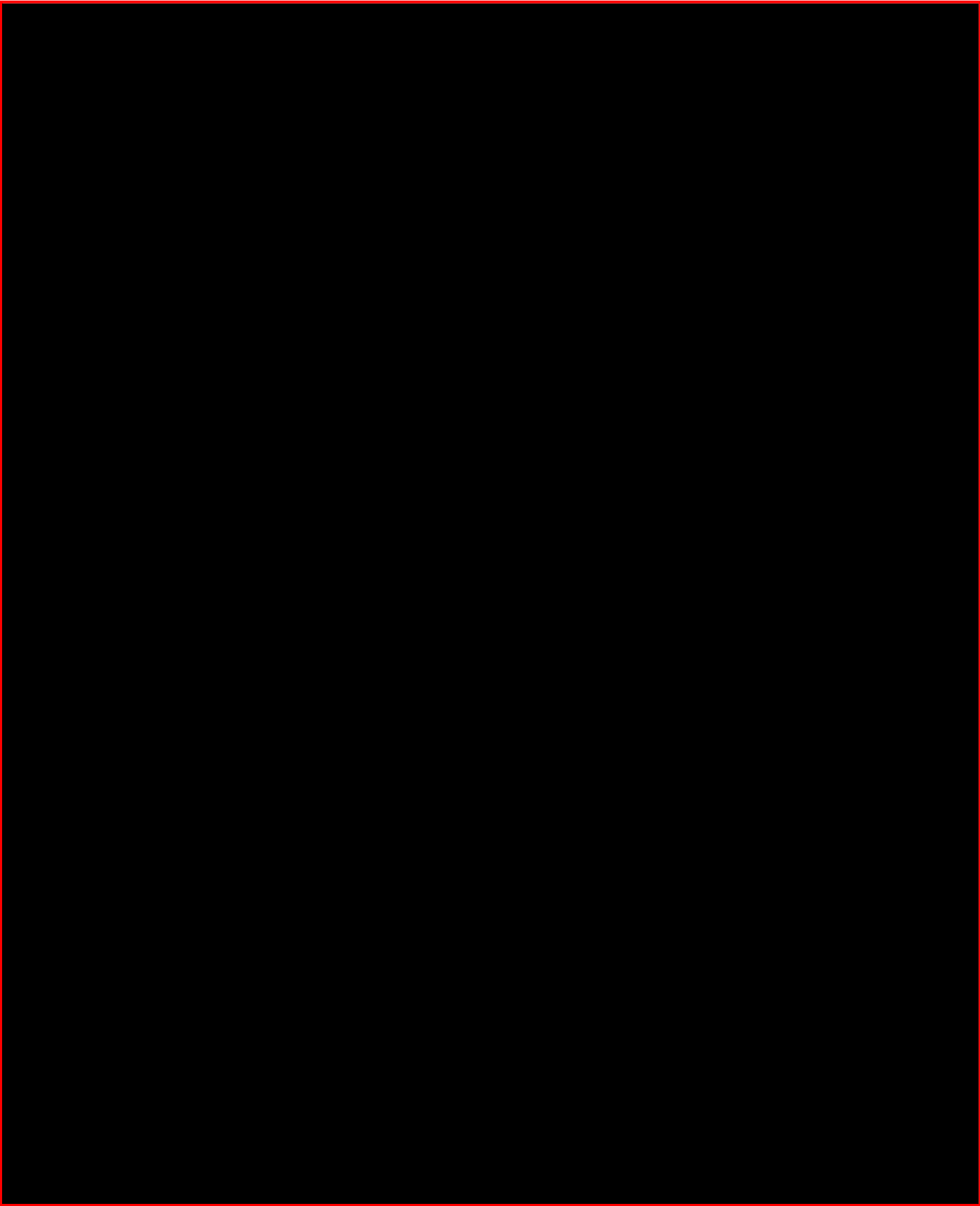


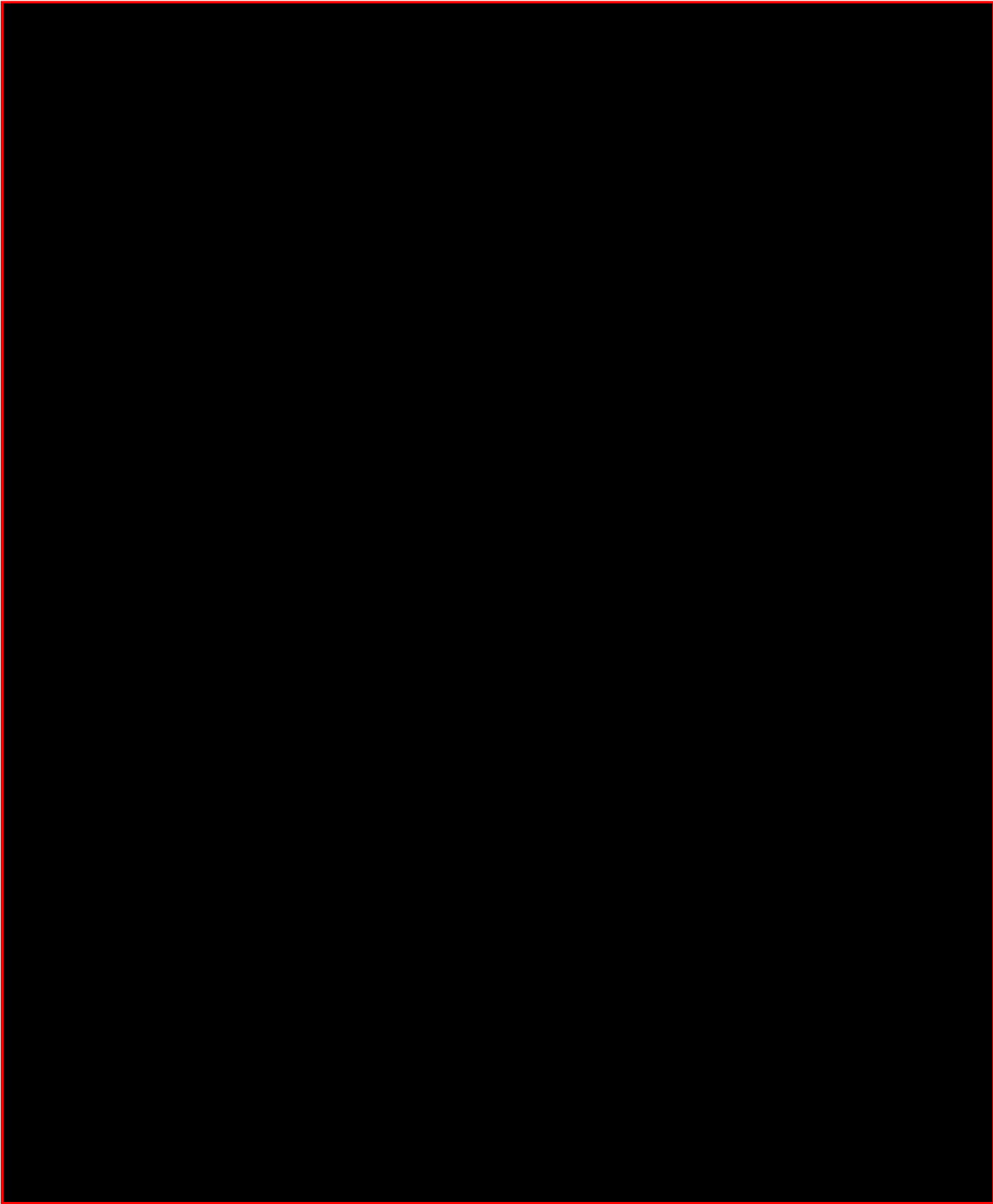


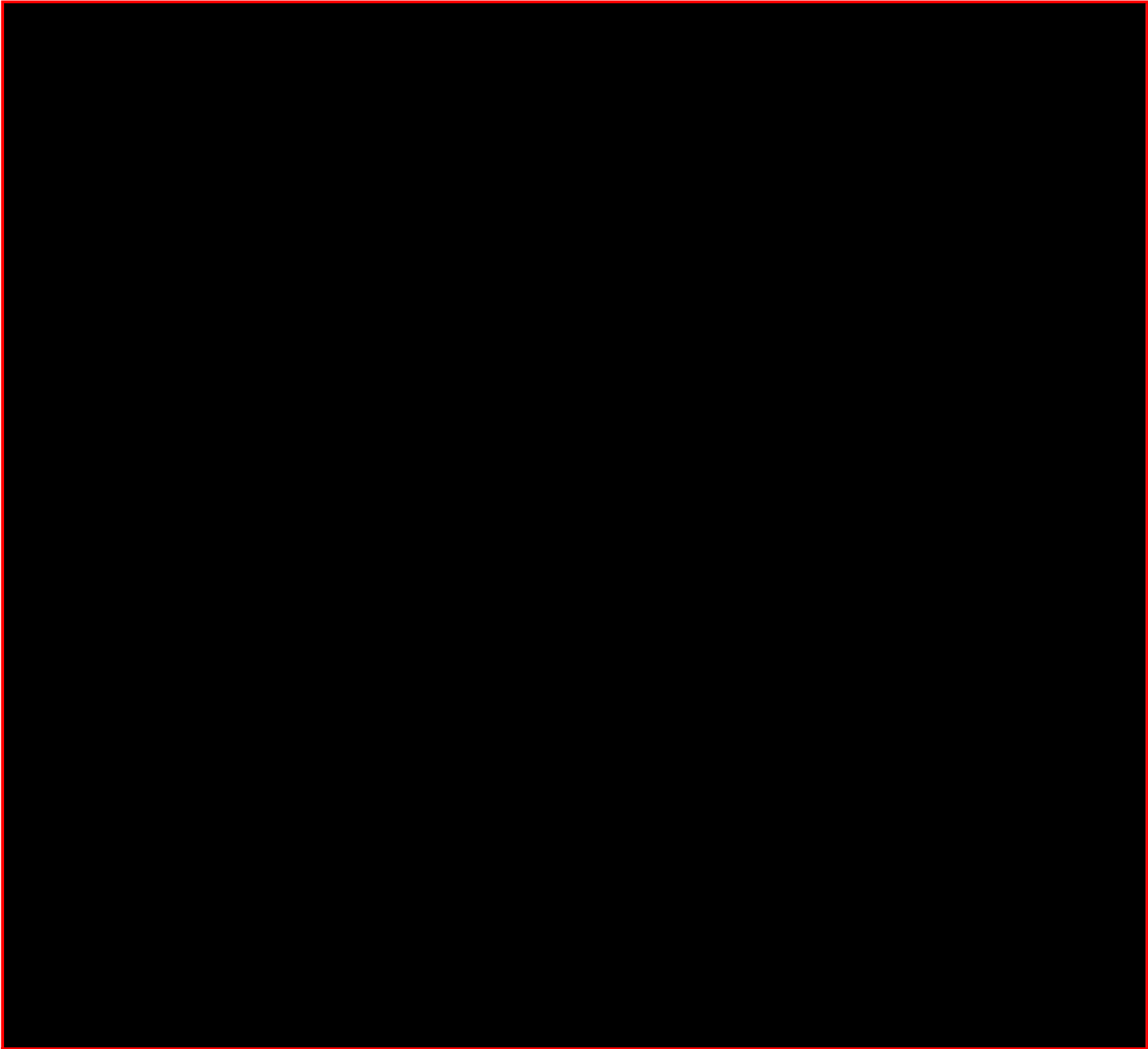


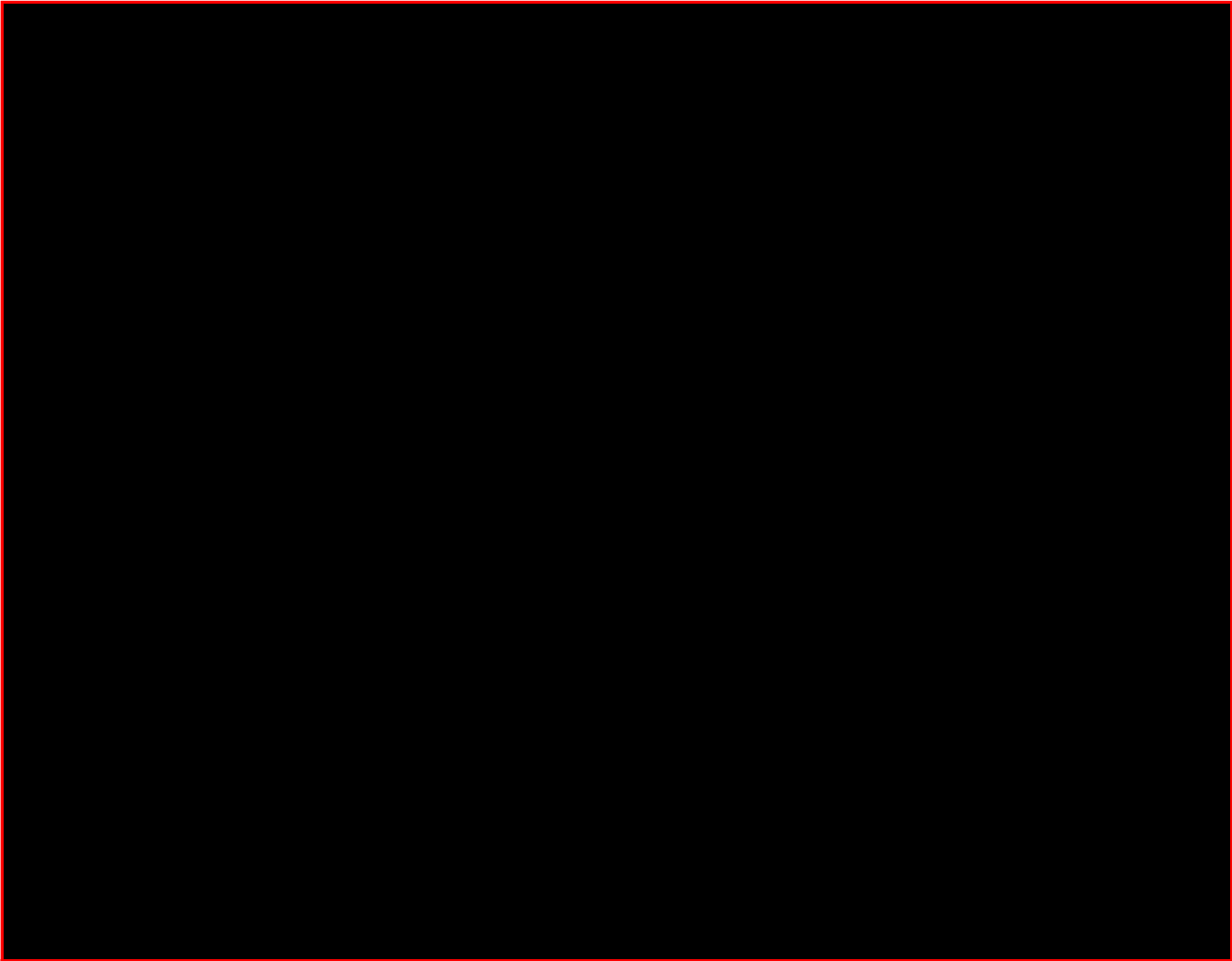












ATTACHMENT 7

COST ALLOCATION MANUAL
OF
AVISTA CORPORATION
d/b/a AVISTA UTILITIES

Avista Corp. dba Avista Utilities
Cost Allocation Manual
For the year 2015

This report is provided pursuant to OAR 860-027-0048, Section 5.

I.) Overview/Introduction

The purpose of Avista Utilities Cost Allocation Manual is to describe the methodologies for allocating direct, indirect and shared service costs between the Utility and its nonregulated affiliated activities.

All corporate support provided and costs incurred, including labor costs loaded for benefits, are billed directly to affiliates at cost. No allocation of expenses occurs.

II.) Narrative Description of Avista's Nonregulated Activities and Affiliates

a. List of utility Non-Regulated Activities:

Not applicable.

b. List of utility Affiliates & Subsidiaries that meet the requirements of ORS 757.15:

Please see the Oregon Affiliated Interest Report filed with the Oregon Commission on or before June 1 annually, Section I.C., pages 2-3.

III.) Description of Methods for Calculation and Allocation of Costs

a. Service Transactions

Electricity and natural gas sales are priced according to approved tariffs. See <http://www.avistautilities.com/services/pages/default.aspx> for current tariffs used to price services provided (Schedules 11, 48 and 10).

b. Non-Service Transactions

Avista Corporation Corporate Support –

On a regular basis, general office employees, of Avista Corporation spend time on corporate service support, such as accounting, federal income tax filing, planning, graphic services, etc. for affiliates. Their time is charged directly to suspense accounts (Deferred Debit 186), loaded for benefits and then established as a receivable (Account 146) when billed to the affiliate. If other resources are expended during the course of this work such as travel or consulting services, these costs are also charged to suspense accounts and billed to the affiliate.

All corporate support provided, and costs incurred, are billed to affiliates at cost. No additional margin or profit is included and no assets are allocated. Suspense and capture of Avista Corporation employee costs, which are then billed back to the affiliates at cost, serve to reduce the expenses that must be borne by the utility.

IV.) **Labor Allocation Methods**

a. Payroll Loadings and Overheads

The Company's payroll loadings and overhead billing rates are reviewed monthly and adjusted as necessary, to reflect changes in costs and usage. The following rates are the 2016 Budgeted rates.

DESCRIPTION	2016 BUDGET RATES
Labor Related:	
Payroll Benefits	60.18%
Paid Time Off	16.50%
Payroll Taxes	8.25%

b. Service Provider and Administrative Allocations

As described in section III.) b. above, all corporate support provided, and costs incurred, are direct billed to affiliates at cost. No allocations occur.

V.) **Organization Chart**

Please see the Oregon Affiliated Interest Report filed with the Oregon Commission on or before June 1 annually, Section I., page 1. A full size (8 ½ x 11) copy is also provided as Attachment 1 to that report.



Avista Corp.

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

VIA ELECTRONIC MAIL

May 20, 2016

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE
Suite 100
Salem, OR 97301

RE: Annual Affiliated Interest Report pursuant to OAR 860-27-0100

Please find enclosed one original and two copies of Avista Corporation's Affiliated Interest Report for 2015. Included within this report are the financial statements of certain Company subsidiaries. The filed statements are prepared for internal use only and are unaudited. Due to the consolidation process it may not be possible to reconcile line items to our publically issued financial statements. We have also included a statement of work with one of our affiliates that we are requesting to be kept confidential. Please assure these financial statements and statement of work, stamped CONFIDENTIAL, are treated confidentially in accordance with ORS 192.501 and 192.502.

Please direct any questions on this matter to me at (509) 495-8601.

Sincerely,

/s/ Liz Andrews

Liz Andrews
Senior Manager, Revenue Requirements
Avista Utilities
liz.andrews@avistacorp

enclosure