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COMPANY NAME: Avista Corporation

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? ☐ No ☐ Yes

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

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

Report is required by:
■ OAR 860-027-0015
☐ Statute Enter statute number
☐ Order Enter PUC Order No
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Is this report associated with a specific docket/case? ■ No ☐ Yes

If yes, enter docket number: Enter Docket number

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

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- Accident reports required by ORS 654.715

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

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2014

GENERAL INSTRUCTIONS

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

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

PROJECT NARRATIVE

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

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

FULL NAME OF GAS UTILITY			
Avista Corporation			
ADDRESS: PO BOX OR STREET NUMBER P. O. Box 3727	CITY Spokane	STATE WA	ZIP CODE 99202-3727
CERTIFICATION: I CERTIFY THAT THE INFORMATION REPORTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.			
SIGNATURE	TITLE Senior Vice President and Chief Financial Officer		DATE 3/21/2014

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (SYSTEM)	COMPANY: Avista Corporation	BUDGET YEAR: 2014

INSTRUCTIONS

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

DESCRIPTION (Total Utility GAS and ELECTRIC)	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO/YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC) PRIOR TO B.Y.	2014 B.Y.	2015 B.Y. + 1	2016 B.Y. + 2	2017 B.Y. + 3	2018 B.Y. + 4	REQUIRED TO COMPLETE	TOTAL
MAJOR PRODUCTION & STORAGE PROJECTS:										
NON-MAJOR PRODUCTION & STORAGE PROJECTS										
TOTAL PRODUCTION & STORAGE PROJECTS				81,212	83,060	51,814	60,255	57,624		$333,965
MAJOR TRANSMISSION PROJECTS:										
NON-MAJOR TRANSMISSION PROJECTS										
TOTAL TRANSMISSION PROJECTS				35,622	51,909	46,882	42,312	30,580		$207,306
DISTRIBUTION (SEE INSTRUCTION 3):										
MAINS										
MEASURING & REG. STA.EQUIPMENT										
COMPRESSOR STATION EQUIPMENT										
SERVICES										
METERS AND REGULATORS										
METER INSTALLATIONS										
OTHER (LAND, EQUIPMENT, STRUCTURES)										
TOTAL DISTRIBUTION				134,947	153,555	173,737	173,057	191,555		$826,851
MAJOR GENERAL PLANT PROJECTS:										
NON-MAJOR GENERAL PLANT PROJECTS										
TOTAL GENERAL PLANT PROJECTS				79,512	66,617	77,511	74,575	70,441		$368,656
TOTAL NEW CONSTRUCTION BUDGET				$331,293	$355,141	$349,945	$350,200	$350,200		$1,736,778

SCHEDULE C: GAS UTILITY NEW CONSTRUCTION BUDGET (OREGON)

COMPANY: Avista Corporation

BUDGET YEAR: 2014

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.	2014 B.Y.	2015 B.Y. + 1	2016 B.Y. + 2	2017 B.Y. + 3	2018 B.Y. + 4	REQUIRED TO COMPLETE	TOTAL
MAJOR PRODUCTION & STORAGE PROJECTS:										
NON-MAJOR PRODUCTION & STORAGE PROJECTS				50	100	100				
TOTAL PRODUCTION & STORAGE PROJECTS				50	100	100				$250
MAJOR TRANSMISSION PROJECTS:										
NON-MAJOR TRANSMISSION PROJECTS										
TOTAL TRANSMISSION PROJECTS										
DISTRIBUTION (SEE INSTRUCTION 3):										
MAINS				8,210						
MEASURING & REG. STA. EQUIPMENT										
COMPRESSOR STATION EQUIPMENT										
SERVICES				6,833						
METERS AND REGULATORS				863						
METER INSTALLATIONS										
OTHER (LAND, EQUIPMENT, STRUCTURES)										
TOTAL DISTRIBUTION				15,906	17,284	17,855	18,288	18,387		$87,720
MAJOR PLANT PROJECTS:										
East Medford Reinforcement								5,000		
NON-MAJOR PLANT PROJECTS				328	97	97				
TOTAL PLANT PROJECTS				328	97	97		5,000		$5,521
TOTAL NEW CONSTRUCTION BUDGET				$16,284	$17,480	$18,051	$18,288	$23,387		$93,491

Avista Utilities Oregon Large Project Summary – 2014
Capital Plan

ER 3203 - E. Medford Reinforcement

Project Description: This phase of the multi-year project will complete the 12" steel gas pipeline loop across the east side of Medford, OR. The length of the remaining segment is approximately 3.2 miles.

Need for the Project: Avista's Gas Integrated Resource Plan requires increased gas deliveries from the TransCanada Pipeline source at the Phoenix Road Gate Station in SE Medford. Existing distribution piping exiting this station is unable to receive the needed increased gas volumes. This new gas line encircling Medford to the east and tying into an existing gas line in White City will improve delivery capacity and provide a much needed reinforcement in the East Medford area which is forecasting higher growth.

Budget Reconciliation: This phase of the project has not previously been in the planning window.

Budget Year	2014	2015	2016	2017	2018
2014 ($000)					5,000

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

BUDGET OF EXPENDITURES REPORT FOR THE YEAR 2014

GENERAL INSTRUCTIONS

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

FULL NAME OF UTILITY

Avista Corporation

ADDRESS OF PRINCIPAL OFFICE		CITY	STATE	ZIP CODE
East 1411 Mission Avenue		Spokane	WA	99202
ADDRESS OF PRINCIPAL OFFICE IN OREGON (IF OTHER THAN ABOVE)		CITY	STATE	ZIP CODE
580 Business Park Drive		Medford	OR	97504
STATE OF INCORPORATION	DATE OF INCORPORATION	TYPE OF ORG. IF NOT INCORPOR.	DATE ORGANIZED	
Washington	March 15, 1889	N/A	N/A	

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

Washington	Electric	Natural Gas
Idaho	Electric	Natural Gas
Oregon		Natural Gas

DIRECTORS AT DATE OF BUDGET

NAME OF DIRECTOR	CITY AND STATE OF RESIDENCE	LENGTH OF TERM	TERM EXPIRES
Erik J. Anderson	Kirkland, WA	1 Year	2014
Kristianne Blake	Spokane, WA	1 Year	2014
Donald C. Burke	Langhorne, PA	1 Year	2014
Rick R. Holley	Bellevue, WA	1 Year	2014
John F. Kelly	Winter Park, FL	1 Year	2014
Rebecca A. Klein	Austin, TX	1 Year	2014
Scott L. Morris	Spokane, WA	1 Year	2014
Marc F. Racicot	Bigfork, MT	1 Year	2014
Heidi B. Stanley	Spokane, WA	1 Year	2014
R. John Taylor	Lewiston, ID	1 Year	2014

CONFIDENTIAL

Annual Salary and Other Compensation of Officers and Retired Executives

Next 4 Pages

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

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

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

NAME OF ORGANIZATION, CITY AND STATE		ACCOUNT NUMBER	TOTAL AMOUNT	AMOUNT ASSIGNED TO OREGON
2014 Estimated Donations				
Charitable Organizations				
Organizations (35) less than $1000 ea		426	12,275	12,275
	Subtotal		12,275	12,275
Other Donations/Contributions				
GRANTS PASS & JOSEPHINE COUNTY		426	1,000	1,000
SOREDI			5,000	5,000
THE CHAMBER OF MEDFORD / JACKSON COUNTY			3,078	3,078
ASHLAND INDEPENDENT FILM FESTIVAL			1,000	1,000
CRATERIAN PERFORMANCES			2,500	2,500
MEDFORD PARKS AND RECREATION			1,150	1,150
COMMUNITY HEALTH CENTER			1,000	1,000
ACCESS			1,000	1,000
CITY OF SUTHERLIN			1,000	1,000
UMPQUA SYMPHONY ASSOCIATION			1,000	1,000
BUSINESS OREGON FISCAL SERVICES SECTION			2,500	2,500
CONSUMER CREDIT COUNSELING			1,500	1,500
MUSIC ON THE HALF SHELL			1,200	1,200
ROGUE HACK LAB			1,000	1,000
ROGUE VALLEY SYMPHONY			1,500	1,500
SOUTHERN OREGON CHINESE			1,250	1,250
Organizations (38) less than $1000 ea			15,802	15,802
	Subtotal		42,480	42,480
	TOTAL		**54,755**	**54,755**
2014 Estimated Dues				
Utility Organizations:				
Western Energy Institute		930	30,000	2,666
	Subtotal		30,000	2,666
Technical/Professional Organizations:				
Northwest Gas Assn.		930	58,498	5,199
American Gas Assn			198,971	17,685
	Subtotal		257,469	22,884
Other Organizations:				
SOREDI		426	2,000	2,000
THE PARTNERSHIP			2,500	2,500
OREGON ECONOMIC DEVELOPMENT ASSOC			5,000	5,000
THE CHAMBER OF MEDFORD / JACKSON COUNTY			2,078	2,078
Organizations (30) less than $1000 each		426	6,984	6,984
Organizations (13) less than $1000 each		930	1,861	1,861
	Subtotal		20,422	20,422
	TOTAL		**307,891**	**45,972**

EXPENDITURES FOR PENSIONS OR A TRUST FUND TO PROVIDE PENSIONS

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

PENSION FUND PAYMENTS MADE TO	ACCOUNT NUMBER	TOTAL AMOUNT	AMOUNT ASSIGNED TO OREGON
2014 Pension, Pension Administration and Actuarial Costs:			
An audited copy of the Trustee's Financial Statements for the Plan Year ended 12/31/12 is attached. Contributions to the plan for 2014 have not yet been determined. All administrative and actuarial costs will be paid directly from the pension fund. The detail of administrative and actuarial costs for 2014 are not yet available.			

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2012 AND 2011

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

CliftonLarsonAllen

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, 2012 and 2011, 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.

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

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, 2012 and 2011, and the changes in financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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, 2012 and schedule of reportable transactions for the year ended December 31, 2012 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 7, 2013

THE RETIREMENT PLAN FOR EMPLOYEES OF AVISTA CORPORATION
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
INVESTMENTS (at Fair Value)		
Cash Equivalents and Temporary Investments	$ -	$ 7,550,000
Mutual Funds	327,383,639	254,523,625
Partnership Interests	9,137,872	9,085,383
Collective Trust	60,623,774	48,916,873
Closely Held Investments	8,991,241	8,408,153
NET ASSETS AVAILABLE FOR BENEFITS	$ 406,136,526	$ 328,484,034

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, 2012 AND 2011

	2012	2011
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO:		
INVESTMENT INCOME		
Interest and Dividends	$ 10,935,955	$ 11,039,539
Net Appreciation in Fair Value of Investments	43,716,420	4,532,575
Total Investment Income	54,652,375	15,572,114
COMPANY CONTRIBUTIONS	44,000,000	26,000,000
BENEFIT PAYMENTS PAID TO PARTICIPANTS	(20,560,841)	(19,267,177)
ADMINISTRATIVE FEES	(439,042)	(488,265)
NET INCREASE	77,652,492	21,816,672
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	328,484,034	306,667,362
End of Year	$ 406,136,526	$ 328,484,034

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 November 14, 2012. Employees become participants in the Plan after completing one year of continuous service in which at least 1,000 hours of service are credited. The Plan excludes leased employees, nonresident aliens, and employees covered by a collective bargaining agreement.

Pension Benefits

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

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

Death and Disability Benefits

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Financial Accounting Standards Board *Accounting Standards Codification* 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2: Inputs to the valuation methodology include:

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

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2012 and 2011.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition

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

Investment securities, mutual funds, and cash equivalents – The market-related value of Plan assets invested in debt and equity securities was based primarily on fair value (market prices). The fair value of investment securities traded on a national securities exchange is determined based on the last reported sales price; securities traded in the over-the-counter market are valued at the last reported bid price. Investment securities for which market prices are not readily available or for which market prices do not represent the value at the time of pricing, are fair valued by the investment manager based upon other inputs (including valuations of securities that are comparable in coupon, rating, maturity, and industry).

Collective trust funds – Investments in collective trust funds are presented at estimated fair value, which is determined based on the unit value of the fund. Unit value is determined by an independent trustee, which sponsors the fund, by dividing the fund's net assets by its units outstanding at the valuation date.

Closely held investments and partnership interests – The fair value of the closely held investments and partnership interests is based upon the allocated share of the fair value of the underlying assets as well as the allocated share of the undistributed profits and losses, including realized and unrealized gains and losses.

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Costs

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

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 7, 2013, the date the financial statements were available to be issued.

Actuarial Present Value of Accumulated Plan Benefits

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

a) retired or terminated employees or their beneficiaries

b) present employees or their beneficiaries.

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

NOTE 3 FUNDING POLICY

The Company's funding policy is to contribute at least the minimum amounts that are required to be funded under ERISA, but not more than the maximum amounts that are currently deductible for income tax purposes. Under the projected unit credit cost method, which was used to value all benefits (including ancillary benefits), the Plan's benefit obligations to participants for past services are computed on a present value basis using actual service as of the valuation date and projected future compensation. All contributions to the Plan, which are made by the Company only, are determined based on recommendations by an independent actuary. The Company contributions for the years ended December 31, 2012 and 2011, met the minimum funding requirements of ERISA.

NOTE 4 FAIR VALUE OF INVESTMENTS

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

	2012			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Fixed Income Securities	$ 83,349,477	$ -	$ -	$ 83,349,477
U.S. Equity Securities	135,436,458	-	-	135,436,458
International Equity Securities	79,447,744	-	-	79,447,744
Absolute Return (1)	20,892,332	-	-	20,892,332
Commodities (2)	8,257,628	-	-	8,257,628
Total Mutual Funds	327,383,639	-	-	327,383,639
Partnership Interests:				
Absolute Return (1)	-	8,773,932	-	8,773,932
Private Equity (3)	-	363,940	-	363,940
Total Partnership Interests	-	9,137,872	-	9,137,872
Collective Trusts:				
Real Estate	-	17,516,617	-	17,516,617
Fixed Income Securities	-	43,107,157	-	43,107,157
Total Collective Trusts	-	60,623,774	-	60,623,774
Closely Held Investments:				
Absolute Return (1)	-	8,991,241	-	8,991,241
Total Investments at Fair Value	$327,383,639	$ 78,752,887	$ -	$406,136,526

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

	2011			
	Level 1	Level 2	Level 3	Total
Cash Equivalents and Temporary Investments	$ -	$ 7,550,000	$ -	$ 7,550,000
Mutual Funds:				
Fixed Income Securities	76,845,997	-	-	76,845,997
U.S. Equity Securities	102,790,240	-	-	102,790,240
International Equity Securities	52,240,676	-	-	52,240,676
Absolute Return [1]	16,120,569	-	-	16,120,569
Commodities [2]	6,526,143	-	-	6,526,143
Total Mutual Funds	254,523,625	-	-	254,523,625
Partnership Interests:				
Absolute Return [1]	-	8,178,726	-	8,178,726
Private Equity [3]	-	906,657	-	906,657
Total Partnership Interests	-	9,085,383	-	9,085,383
Collective Trusts:				
U.S. Equity Securities	-	12,669,399	-	12,669,399
Real Estate	-	8,473,697	-	8,473,697
Fixed Income Securities	-	27,773,777	-	27,773,777
Total Collective Trusts	-	48,916,873	-	48,916,873
Closely Held Investments:				
Absolute Return [1]	-	8,408,153	-	8,408,153
Total Investments at Fair Value	$254,523,625	$ 73,960,409	$ -	$328,484,034

(1) This category invests in multiple strategies to diversify risk and reduce volatility. The strategies include: (a) event driven, relative value, convertible, and fixed income arbitrage, (b) distressed investments, (c) long/short equity and fixed income, and (d) market neutral strategies.

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

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

In 2011, $25,967,233 of investments were presented as Level 3. In 2012, it was determined Level 2 more properly reflects that inputs used to value the investments. All such investments are presented as Level 2 for both years shown above.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

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

	2012			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Partnership Interests:				
Euclid Partners SR LTD Partnership	$ 344,172	$ -	N/A	N/A
BPIF Non-Taxable LP	8,773,932	-	Semiannual	95 Days
Ticonderoga Partners III, Ltd. (Concord)	14,694	-	N/A	N/A
Ticonderoga e-Services Fund I, LP	5,074	-	N/A	N/A
Collective Trusts:				
JPMCB Strategic Property Fund	9,408,250	-	Quarterly	45 Days
Prudential U.S. Long Duration Corp. Bond	43,107,157	-	N/A	N/A
UBS Trumbull Property Fund	8,108,367	-	Quarterly	60 Days
Closely Held Investments:				
Aetos Capital Growth Portfolio LLC	8,991,241	-	Quarterly	60 Days

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

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Partnership Interests

Absolute Return:

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

Private Equity:

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

Collective Trusts

U.S. Equity Securities:

(Held in 2011 only) The GSTCO Strategic Value Fund seeks long-term growth of capital. The Fund is managed by Goldman Sachs Asset Management and uses a forward-looking investment approach that focuses on quality, well-positioned businesses selling at compelling valuations. Portfolio managers utilize a strong valuation discipline to purchase well-positioned, cash-generating businesses run by shareholder-oriented management teams. The investment's fair value is determined based on the quoted market values of the underlying assets.

Fixed Income Securities:

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

Real Estate:

JPMCB Strategic Property Fund and UBS Trumbull Property Fund invest in office, retail, residential, and industrial real estate. The properties are externally appraised on an annual basis by independent appraisers. Additional appraisals may be performed as warranted by specific asset or market conditions. Property valuations are reviewed quarterly and adjusted as necessary. Loans are reflected at fair value.

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Closely Held Investments:

Absolute Return:

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

NOTE 5 INVESTMENTS

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

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

	2012		2011	
	Cost	Current Value	Cost	Current Value
Mutual Funds:				
PIMCO Long-Term Credit	$62,871,034	$64,692,773	$62,871,034	$60,789,930
Vanguard Institutional Index Fund	75,091,099	85,104,701	48,005,815	50,742,169
AQR International Equity Fund LP	31,617,208	30,577,322	25,459,008	19,686,883
Vanguard Developed Markets Index Fund	25,568,116	30,186,528	18,337,507	19,604,761
PIMCO All Asset Fund	19,756,685	20,892,332	16,502,518	16,120,569
PIMCO Extended Duration Fund	*	*	13,724,184	16,056,067
Vanguard Small-Cap Index Fund	17,665,123	21,301,722	*	*
Collective Trust:				
Prudential U.S. Long-Term Corp. Bond	37,099,220	43,107,157	25,192,006	27,773,777

* Represents less than 5% in year presented

NOTE 5 INVESTMENTS (CONTINUED)

During 2012 and 2011, the Plan's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated (depreciated) as follows:

	2012	2011
Mutual Funds	$ 36,070,701	$ 2,078,515
Partnership Interests	350,296	(462,237)
Collective Trust Funds	6,712,335	3,130,252
Closely Held Investments	583,088	(213,955)
Total Appreciation	$ 43,716,420	$ 4,532,575

NOTE 6 PLAN TERMINATION

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

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

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

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

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

4. All nonvested benefits.

NOTE 6 PLAN TERMINATION (CONTINUED)

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability, and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees. For Plan terminations occurring during 2012 and 2011, that ceiling which is adjusted periodically, was $4,653 and $4,500, respectively, per month. That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or Plan termination, whichever comes later. For younger annuitants, or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward.

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

NOTE 7 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

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

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

	2012	2011
Actuarial Present Value of Accumulated Plan Benefits:		
Vested Benefits:		
Participants Currently Receiving Payments	$ 201,187,006	$ 162,684,552
Other Participants	101,401,333	105,848,690
Total Vested Benefits	302,588,339	268,533,242
Nonvested Benefits	68,289,833	66,533,301
Total Actuarial Present Value of Accumulated Plan Benefits	$ 370,878,172	$ 335,066,543

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

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

	2012	2011
Actuarial Present Value of Accumulated Plan Benefits - Beginning of Year	$ 335,066,543	$ 303,820,272
Increase (Decrease) During the Year Attributable to:		
Change in Actuarial Assumptions	15,423,586	17,040,427
Actuary Losses	5,821,706	463,852
Benefits Accumulated	11,590,059	10,151,540
Change in Discount Period	23,383,483	22,521,029
Benefits Paid	(20,407,205)	(19,267,177)
Plan Amendments	-	336,600
Actuarial Present Value of Accumulated Plan Benefits - End of Year	$ 370,878,172	$ 335,066,543

Significant assumptions underlying the actuarial computations relating to accumulated Plan benefits as of December 31, 2012 and 2011, are as follows:

Discount Rate: 2012: 6.60%
2011: 6.95%

Salary Increase: 2012: 4.99% weighted average
2011: 4.87% weighted average

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

Termination Rates: Rates at various ages:

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

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

Retirement Rates:

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

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

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

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

NOTE 8 PLAN TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated 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 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. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

NOTE 9 RISKS AND UNCERTAINTIES

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

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

NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

The Plan pays certain third-party service providers' fees related to administrative activities of the Plan. These fees are considered party-in-interest transactions. Fees paid by the Plan were $290,796 and $216,828 for the years ended December 31, 2012 and 2011, respectively.

NOTE 11 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

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

	2012	2011
Net Assets Available for Benefits per the Financial Statements	$ 406,136,526	$ 328,484,034
Company Contributions Receivable	44,000,000	44,000,000
Net Assets Available for Benefits per Form 5500	$ 450,136,526	$ 372,484,034

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, 2012

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost	(e) Current Value
		Mutual Funds		
	AQR Funds	AQR International Equity Fund LP	$ 31,617,208	$ 30,577,322
	Credit Suisse	Credit Suisse Commodity-Return Strategy Fund	9,588,436	8,257,628
	Dodge & Cox	Dodge & Cox Stock Fund	11,716,914	14,701,410
	Lazard	Lazard Emerging Markets	17,080,251	18,683,894
	PIMCO	PIMCO All Asset	19,756,685	20,892,332
	PIMCO	PIMCO Extended Duration Fund	20,645,614	18,656,704
	PIMCO	PIMCO Long-Term Credit	61,816,464	64,692,773
	T. Rowe Price	T. Rowe Price Institutional Large Cap Growth Fund	10,718,029	14,328,625
	Vanguard	Vanguard Developed Markets Index Fund	25,568,116	30,186,528
	Vanguard	Vanguard Institutional Index Fund	75,091,099	85,104,701
	Vanguard	Vanguard Small Cap Index	17,665,123	21,301,722
		Total Mutual Funds	301,263,939	327,383,639
		Partnership Interests		
	Private Equity Partnership	Euclid Partners SR LTD Partnership	858,986	344,172
	Private Equity Partnership	BPIF Non-Taxable LP	8,000,000	8,773,932
	Private Equity Partnership	Ticonderoga Partners III, Ltd. (Concord)	288,142	14,694
	Private Equity Partnership	Ticonderoga e-Services Fund I, LP	615,018	5,074
		Total Partnership Interests	9,762,146	9,137,872
		Collective Trusts		
	UBS	UBS Trumbull Property Fund	7,666,079	8,108,367
	JP Morgan	JPMCB Strategic Property Fund	8,128,442	9,408,250
	Prudential	Prudential U.S. Long Duration Corp. Bond	37,099,220	43,107,157
		Total Collective Trusts	52,893,741	60,623,774
		Closely Held Investments		
	Aetos Alternatives Management LLC	Aetos Capital Growth Portfolio LLC	7,703,726	8,991,241
	Total		$371,623,552	$406,136,526

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, 2012

(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						
Highmark Diversified MMKT Fund	72 purchases	$ 83,762,833	$ -	$ -	$ 83,762,833	$ -
Highmark Diversified MMKT Fund	63 sales	-	91,312,830	91,312,830	91,312,830	-
Vanguard Institutional Index Fund	9 purchases	38,203,885	-	-	38,203,885	-
Vanguard Institutional Index Fund	40 sales	-	12,540,784	11,118,600	12,540,784	1,422,181

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

POLITICAL ADVERTISING

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

None

POLITICAL CONTRIBUTIONS

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

$392,500 (Oregon's Portion $57,000)	2014 Budgeted Contract Lobbyist Fees/Expenses
$255,000 (Oregon's Portion $40,000)	2014 Budgeted Political Contributions

EXPENDITURES AND MAJOR CONTRACTS FOR THE PURCHASE OR SALE OF EQUIPMENT

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

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

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

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

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

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

SIGNATURE OF PRESIDENT OR OTHER CHIEF OFFICER Dennis P. Vermillion	DATE 3/20/14
SIGNATURE OF SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER Mark T. Thies	DATE March 21, 2014