

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.

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



May 29, 2012

Public Utility Commission of Oregon  
Ms. Vikie Bailey-Goggins  
Administrator, Regulatory Operations  
550 Capitol St. NE, Suite 215  
Salem, OR 97301-2551

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 2011. 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. Therefore, we are asking that these financial statements be treated confidentially under the Public Records Law in accordance with ORS 192.501 and 192.502. These documents are stamped CONFIDENTIAL.

Please direct any questions regarding this filing to me at (509) 495-8601.

Sincerely,

A handwritten signature in cursive script that reads "Liz Andrews".

Liz Andrews  
Manager, Revenue Requirements

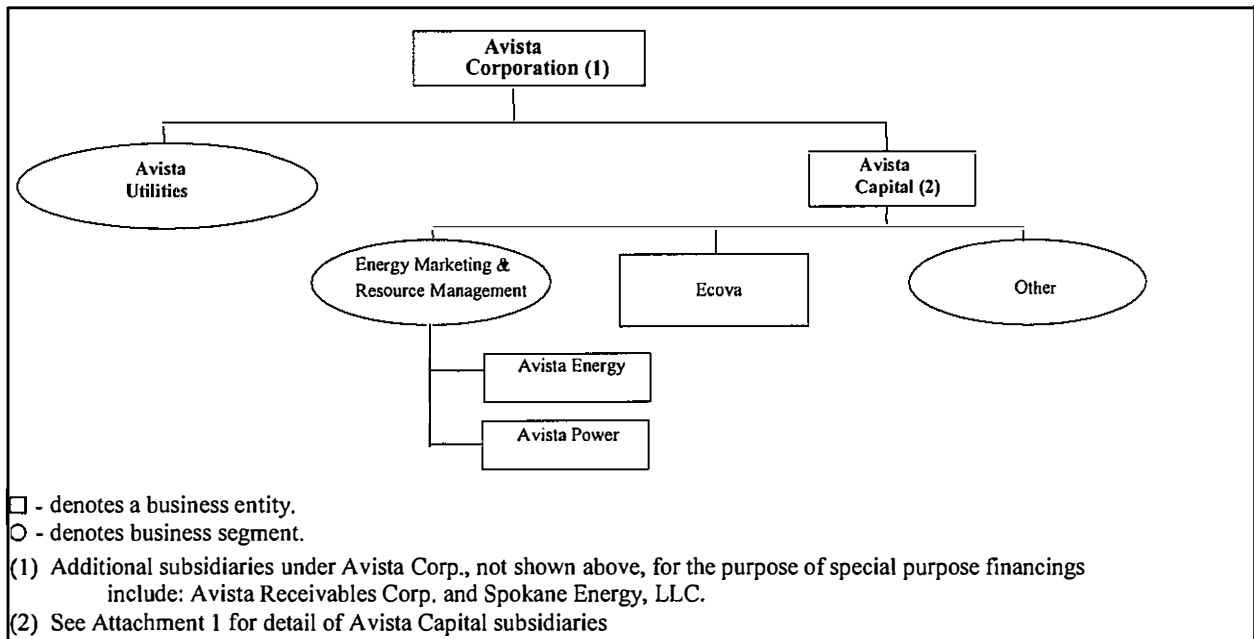
enclosure

**AFFILIATED INTEREST REPORT**  
**OF**  
**AVISTA CORPORATION**  
**d/b/a AVISTA UTILITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

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 (Water Power). Water Power 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, 2011.

## I. Organization 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

In January 2011, Steam Plant Square, LLC, a wholly-owned subsidiary of Avista Development, Inc., purchased the Steam Plant Brew Pub, LLC.

### C. Narrative Descriptions

Avista Utilities is a combination utility that provides service to approximately 360,000 electric customers and 225,000 natural gas customers in a 26,000-square-mile area in eastern Washington and northern Idaho. Avista Utilities also serves 96,000 natural gas customers in Oregon. The largest community served in the area is Spokane, Washington, which is the location of the corporate headquarters.

#### **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.<sup>1</sup> As of December 31, 2011, Avista Capital had the following non-utility subsidiary investments:

- **Ecova, Inc.** (formerly Advantage IQ, Inc.) (79.20% ownership) Provides consolidated billing and resource accounting service and related services. Effective December 31, 2011, Ecos IQ, Inc., merged with Ecova, Inc. Ecos IQ, Inc. provides energy efficiency and related consulting services.
  - \* **Prenova, Inc.** (100% ownership) is an energy management firm, which focuses on expense management and energy procurement solutions.
- **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 Ventures, Inc.** (100% ownership-no employees, passive income), was formed to manage and market investments.
- **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.

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

- \* **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 (no employees, passive income):
  - \* **Advanced Manufacturing and Development, Inc., dba METALfx**, (82.95% 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 Power, LLC** (100% ownership), was created to develop and own generation assets in North America. In 2001, Avista Power ceased active development of additional non-regulated generation projects. Subsidiaries of Avista Power, LLC include:
  - \* **Coyote Springs 2, LLC** (50% ownership-inactive), created to develop and own generation assets. No current assets.
- **Avista Turbine Power, Inc.** (100% ownership-ceased active development of additional projects) was created to receive assignments of power purchase agreements (PPAs).
- **Avista Northwest Resources, LLC** (100% ownership) was formed for the purpose of holding investment in the energy industry.

**Spokane Energy, LLC** (Spokane Energy) is a special purpose limited liability company and has 100% of its membership owned by Avista Corp. Spokane Energy was formed on December 30, 1998 to assume ownership of a fixed rate electric capacity contract between Avista and Portland General Electric Company (PGE). Under this contract, Peaker, LLC (Peaker) purchases capacity from Avista Utilities and sells capacity to Spokane Energy. Spokane Energy sells the related capacity to PGE. Peaker acts as an intermediary to fulfill certain regulatory requirements between Spokane Energy and Avista Corp. The transaction is structured such that Spokane Energy bears full recourse risk for a loan (balance of \$46.5 million as of December 31, 2011) that matures in January 2015. Avista has no recourse related to this loan. Peaker makes monthly payments of approximately \$150,000 to Avista for its capacity purchase.

**Descriptions of affiliates of Avista Corporation follows:**

As of December 31, 2011, Avista Capital had the following affiliates:

- **GreenVolts, Inc.** (ownership by Avista Development, Inc.)
- **Inland Northwest Investors, L.P.** (16.50% ownership by Avista Development, Inc.)
- **Pivotal Investment Partners I, L.P.** (30.80% ownership by Avista Northwest Resources, LLC)
- **ReliOn, Inc.** (5.84% ownership by Avista Capital, Inc.)
- **Inland TechStart Fund, LLC** (14.93% ownership by Avista Development, 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**.

CONFIDENTIALITY REQUEST

In accordance with ORS 192.501 and 192.502, Avista Corporation requests confidential treatment of all statements provided under this section of the Affiliated Interest Report. All such statements are marked "Confidential."

## II. Services Rendered Between Avista Corporation and Affiliates

### Description of Services – by Affiliates

| <b>SERVICE PAYMENTS BY THE UTILITY TO THE AFFILIATE</b> |                            |                          |                         |
|---|----------------------------|--------------------------|-------------------------|
| <u>NAME</u>   | <u>ACCOUNT DESCRIPTION</u> | <u>TOTAL<br/>COMPANY</u> | <u>TOTAL<br/>OREGON</u> |
| Steam Plant Square                                      | 107 CWIP (1)(2)            | \$80,534                 | \$6,555                 |
| Steam Plant Square                                      | 931 Rents (3)(4)           | \$53,273                 | \$0                     |
| Steam Plant Square                                      | 550 Rents (3)(4)           | \$2,038                  | \$0                     |
| Steam Plant Square                                      | 540 Rents (3)(4)           | \$4,137                  | \$0                     |
| 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 2011. See Page 10 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.

| <b>SERVICE PAYMENTS BY THE AFFILIATE TO THE UTILITY</b>          |                          |                          |                         |
|--|--------------------------|--------------------------|-------------------------|
| <b>Avista Development</b>  |                          |                          |                         |
| <u>ACCOUNT</u>   | <u>DESCRIPTION</u>       | <u>TOTAL<br/>COMPANY</u> | <u>TOTAL<br/>OREGON</u> |
| 400 & 1400   | Revenue - electric & gas | (1) \$198,534            | \$0                     |
| (Above accounts are WA electric/gas and do not relate to Oregon) |                          |                          |                         |
| 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. and Avista Communications (Schedules 10, 11 and 48).

### III. Inter-Company Loans

During 2011, Avista Corp. recorded short-term note payables to Avista Capital, Inc. The year-end note payable amount at December 31, 2011 was \$1,866,383. The maximum note payable amount outstanding during the year, owed to Avista Capital was \$7,374,317 at January 1, 2011. There were no notes receivable amount outstanding during the year owed to Avista Corp.

The balances of the short-term notes payables at month-end during 2011 follow:

| <u>Month</u> | <u>Balance</u> |
|--------------|----------------|
| 1/31/2011    | \$ 1,988,539   |
| 2/28/2011    | \$ 1,993,486   |
| 3/31/2011    | \$ 1,101,688   |
| 4/30/2011    | \$ 952,926     |
| 5/31/2011    | \$ 954,150     |
| 6/30/2011    | \$ 1,355,753   |
| 7/31/2011    | \$ 1,357,463   |
| 8/31/2011    | \$ 1,359,192   |
| 9/30/2011    | \$ 1,060,691   |
| 10/31/2011   | \$ 1,062,078   |
| 11/30/2011   | \$ 1,764,023   |
| 12/31/2011   | \$ 1,866,383   |

This revolving short-term cash borrowing between the parties helps to reduce external cash requirements. According to the policy, investment/borrowing rates between Avista Corporation and Avista Capital that were in effect during 2011 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. The rate will be reset monthly with the LIBOR rate in effect on the second business day of each month, as reported in the money rate section of the Wall Street Journal.
- b. Avista Capital may borrow from Avista Corp., subject to board-approved limits, at a rate equal to the Prime rate plus 30 basis points. This rate will be reset at such time as the Agent bank on the Avista Corp. Revolving Credit Agreement changes the Prime rate.

Avista Corp. updated its Cash management Guidelines and Procedures in April 2011, upon entering into a new four-year line of credit in February 2011. Upon regulatory approval and in

accordance with the updated policy, investment/borrowing rates between Avista Corporation and Avista Capital will be:

- 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.

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**.

On January 3, 2012, Avista Corp entered into a note agreement with Ecova. The note agreement is structured so that Avista Corporation would pay the same rate as would have been incurred under the credit facility (i.e. Avista Corporation's avoided short-term borrowing rate). The avoided short-term borrowing rate is currently 87.5 bps plus LIBOR. Avista Corporation may borrow up to \$50 million in principal under the note agreement. Additionally, Avista Corporation will be required to retain liquidity under its credit facility to repay the outstanding principal balance in whole at any time. The Commission approved this transaction in Docket No. UI 320. See **Attachment 6** for a detailed listing of the Ecova Loan Transactions.

#### IV. Parent Guaranteed Debt

Avista Corporation does not guarantee any debt of any of its affiliates. However, there are some payment guarantees as noted in Section V, Non-Service Transactions: Miscellaneous Agreements.

#### 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, graphic services, etc. for affiliates. Their time is charged 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 services 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 utility expenses.

Such transactions can be generally categorized as corporate support. Specific examples include labor, benefits, postage, supplies, copier and graphic services, legal, travel, lodging, and food.

| <b>OTHER PAYMENTS BY THE AFFILIATE TO THE UTILITY</b> |                        |                         |                        |
|---|------------------------|-------------------------|------------------------|
| ACCOUNT   | DESCRIPTION            | TOTAL<br><u>COMPANY</u> | TOTAL<br><u>OREGON</u> |
| 146   | A/R Advantage IQ       | \$389,907               | \$0                    |
| 146   | A/R Avista Capital     | \$121,396               | \$0                    |
| 146   | A/R Avista Energy      | \$35,172                | \$0                    |
| 146   | A/R Avista Development | \$15,705                | \$0                    |
| Total   |                        | <u>\$3,862,664</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 2011 totaled \$622,739 and were recorded in FERC Account No. 419 (interest expense). There are no other costs associated with this trust.

### **Description of Nucleus Software Application**

Nucleus is a software application used to record energy transactions by Avista Utilities and Avista Energy. During 2007, Avista Utilities and Avista Energy used the Nucleus software application independent from one another with completely separate databases. Therefore, no access to data between companies was possible. After the sale of Avista Energy in 2007, Avista Utilities is the sole user of this application.

The Nucleus asset was transferred from Avista Energy's books to Avista Capital's books on December 31, 2003. The asset transferred was of mutual benefit to both Avista Utilities and Avista Energy. Avista Capital paid and recorded all shared costs on its books related to the development of the application and charged a monthly amortization expense to both Avista Utilities and Avista Energy for the original asset transferred and for any development of the application. In November 2004, a software sublicense agreement was entered into between Avista Corporation dba Avista Utilities and Avista Capital, Inc., which granted Avista Utilities a non-exclusive sublicense to the Nucleus software. A copy of this agreement was provided to the WUTC in September 2004.

Avista Utilities' portion of the asset held by Capital was fully amortized at March 31, 2011. In 2011, amortization expense of \$1,028 and \$441 were recorded in FERC Account Nos. 557 and 813, respectively. All electric costs were allocated to Washington and Idaho. The natural gas costs were allocated to all three jurisdictions, therefore, Oregon's allocated share was \$36 in 2011.

### **Description of Spokane Energy, LLC Transactions**

Avista acts as the servicer of Spokane Energy's commodity contracts. Annual service fees paid by Spokane Energy to Avista were approximately \$48,875 in 2011.

Spokane Energy is required to maintain in trust \$1.6 million. All funds in excess of this amount are transferred to Avista for cash management purposes. During 2011, the amount transferred was \$0. At December 31, 2011 Avista has a liability of \$705,946 payable to Spokane Energy for these funds.

### **Description of Steam Plant Square, LLC Lease**

Avista Utilities leases office space (two spaces under separate Multi-Tenant Lease Agreements) from Steam Plant Square, LLC. For the first space, Avista Corporation assumed a lease in May 2003 from Avista Capital, Inc. that was renewed May 1, 2010. The basic terms of this lease (i.e. square footage, monthly rents, etc.) remained the same. A copy of the lease agreement was provided in Docket No. UI 306 (Order No. 11-071). The second space was leased in August 2010. A copy of the lease agreement was provided in Docket No. UI 305 (Order No. 11-043).

Lease payments in 2011 totaled \$139,982 (\$80,534 recorded in FERC Account No. 107, \$4,137 recorded in FERC Account No. 540, \$2,038 recorded in FERC Account No. 550 and \$53,273 recorded in FERC Account No. 931).

### **Miscellaneous Agreements and Transactions**

#### **Conveyance Agreement**

The Company has a "Conveyance Agreement" between Avista Corp. and Avista Energy that was entered into on October 5, 1998 and amended on October 30, 2002. Under this agreement, Avista conveyed for a term through October 31, 2009 its ownership interest in the Jackson Prairie Expansion Capacity and related withdrawal and injection capacity to Avista Energy. As consideration, Avista Energy paid Avista's share of capital costs associated with the construction of the Jackson Prairie Expansion Capacity and pays Avista's share of operating, maintenance and general and administrative expenses associated with the Jackson Prairie Expansion Capacity. In April 2007, in conjunction with the previously discussed sale

of Avista Energy, Inc., the term of the Conveyance Agreement was extended to April 30, 2011. The “Agreement to Extend Agreement to Convey Ownership Interest in Jackson Prairie Storage Project Expansion” was provided to the PUC in the 2006 Affiliated Interest Report.

In addition, a copy of the “Confirmation Agreement” between Avista Corp. and Avista Energy related to the reconveyance of the JP storage capacity (and deliverability) to the utility on May 1, 2011, was provided to the PUC in the 2009 Affiliated Interest Report.

As noted in Order No. 11-080 UG 201, on May 21, 2011, the temporary assignment of the capacity and deliverability expired and the capacity and deliverability reverted to Avista. Per Order No. 11-080 UG 201, stipulating parties agreed that Oregon would receive 25 percent of the total of the allocation of Jackson Prairie facility capacity and deliverability resulting from all Jackson Prairie expansion volumes and costs since 1999. Further, the stipulating parties agreed to the revised accounting treatment proposed by the Company. The Company has allocated the costs among its customers in proportion to the retail load for each jurisdiction. The storage enables the Company to capture seasonal price spreads, improves reliability of supply, increases operational flexibility, mitigates peak demand price spikes, and provides numerous other benefits.

#### GreenVolts, Inc. Investment and Property Lease and Conditional Use Agreement

In May 2007, Avista Development loaned \$200,000 to GreenVolts, Inc. under a convertible promissory note and executed a Property Lease and Conditional Use Agreement, by and between Avista and GreenVolts. The Agreement allows GreenVolts access to Avista’s Clean Energy Test Site (CETS) on the grounds of its Rathdrum Combustion Turbine property in north Idaho. GreenVolts, a San Francisco based solar photovoltaic energy firm, will test new solar technology that is expected to deliver electricity at a cost that is potentially competitive with peak natural gas alternatives.

In November 2007, Avista Development invested \$500,000 in Series A Preferred Stock in Greenvolts and converted the \$200,000 promissory note to Series A Preferred Stock. A copy of the Property Lease and Conditional Use Agreement was provided in the 2007 Affiliated Interest Report.

## **VI. Employee Transfers**

No employee transfers between Avista Corporation and affiliates occurred during 2011.

## **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**

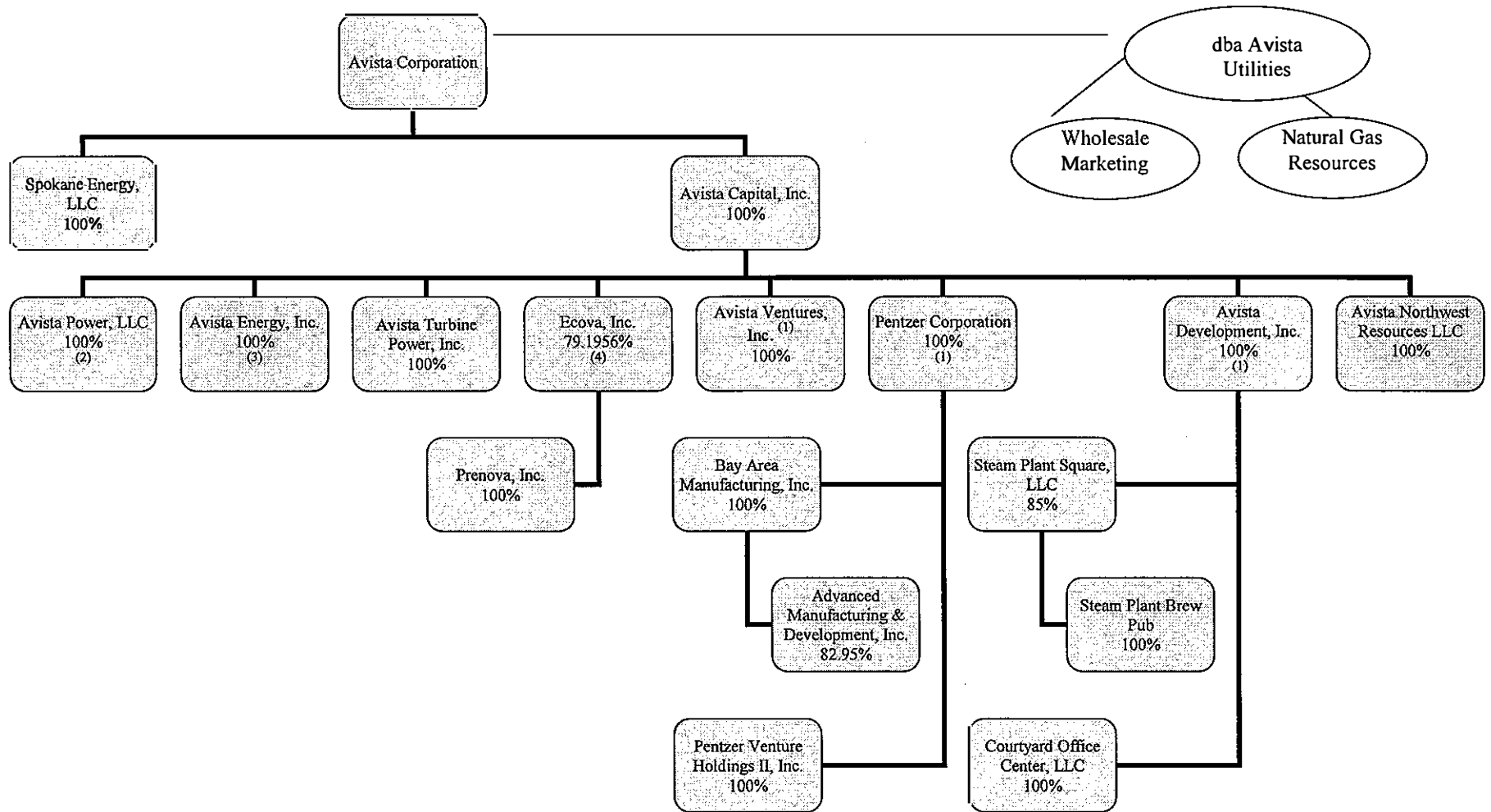
Pursuant to OAR 860-027-0048 (6), attached as **Attachment 7** is Avista Corp.'s Cost Allocation Manual.


## **ATTACHMENT 1**



# Avista Corporation and Affiliates

December 2011



 Denotes Energy Affiliates

(1) No Employees, passive income

(2) Ceased active development of additional projects

(3) These Company assets were sold in June 2007

(4) Ecos IQ, Inc. merged with Ecova, Inc. effective 12/31/2011

## **ATTACHMENT 2**



Corporate Secretary Department  
Current as of August 1, 2011

Annual Meeting Held in May of Each Year

**Directors:**

|                  |                          |
|------------------|--------------------------|
| Erik J. Anderson | Rebecca (Becky) A. Klein |
| Kristianne Blake | Scott L. Morris          |
| Donald C. Burke  | Michael L. Noël          |
| Rick R. Holley   | Marc F. Racicot          |
| John F. Kelly    | Heidi B. Stanley         |
|                  | R. John Taylor           |

**Officers:**

|                             |   |
|-----------------------------|---|
| Scott L. Morris             | Chairman of the Board, President & Chief Executive Officer                                  |
| Mark T. Thies               | Senior Vice President & Chief Financial Officer   |
| Marian M. Durkin            | Senior Vice President, General Counsel & Chief Compliance Officer                           |
| Karen S. Feltes             | Senior Vice President, Human Resources & Corporate Secretary                                |
| Dennis P. Vermillion        | Senior Vice President & Environmental Compliance Officer and<br>President, Avista Utilities |
| Christy M. Burmeister-Smith | Vice President, Controller & Principal Accounting Officer                                   |
| James M. Kensok             | Vice President & Chief Information Officer  |
| Don F. Kopczynski           | Vice President, Customer Solutions  |
| David J. Meyer              | Vice President & Chief Counsel for Regulatory & Governmental Affairs                        |
| Kelly O. Norwood            | Vice President, State & Federal Regulations   |
| Richard L. Storro           | Vice President, Energy Resources  |
| Jason R. Thackston          | Vice President, Energy Delivery   |
| Roger D. Woodworth          | Vice President & Chief Strategy Officer   |
| Diane C. Thoren             | Treasurer   |
| Don M. Falkner              | 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  
Michael L. Noël (financial expert)  
Heidi B. Stanley  
Kristianne Blake – Chair

**Compensation & Organization  
Committee**

John F. Kelly  
Rebecca A. Klein  
Michael L. Noël  
R. John Taylor – Chair

**Finance Committee**

Donald C. Burke  
Rick R. Holley  
Heidi B. Stanley  
Erik J. Anderson – Chair

**Energy, Environmental, &  
Operations Committee**

Erik J. Anderson  
Rick R. Holley  
Marc F. Racicot  
Rebecca A. Klein – Chair

All Committees are comprised of independent Board members as defined under the rules of the NYSE, with the exception of the Executive Committee (not required to be independent).

The Company was formed as The Washington Water Power Company in 1889 and changed its name to Avista Corp. on January 1, 1999.

Current as of May 20, 2011

**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

Christy M. Burmeister-Smith

Karen S. Feltes

Susan Y. Fleming

Jill Porterfield

Chairman of the Board

President & Chief Executive Officer

Vice President & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Corporate Secretary

Current as of May 20, 2011

**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

Chairman of the Board, President & CEO

Mark T. Thies

Senior Vice President & Chief Financial Officer

Karen S. Feltes

Senior Vice President & Corporate Secretary

Christy Burmeister-Smith

Vice President

Diane C. Thoren

Treasurer

Susan Y. Fleming

Assistant Corporate Secretary

Don M. Falkner

Assistant Treasurer

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

Current as of May 20, 2011

**AVISTA DEVELOPMENT, INC.**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Mark T. Thies

Marian M. Durkin

Dennis P. Vermillion

Karen S. Feltes

Roger D. Woodworth

Diane C. Thoren

Susan Y. Fleming

Don M. Falkner

Chairman of the Board, President and CEO

Senior Vice President & Chief Financial Officer

Senior Vice President

Senior Vice President & Environmental Compliance Officer

Senior Vice President & Corporate Secretary

Vice President

Treasurer

Assistant Corporate Secretary

Assistant Treasurer

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

Current as of May 20, 2011

**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 |
| Karen S. Feltes  | Senior Vice President & Corporate Secretary     |
| Tracy Van Orden  | Controller                                      |
| Diane C. Thoren  | Treasurer                                       |
| Susan Y. Fleming | Assistant Corporate Secretary                   |
| Don M. Falkner   | Assistant Treasurer                             |

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

Current as of March 31, 2009

**AVISTA NORTHWEST RESOURCES, LLC**

(An Affiliate of Avista Capital)

1411 E. Mission Ave.

Spokane, WA 99202

**Member:**

Avista Capital

**Officers (Managers):**

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

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



Current as of March 31, 2009

**AVISTA POWER, LLC**

(An Affiliate of Avista Capital)

1411 E. Mission Ave.

Spokane, WA 99202

**Member:**

Avista Capital

**Manager:**

Dennis Vermillion

Current as of May 20, 2011

**AVISTA TURBINE POWER, INC.**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Diane C. Thoren

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President & Chief Financial Officer

Senior Vice President & Corporate Secretary

Treasurer

Assistant Corporate Secretary

Assistant Treasurer

Current as of May 20, 2011

**AVISTA VENTURES, INC.**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Scott L. Morris

Mark T. Thies

Jason R. Thackston

Roger D. Woodworth

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Diane C. Thoren

Susan Y. Fleming

Don M. Falkner

Chairman of the Board, President & CEO

Senior Vice President & Chief Financial Officer

Senior Vice President & Corporate Secretary

Treasurer

Assistant Corporate Secretary

Assistant Treasurer

Current as of May 20, 2011

**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

Diane C. Thoren

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President & Chief Financial Officer

Senior Vice President & Corporate Secretary

Treasurer

Assistant Corporate Secretary

Assistant Treasurer

Current as of March 31, 2009

**COURTYARD OFFICE CENTER, LLC**

(An Affiliate of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Member:**

Avista Development, Inc.

**Manager**

Roger Woodworth

Current as of January 3, 2012

**ECOVA, INC. (formerly known as Advantage IQ)**

(A Subsidiary of Avista Capital, Inc.)

1313 N. Atlantic St., 5<sup>th</sup> Floor

Spokane, WA 99201

**Directors:**

Erik J. Anderson

Kristianne Blake

Jeff Heggedahl

John F. Kelly

Craig Levinsohn

Jeff Lieberman

Scott L. Morris

**Officers:**

Scott L. Morris

Chairman of the Board

Jeff Heggedahl

President & Chief Executive Officer

Ed Schlect

Executive Vice President

Jon Thomsen

Executive Vice President

Gene Lynes

Executive Vice President & Chief Financial Officer

Donato Capobianco

Sr. Vice President & General Counsel

Marian M. Durkin

Sr. Vice President

Mark T. Thies

Sr. Vice President

Karen S. Feltes

Sr. Vice President & Corporate Secretary

Julie Kearney

Sr. Vice President

Jana Schmidt

Senior Vice President – Sales, General Manager

Seth Nesbitt

Vice President & Chief Marketing Officer

Hossein Nikdel

Vice President & Chief Technology Officer

Scott Simmons

Vice President

John Robison

Chief Investment Officer & Treasurer

Ann Wilson

Controller

Susan Y. Fleming

Assistant Corporate Secretary

**Compensation and Organization Committee**

Scott Morris – Chair

John F. Kelly

Jeff Lieberman

**Audit and Finance Committee**

Kristianne Blake – Chair

Erik Anderson

Craig Levinsohn

The Company was formed as Altus Energy Solutions, Inc. and then changed its name to WWP Energy Solutions, Inc. before becoming Avista Advantage. The name was changed to Advantage IQ on June 29, 2006. The name was changed to Ecova, Inc. on October 19, 2011. (Subsidiary Ecos IQ, Inc. was merged with and into Ecova on December 31, 2011.)

Current as of May 20, 2011

**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

Chairman, President & Chief Executive Officer

Mark T. Thies

Senior Vice President & Chief Financial Officer

Karen S. Feltes

Senior Vice President & Corporate Secretary

Diane C. Thoren

Treasurer

Susan Y. Fleming

Assistant Corporate Secretary

Don M. Falkner

Assistant Treasurer

Current as of May 20, 2011

**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  | Chairman, President & Chief Executive Officer   |
| Mark T. Thies    | Senior Vice President & Chief Financial Officer |
| Karen S. Feltes  | Senior Vice President & Corporate Secretary     |
| Diane C. Thoren  | Treasurer                                       |
| Susan Y. Fleming | Assistant Corporate Secretary                   |
| Don M. Falkner   | Assistant Treasurer                             |



Current as of December 21, 2011

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

**Member:**  
Avista Corp.

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

Current as of December 31, 2010

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

**Members:**

Avista Development, Inc.  
Wells & Co.

**Manager**

Roger Woodworth

Current as of December 31, 2010

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

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

**Manager**  
Roger Woodworth

## **ATTACHMENT 4**

|  |  |                         |
|--|--|-------------------------|
| <b>RESULTS OF OPERATIONS</b>   |  | Report ID:<br>E-ALL-12A |
| <b>ELECTRIC ALLOCATION PERCENTAGES</b>   |  |                         |
| For Twelve Months Ended December 31, 2011<br>Average of Monthly Averages Basis |  |                         |

AVISTA UTILITIES

| Basis | Ref                          | Description                                      | System     | Washington             | Idaho                 |                      |
|-------|------------------------------|--|------------|------------------------|-----------------------|----------------------|
| 1     | Input                        | Production/Transmission Ratio                    | 12-31-2011 | 100.000%               | 65.240%               | 34.760%              |
| 2     | Input                        | Number of Customers<br>Percent                   | 12-31-2011 | 358,302<br>100.000%    | 235,192<br>✓ 65.641%  | 123,110<br>34.359%   |
| 3     | E-OPS                        | Direct Distribution Operating Expense<br>Percent |            | 22,800,910<br>100.000% | 15,596,742<br>68.404% | 7,204,168<br>31.596% |
|       | Input                        | Jurisdictional 4-Factor Ratio                    | 12-31-2011 |                        |                       |                      |
|       |                              | Direct O & M Accts 500 - 598                     |            | 23,354,099             | 15,611,998            | 7,742,101            |
|       |                              | Direct O & M Accts 901 - 935                     |            | 31,755,308             | 22,688,342            | 9,066,966            |
|       |                              | Total  |            | 55,109,407             | 38,300,340            | 16,809,067           |
|       |                              | Percentage                                       |            | 100.000%               | 69.499%               | 30.501%              |
|       |                              | Direct Labor Accts 500 - 598                     |            | 9,528,184              | 6,357,387             | 3,170,797            |
|       |                              | Direct Labor Accts 901 - 935                     |            | 5,139,180              | 3,872,295             | 1,266,885            |
|       |                              | Total  |            | 14,667,364             | 10,229,682            | 4,437,682            |
|       |                              | Percentage                                       |            | 100.000%               | 69.745%               | 30.255%              |
|       |                              | Number of Customers                              |            | 360,451                | 236,623               | 123,828              |
|       |                              | Percentage                                       |            | 100.000%               | 65.646%               | 34.354%              |
|       |                              | Net Direct Plant                                 |            | 818,616,195            | 517,581,147           | 301,035,048          |
|       |                              | Percentage                                       |            | 100.000%               | 63.226%               | 36.774%              |
| 4     | Total Percentages<br>Percent |  |            | 400.000%               | 268.116%              | 131.884%             |
|       |                              |  |            | 100.000%               | ✓ 67.029%             | 32.971%              |

|  |                         |
|--|-------------------------|
| <b>RESULTS OF OPERATIONS</b>   | Report ID:<br>E-ALL-12A |
| <b>ELECTRIC ALLOCATION PERCENTAGES</b>   |                         |
| For Twelve Months Ended December 31, 2011<br>Average of Monthly Averages Basis |                         |

AVISTA UTILITIES

| Basis | Ref        | Description                                 | System             | Washington        | Idaho             |                  |
|-------|------------|---|--------------------|-------------------|-------------------|------------------|
| Input |            | Elcc/Gas North/Oregon 4-Factor              | Total              | Electric          | Gas North         | Oregon Gas       |
|       | 01-01-2011 | Direct O & M Accts 500 - 894                | 57,557,639         | 50,620,200        | 3,943,320         | 2,994,119        |
|       |            | Direct O & M Accts 901 - 935                | 57,769,575         | 39,717,113        | 14,983,974        | 3,068,488        |
|       |            | Direct O & M Accts 901 - 905 Utility 9 Only | 1,276,412          | 787,265           | 489,147           | 0                |
|       |            | Adjustments                                 | 0                  | 0                 | 0                 | 0                |
|       |            | <b>Total</b>                                | <b>116,603,626</b> | <b>91,124,578</b> | <b>19,416,441</b> | <b>6,062,607</b> |
|       |            | Percentage                                  | 100.000%           | 78.149%           | 16.652%           | 5.199%           |
|       |            | Direct Labor Accts 500 - 894                | 51,313,884         | 40,856,300        | 7,149,723         | 3,307,861        |
|       |            | Direct Labor Accts 901 - 935                | 5,118,749          | 3,938,893         | 229,885           | 949,971          |
|       |            | Direct Labor Accts 901 - 905 Utility 9 Only | 5,235,309          | 3,229,034         | 2,006,275         | 0                |
|       |            | <b>Total</b>                                | <b>61,667,942</b>  | <b>48,024,227</b> | <b>9,385,883</b>  | <b>4,257,832</b> |
|       |            | Percentage                                  | 100.000%           | 77.876%           | 15.220%           | 6.904%           |
|       |            | Number of Customers at                      | 678,123            | 358,982           | 223,040           | 96,101           |
|       |            | Percentage                                  | 100.000%           | ✓ 52.937%         | 32.891%           | 14.172%          |
|       |            | Net Direct Plant                            | 2,417,505,829      | 1,947,783,110     | 317,785,902       | 151,936,817      |
|       |            | Percentage                                  | 100.000%           | 80.570%           | 13.145%           | 6.285%           |
|       |            | <b>Total Percentages</b>                    | <b>400.000%</b>    | <b>289.532%</b>   | <b>77.908%</b>    | <b>32.560%</b>   |
|       |            | Average (CD AA)                             | 100.000%           | ✓ 72.383%         | 19.477%           | 8.140%           |

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|  |                         |
|--|-------------------------|
| <b>RESULTS OF OPERATIONS</b>   | Report ID:<br>E-ALL-12A |
| <b>ELECTRIC ALLOCATION PERCENTAGES</b>   |                         |
| For Twelve Months Ended December 31, 2011<br>Average of Monthly Averages Basis |                         |

AVISTA UTILITIES

| Basis | Ref        | Description                                 | System            | Washington    | Idaho             |                  |
|-------|------------|---|-------------------|---------------|-------------------|------------------|
| Input |            | Gas North/Oregon 4-Factor                   | Total             | Electric      | Gas North         | Oregon Gas       |
|       | 01-01-2011 | Direct O & M Accts 500 - 894                | 6,937,439         | 0             | 3,943,320         | 2,994,119        |
|       |            | Direct O & M Accts 901 - 935                | 18,052,462        | 0             | 14,983,974        | 3,068,488        |
|       |            | Direct O & M Accts 901 - 905 Utility 9 Only | 489,147           | 0             | 489,147           | 0                |
|       |            | <b>Total</b>                                | <b>25,479,048</b> | <b>0</b>      | <b>19,416,441</b> | <b>6,062,607</b> |
|       |            | Percentage                                  | 100.000%          | 0.000%        | 76.206%           | 23.794%          |
|       |            | Direct Labor Accts 500 - 894                | 10,457,584        | 0             | 7,149,723         | 3,307,861        |
|       |            | Direct Labor Accts 901 - 935                | 1,179,856         | 0             | 229,885           | 949,971          |
|       |            | Direct Labor Accts 901 - 905 Utility 9 Only | 2,006,275         | 0             | 2,006,275         | 0                |
|       |            | <b>Total</b>                                | <b>13,643,715</b> | <b>0</b>      | <b>9,385,883</b>  | <b>4,257,832</b> |
|       |            | Percentage                                  | 100.000%          | 0.000%        | 68.793%           | 31.207%          |
|       |            | Number of Customers at                      | 319,141           | 0             | 223,040           | 96,101           |
|       |            | Percentage                                  | 100.000%          | 0.000%        | 69.888%           | 30.112%          |
|       |            | Net Direct Plant                            | 464,005,775       | 0             | 312,801,546       | 151,204,229      |
|       |            | Percentage                                  | 100.000%          | 0.000%        | 67.413%           | 32.587%          |
|       |            | <b>Total Percentages</b>                    | <b>400.000%</b>   | <b>0.000%</b> | <b>282.299%</b>   | <b>117.701%</b>  |
|       |            | <b>Average (GD AA)</b>                      | <b>100.000%</b>   | <b>0.000%</b> | <b>70.575%</b>    | <b>29.425%</b>   |

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|  |                         |
|--|-------------------------|
| RESULTS OF OPERATIONS  | Report ID:<br>E-ALL-12A |
| ELECTRIC ALLOCATION PERCENTAGES  |                         |
| For Twelve Months Ended December 31, 2011<br>Average of Monthly Averages Basis |                         |

AVISTA UTILITIES

| Basis | Ref   | Description                     | System        | Washington    | Idaho       |            |
|-------|-------|---------------------------------|---------------|---------------|-------------|------------|
|       |       |                                 | Total         | Electric      | Gas North   | Oregon Gas |
| Input |       | Elec/Gas North 4-Factor         | 01-01-2011    |               |             |            |
|       |       | Direct O & M Accts 500 - 894    | 54,563,520    | 50,620,200    | 3,943,320   | 0          |
|       |       | Direct O & M Accts 901 - 935    | 54,701,087    | 39,717,113    | 14,983,974  | 0          |
|       |       | Adjustments                     | 0             | 0             | 0           | 0          |
|       |       | Total                           | 109,264,607   | 90,337,313    | 18,927,294  | 0          |
|       |       | Percentage                      | 100.000%      | 82.678%       | 17.322%     | 0.000%     |
|       |       | Direct Labor Accts 500 - 894    | 48,006,023    | 40,856,300    | 7,149,723   | 0          |
|       |       | Direct Labor Accts 901 - 935    | 4,168,778     | 3,938,893     | 229,885     | 0          |
|       |       | Total                           | 52,174,801    | 44,795,193    | 7,379,608   | 0          |
|       |       | Percentage                      | 100.000%      | 85.856%       | 14.144%     | 0.000%     |
|       |       | Number of Customers at          | 582,022       | 358,982       | 223,040     | 0          |
|       |       | Percentage                      | 100.000%      | 61.678%       | 38.322%     | 0.000%     |
|       |       | Net Direct Plant                | 2,248,388,907 | 1,935,587,361 | 312,801,546 | 0          |
|       |       | Percentage                      | 100.000%      | 86.088%       | 13.912%     | 0.000%     |
|       |       | Total Percentages               | 400.000%      | 316.300%      | 83.700%     | 0.000%     |
| 9     |       | Average (CD AN/ID/WA)           | 100.000%      | 79.075%       | 20.925%     | 0.000%     |
| 10    | E-PLT | Net Electric Distribution Plant | 772,833,248   | 486,980,889   | 285,852,359 |            |
|       |       | Percent                         | 100.000%      | 63.012%       | 36.988%     |            |
| 11    |       | Book Depreciation               | 78,825,150    | 51,155,500    | 27,669,650  |            |
|       |       | Percent                         | 100.000%      | 64.897%       | 35.103%     |            |



|  |                         |
|--|-------------------------|
| <b>RESULTS OF OPERATIONS</b>   | Report ID:<br>E-ALL-12A |
| <b>ELECTRIC ALLOCATION PERCENTAGES</b>   |                         |
| For Twelve Months Ended December 31, 2011<br>Average of Monthly Averages Basis |                         |

AVISTA UTILITIES

| Basis | Ref   | Description                                 | System                    | Washington               | Idaho                  |
|-------|-------|---|---------------------------|--------------------------|------------------------|
| 12    |       | Net Electric Plant (before DFIT)<br>Percent | 1,997,747,317<br>100.000% | 1,288,302,999<br>64.488% | 709,444,318<br>35.512% |
| 13    | E-PLT | Net Electric General Plant<br>Percent       | 140,310,344<br>100.000%   | 93,030,464<br>66.303%    | 47,279,880<br>33.697%  |
| 14    |       | Net Allocated Schedule M's<br>Percent       | -101,487,658<br>100.000%  | -65,570,654<br>64.609%   | -35,917,004<br>35.391% |
| 99    | Input | Not Allocated                               | 0.000%                    | 0.000%                   | 0.000%                 |

|  |  |                                |
|--|--|--------------------------------|
| <b>RESULTS OF OPERATIONS</b>   |  | Report ID:<br><b>G-ALL-12A</b> |
| <b>GAS ALLOCATION PERCENTAGES</b>  |  |                                |
| For Twelve Months Ended December 31, 2011<br>Average of Monthly Averages Basis |  |                                |

AVISTA UTILITIES

| Basis | Ref   | Description                                      | System     | Washington             | Idaho                |                      |
|-------|-------|--|------------|------------------------|----------------------|----------------------|
| 1     | Input | System Contract Demand                           | 11-01-2011 | 100.000%               | 69.580%              | 30.420%              |
| 2     | Input | Number of Customers<br>Percent                   | 12-31-2011 | 222,994<br>100.000%    | 148,161<br>66.442%   | 74,833<br>33.558%    |
| 3     | G-OPS | Direct Distribution Operating Expense<br>Percent |            | 10,076,675<br>100.000% | 6,608,860<br>65.586% | 3,467,815<br>34.414% |
|       | Input | Jurisdictional 4-Factor Ratio                    | 12-31-2011 |                        |                      |                      |
|       |       | Direct O & M Accounts 798 - 894                  |            | 4,111,478              | 2,773,192            | 1,338,286            |
|       |       | Direct O & M Accounts 901 - 935                  |            | 14,127,845             | 10,042,316           | 4,085,529            |
|       |       | Total  |            | 18,239,323             | 12,815,508           | 5,423,815            |
|       |       | Percentage                                       |            | 100.000%               | 70.263%              | 29.737%              |
|       |       | Direct Labor                                     |            |                        |                      |                      |
|       |       | Amount: Accounts 798 - 894                       |            | 6,075,404              | 3,914,087            | 2,161,317            |
|       |       | Amount: Accounts 901 - 935                       |            | 2,672,735              | 2,070,415            | 602,320              |
|       |       | Total  |            | 8,748,139              | 5,984,502            | 2,763,637            |
|       |       | Percentage                                       |            | 100.000%               | 68.409%              | 31.591%              |
|       |       | Total Number of Customers                        |            | 224,556                | 149,161              | 75,395               |
|       |       | Percentage                                       |            | 100.000%               | 66.425%              | 33.575%              |
|       |       | Total Direct Plant                               |            | 308,463,462            | 201,271,418          | 107,192,044          |
|       |       | Percentage                                       |            | 100.000%               | 65.250%              | 34.750%              |
| 4     |       | Total Four Factor Allocators<br>Percent          |            | 400.000%               | 270.346%             | 129.654%             |
|       |       |  |            | 100.000%               | 67.587%              | 32.413%              |

|   |                         |
|---|-------------------------|
| RESULTS OF OPERATIONS                     | Report ID:<br>G-ALL-12A |
| GAS ALLOCATION PERCENTAGES                |                         |
| For Twelve Months Ended December 31, 2011 |                         |
| Average of Monthly Averages Basis         |                         |

AVISTA UTILITIES

|   |       |   |            |                                       |                                      |                                     |                  |
|---|-------|---|------------|---------------------------------------|--------------------------------------|-------------------------------------|------------------|
| 6 | Input | Actual Therms Purchased<br>Percent          | 12-31-2011 | <u>275,293,373</u><br><u>100.000%</u> | <u>191,413,351</u><br><u>69.531%</u> | <u>83,880,022</u><br><u>30.469%</u> |                  |
|   | Input | Elcc/Gas North/Oregon 4-Factor              | 01-01-2011 | Total                                 | Electric                             | Gas North                           | Oregon Gas       |
|   |       | Direct O & M Accts 500 - 894                |            | 57,557,639                            | 50,620,200                           | 3,943,320                           | 2,994,119        |
|   |       | Direct O & M Accts 901 - 935                |            | 57,769,575                            | 39,717,113                           | 14,983,974                          | 3,068,488        |
|   |       | Direct O & M Accts 901 - 905 Utility 9 Only |            | 1,276,412                             | 787,265                              | 489,147                             | XXXXXX           |
|   |       | Adjustments                                 |            | 0                                     |                                      |                                     |                  |
|   |       | Total                                       |            | <u>116,603,626</u>                    | <u>91,124,578</u>                    | <u>19,416,441</u>                   | <u>6,062,607</u> |
|   |       | Percentage                                  |            | 100.000%                              | 78.149%                              | 16.652%                             | 5.199%           |
|   |       | Direct Labor Accts 500 - 894                |            | 51,313,884                            | 40,856,300                           | 7,149,723                           | 3,307,861        |
|   |       | Direct Labor Accts 901 - 935                |            | 5,118,749                             | 3,938,893                            | 229,885                             | 949,971          |
|   |       | Direct Labor Accts 901 - 905 Utility 9 Only |            | 5,235,309                             | 3,229,034                            | 2,006,275                           | XXXXXX           |
|   |       | Total                                       |            | <u>61,667,942</u>                     | <u>48,024,227</u>                    | <u>9,385,883</u>                    | <u>4,257,832</u> |
|   |       | Percentage                                  |            | 100.000%                              | 77.876%                              | 15.220%                             | 6.904%           |
|   |       | Number of Customers at                      |            | 678,123                               | 358,982                              | 223,040                             | 96,101           |
|   |       | Percentage                                  |            | 100.000%                              | 52.937%                              | 32.891%                             | 14.172%          |
|   |       | Net Direct Plant                            |            | 2,417,505,829                         | 1,947,783,110                        | 317,785,902                         | 151,936,817      |
|   |       | Percentage                                  |            | 100.000%                              | 80.570%                              | 13.145%                             | 6.285%           |
| 7 |       | Total Percentages                           |            | <u>400.000%</u>                       | <u>289.532%</u>                      | <u>77.908%</u>                      | <u>32.560%</u>   |
|   |       | Average (CD AA)                             |            | <u>100.000%</u>                       | <u>72.383%</u>                       | <u>19.477%</u>                      | <u>8.140%</u>    |

|   |                  |
|---|------------------|
| <b>RESULTS OF OPERATIONS</b>              | Report ID:       |
| <b>GAS ALLOCATION PERCENTAGES</b>         | <b>G-ALL-12A</b> |
| For Twelve Months Ended December 31, 2011 |                  |
| Average of Monthly Averages Basis         |                  |

AVISTA UTILITIES

| Input | Gas North/Oregon 4-Factor                   | 01-01-2011 | Total             | Electric      | Gas North         | Oregon Gas       |
|-------|---|------------|-------------------|---------------|-------------------|------------------|
|       | Direct O & M Accts 580 - 894                |            | 6,937,439         | 0             | 3,943,320         | 2,994,119        |
|       | Direct O & M Accts 901 - 935                |            | 18,052,462        | 0             | 14,983,974        | 3,068,488        |
|       | Direct O & M Accts 901 - 905 Utility 9 Only |            | 489,147           | 0             | 489,147           | XXXXXX           |
|       | <b>Total</b>                                |            | <b>25,479,048</b> | <b>0</b>      | <b>19,416,441</b> | <b>6,062,607</b> |
|       | <b>Percentage</b>                           |            | <b>100.000%</b>   | <b>0.000%</b> | <b>76.206%</b>    | <b>23.794%</b>   |
|       | Direct Labor Accts 580 - 894                |            | 10,457,584        | 0             | 7,149,723         | 3,307,861        |
|       | Direct Labor Accts 901 - 935                |            | 1,179,856         | 0             | 229,885           | 949,971          |
|       | Direct Labor Accts 901 - 905 Utility 9 Only |            | 2,006,275         | 0             | 2,006,275         | XXXXXX           |
|       | <b>Total</b>                                |            | <b>13,643,715</b> | <b>0</b>      | <b>9,385,883</b>  | <b>4,257,832</b> |
|       | <b>Percentage</b>                           |            | <b>100.000%</b>   | <b>0.000%</b> | <b>68.793%</b>    | <b>31.207%</b>   |
|       | Number of Customers at                      |            | 319,141           | 0             | 223,040           | 96,101           |
|       | <b>Percentage</b>                           |            | <b>100.000%</b>   | <b>0.000%</b> | <b>69.888%</b>    | <b>30.112%</b>   |
|       | Net Direct Plant                            |            | 464,005,775       | 0             | 312,801,546       | 151,204,229      |
|       | <b>Percentage</b>                           |            | <b>100.000%</b>   | <b>0.000%</b> | <b>67.413%</b>    | <b>32.587%</b>   |
|       | <b>Total Percentages</b>                    |            | <b>400.000%</b>   | <b>0.000%</b> | <b>282.299%</b>   | <b>117.701%</b>  |
| 8     | <b>Average (GD AA)</b>                      |            | <b>100.000%</b>   | <b>0.000%</b> | <b>70.575%</b>    | <b>29.425%</b>   |

| Input | Elec/Gas North 4-Factor      | 01-01-2011 | Total              | Electric          | Gas North         | Oregon Gas    |
|-------|------------------------------|------------|--------------------|-------------------|-------------------|---------------|
|       | Direct O & M Accts 580 - 894 |            | 54,563,520         | 50,620,200        | 3,943,320         | 0             |
|       | Direct O & M Accts 901 - 935 |            | 54,701,087         | 39,717,113        | 14,983,974        | 0             |
|       | Adjustments                  |            | 0                  | 0                 | 0                 | 0             |
|       | <b>Total</b>                 |            | <b>109,264,607</b> | <b>90,337,313</b> | <b>18,927,294</b> | <b>0</b>      |
|       | <b>Percentage</b>            |            | <b>100.000%</b>    | <b>82.678%</b>    | <b>17.322%</b>    | <b>0.000%</b> |
|       | Direct Labor Accts 580 - 894 |            | 48,006,023         | 40,856,300        | 7,149,723         | 0             |
|       | Direct Labor Accts 901 - 935 |            | 4,168,778          | 3,938,893         | 229,885           | 0             |
|       | <b>Total</b>                 |            | <b>52,174,801</b>  | <b>44,795,193</b> | <b>7,379,608</b>  | <b>0</b>      |
|       | <b>Percentage</b>            |            | <b>100.000%</b>    | <b>85.856%</b>    | <b>14.144%</b>    | <b>0.000%</b> |
|       | Number of Customers at       |            | 582,022            | 358,982           | 223,040           | 0             |
|       | <b>Percentage</b>            |            | <b>100.000%</b>    | <b>61.678%</b>    | <b>38.322%</b>    | <b>0.000%</b> |
|       | Net Direct Plant             |            | 2,248,388,907      | 1,935,587,361     | 312,801,546       | 0             |
|       | <b>Percentage</b>            |            | <b>100.000%</b>    | <b>86.088%</b>    | <b>13.912%</b>    | <b>0.000%</b> |
|       | <b>Total Percentages</b>     |            | <b>400.000%</b>    | <b>316.300%</b>   | <b>83.700%</b>    | <b>0.000%</b> |
| 9     | <b>Average (CD AN/ID/WA)</b> |            | <b>100.000%</b>    | <b>79.075%</b>    | <b>20.925%</b>    | <b>0.000%</b> |

|   |                  |
|---|------------------|
| <b>RESULTS OF OPERATIONS</b>              | Report ID:       |
| <b>GAS ALLOCATION PERCENTAGES</b>         | <b>G-ALL-12A</b> |
| For Twelve Months Ended December 31, 2011 |                  |
| Average of Monthly Averages Basis         |                  |

AVISTA UTILITIES

|    |                                     |            | Total       | Electric    | Gas North   | Oregon Gas |
|----|-------------------------------------|------------|-------------|-------------|-------------|------------|
| JP | Gas North/Oregon JP Factor %        | 12-31-2010 | 100.000%    | 0.000%      | 81.200%     | 18.800%    |
|    |                                     |            |             |             |             |            |
|    |                                     |            | System      | Washington  | Idaho       |            |
| 10 | Actual Annual Throughput Percent    | 12-31-2011 | 378,337,806 | 254,537,052 | 123,800,754 |            |
|    |                                     |            | 100.000%    | 67.278%     | 32.722%     |            |
|    |                                     |            |             |             |             |            |
| 11 | Book Depreciation Percent           |            | 13,246,663  | 8,689,157   | 4,557,506   |            |
|    |                                     |            | 100.000%    | 65.595%     | 34.405%     |            |
|    |                                     |            |             |             |             |            |
| 12 | Net Gas Plant (before DFTT) Percent |            | 347,509,127 | 225,557,250 | 121,951,877 |            |
|    |                                     |            | 100.000%    | 64.907%     | 35.093%     |            |
|    |                                     |            |             |             |             |            |
| 13 | G-PLT Net Gas General Plant Percent |            | 34,487,007  | 24,069,990  | 10,417,017  |            |
|    |                                     |            | 100.000%    | 69.794%     | 30.206%     |            |
|    |                                     |            |             |             |             |            |
| 14 | Net Allocated Schedule M's Percent  |            | -24,791,327 | -16,230,594 | -8,560,733  |            |
|    |                                     |            | 100.000%    | 65.469%     | 34.531%     |            |
|    |                                     |            |             |             |             |            |
| 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**

**Ecova**  
**January, 2012**

| Balance Forward: |               | \$            |         |          |  |
|------------------|---------------|---------------|---------|----------|--|
| 01-01-2012       | -             |               | 1.1050% | -        |  |
| 01-02-2012       | -             |               | 1.1050% | -        |  |
| 01-03-2012       | -             |               | 1.1050% | -        |  |
| 01-04-2012       | -             |               | 1.1050% | -        |  |
| 01-05-2012       | -             |               | 1.1050% | -        |  |
| 01-06-2012       | -             |               | 1.1050% | -        |  |
| 01-07-2012       | -             |               | 1.1050% | -        |  |
| 01-08-2012       | -             |               | 1.1050% | -        |  |
| 01-09-2012       | -             |               | 1.1050% | -        |  |
| 01-10-2012       | -             |               | 1.1050% | -        |  |
| 01-11-2012       | -             |               | 1.1050% | -        |  |
| 01-12-2012       | -             |               | 1.1050% | -        |  |
| 01-13-2012       | -             |               | 1.1050% | -        |  |
| 01-14-2012       | -             |               | 1.1050% | -        |  |
| 01-15-2012       | -             |               | 1.1050% | -        |  |
| 01-16-2012       | -             |               | 1.1050% | -        |  |
| 01-17-2012       | -             |               | 1.1050% | -        |  |
| 01-18-2012       | -             |               | 1.1050% | -        |  |
| 01-19-2012       | -             |               | 1.1050% | -        |  |
| 01-20-2012       | -             |               | 1.1050% | -        |  |
| 01-21-2012       | -             |               | 1.1050% | -        |  |
| 01-22-2012       | -             |               | 1.1050% | -        |  |
| 01-23-2012       | -             |               | 1.1050% | -        |  |
| 01-24-2012       | 20,000,000.00 | 20,000,000.00 | 1.1050% | 613.89   |  |
| 01-25-2012       | 20,000,000.00 | 40,000,000.00 | 1.1050% | 1,227.78 |  |
| 01-26-2012       |               | 40,000,000.00 | 1.1050% | 1,227.78 |  |
| 01-27-2012       | 10,000,000.00 | 50,000,000.00 | 1.1050% | 1,534.72 |  |
| 01-28-2012       |               | 50,000,000.00 | 1.1050% | 1,534.72 |  |
| 01-29-2012       |               | 50,000,000.00 | 1.1050% | 1,534.72 |  |
| 01-30-2012       |               | 50,000,000.00 | 1.1050% | 1,534.72 |  |
| 01-31-2012       |               | 50,000,000.00 | 1.1050% | 1,534.72 |  |

Note Balance: \$ 50,010,743.06 Interest Expense \$ 10,743.06

**Ecova**  
**February, 2012**

| Balance Forward: |               | \$            |         |          |  |
|------------------|---------------|---------------|---------|----------|--|
| 02-01-2012       | 50,010,743.06 | 50,010,743.06 | 1.1050% | 1,535.05 |  |
| 02-02-2012       | 50,010,743.06 | 50,010,743.06 | 1.1050% | 1,535.05 |  |
| 02-03-2012       | 50,010,743.06 | 50,010,743.06 | 1.1050% | 1,535.05 |  |
| 02-04-2012       | 50,010,743.06 | 50,010,743.06 | 1.1050% | 1,535.05 |  |
| 02-05-2012       | 50,010,743.06 | 50,010,743.06 | 1.1050% | 1,535.05 |  |
| 02-06-2012       | 50,010,743.06 | 50,010,743.06 | 1.1050% | 1,535.05 |  |
| 02-07-2012       | 50,010,743.06 | 50,010,743.06 | 1.1050% | 1,535.05 |  |
| 02-08-2012       | 50,010,743.06 | 50,010,743.06 | 1.0950% | 1,521.16 |  |
| 02-09-2012       | 50,010,743.06 | 50,010,743.06 | 1.0950% | 1,521.16 |  |
| 02-10-2012       | 50,010,743.06 | 50,010,743.06 | 1.0950% | 1,521.16 |  |
| 02-11-2012       | 50,010,743.06 | 50,010,743.06 | 1.0950% | 1,521.16 |  |

|            |                 |               |         |          |
|------------|-----------------|---------------|---------|----------|
| 02-12-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-13-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-14-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-15-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-16-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-17-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-18-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-19-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-20-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-21-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-22-2012 | (10,000,000.00) | 40,010,743.06 | 1.0950% | 1,216.99 |
| 02-23-2012 |                 | 40,010,743.06 | 1.0950% | 1,216.99 |
| 02-24-2012 |                 | 40,010,743.06 | 1.0950% | 1,216.99 |
| 02-25-2012 |                 | 40,010,743.06 | 1.0950% | 1,216.99 |
| 02-26-2012 |                 | 40,010,743.06 | 1.0950% | 1,216.99 |
| 02-27-2012 | 10,000,000.00   | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-28-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |
| 02-29-2012 |                 | 50,010,743.06 | 1.0950% | 1,521.16 |

Interest Expense \$ 42,690.05

Note Balance: \$ 50,053,433.11

**Ecova**  
**March, 2012**

|                         |                 |                         |         |          |
|-------------------------|-----------------|-------------------------|---------|----------|
| <b>Balance Forward:</b> |                 | <b>\$ 50,053,433.11</b> |         |          |
| 03-01-2012              |                 | 50,053,433.11           | 1.0950% | 1,522.46 |
| 03-02-2012              |                 | 50,053,433.11           | 1.0950% | 1,522.46 |
| 03-03-2012              |                 | 50,053,433.11           | 1.0950% | 1,522.46 |
| 03-04-2012              |                 | 50,053,433.11           | 1.0950% | 1,522.46 |
| 03-05-2012              |                 | 50,053,433.11           | 1.0950% | 1,522.46 |
| 03-06-2012              | (10,000,000.00) | 40,053,433.11           | 1.0950% | 1,218.29 |
| 03-07-2012              | (5,000,000.00)  | 35,053,433.11           | 1.0950% | 1,066.21 |
| 03-08-2012              |                 | 35,053,433.11           | 1.0950% | 1,066.21 |
| 03-09-2012              |                 | 35,053,433.11           | 1.0950% | 1,066.21 |
| 03-10-2012              |                 | 35,053,433.11           | 1.0950% | 1,066.21 |
| 03-11-2012              |                 | 35,053,433.11           | 1.0950% | 1,066.21 |
| 03-12-2012              | 5,000,000.00    | 40,053,433.11           | 1.0950% | 1,218.29 |
| 03-13-2012              | (15,000,000.00) | 25,053,433.11           | 1.0950% | 762.04   |
| 03-14-2012              |                 | 25,053,433.11           | 1.0950% | 762.04   |
| 03-15-2012              | 20,000,000.00   | 45,053,433.11           | 1.0950% | 1,370.38 |
| 03-16-2012              |                 | 45,053,433.11           | 1.0950% | 1,370.38 |
| 03-17-2012              |                 | 45,053,433.11           | 1.0950% | 1,370.38 |
| 03-18-2012              |                 | 45,053,433.11           | 1.0950% | 1,370.38 |
| 03-19-2012              |                 | 45,053,433.11           | 1.0890% | 1,362.87 |
| 03-20-2012              |                 | 45,053,433.11           | 1.0890% | 1,362.87 |
| 03-21-2012              |                 | 45,053,433.11           | 1.0890% | 1,362.87 |
| 03-22-2012              | (15,000,000.00) | 30,053,433.11           | 1.0890% | 909.12   |
| 03-23-2012              |                 | 30,053,433.11           | 1.0890% | 909.12   |
| 03-24-2012              |                 | 30,053,433.11           | 1.0890% | 909.12   |
| 03-25-2012              |                 | 30,053,433.11           | 1.0890% | 909.12   |
| 03-26-2012              | 15,000,000.00   | 45,053,433.11           | 1.0890% | 1,362.87 |
| 03-27-2012              |                 | 45,053,433.11           | 1.0890% | 1,362.87 |
| 03-28-2012              |                 | 45,053,433.11           | 1.0890% | 1,362.87 |
| 03-29-2012              |                 | 45,053,433.11           | 1.0890% | 1,362.87 |
| 03-30-2012              | (45,088,998.38) | (0.00)                  | 1.0890% | (0.00)   |
| 03-31-2012              |                 | (0.00)                  | 1.0890% | (0.00)   |

**Ecova**  
**March, 2012**

|                   |                      |             |  |                               |
|-------------------|----------------------|-------------|--|-------------------------------|
|                   |                      |             |  | Interest Expense \$ 35,562.03 |
|                   | Note Balance: \$     | <u>0.00</u> |  |                               |
| Principal         | 45,000,000.00        |             |  |                               |
| Jan Interest      | 10,743.06            |             |  |                               |
| Feb Interest      | 42,690.05            |             |  |                               |
| March Interest    | 35,562.03            |             |  |                               |
| <b>Total Paid</b> | <b>45,088,995.14</b> |             |  |                               |

**Ecova**  
**April, 2012**

|            |                            |                  |         |                               |
|------------|----------------------------|------------------|---------|-------------------------------|
|            |                            |                  |         |                               |
|            | <b>Balance Forward:</b> \$ | <u>26,220.83</u> |         |                               |
| 04-01-2012 |                            | -                | 1.0850% | -                             |
| 04-02-2012 | 45,000,000.00              | 45,000,000.00    | 1.0850% | 1,356.25                      |
| 04-03-2012 |                            | 45,000,000.00    | 1.0850% | 1,356.25                      |
| 04-04-2012 | (5,000,000.00)             | 40,000,000.00    | 1.0850% | 1,205.56                      |
| 04-05-2012 | (5,000,000.00)             | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-06-2012 |                            | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-07-2012 |                            | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-08-2012 |                            | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-09-2012 | (5,000,000.00)             | 30,000,000.00    | 1.0850% | 904.17                        |
| 04-10-2012 |                            | 30,000,000.00    | 1.0850% | 904.17                        |
| 04-11-2012 | (5,000,000.00)             | 25,000,000.00    | 1.0850% | 753.47                        |
| 04-12-2012 | (5,000,000.00)             | 20,000,000.00    | 1.0850% | 602.78                        |
| 04-13-2012 | 5,000,000.00               | 25,000,000.00    | 1.0850% | 753.47                        |
| 04-14-2012 |                            | 25,000,000.00    | 1.0850% | 753.47                        |
| 04-15-2012 |                            | 25,000,000.00    | 1.0850% | 753.47                        |
| 04-16-2012 |                            | 25,000,000.00    | 1.0850% | 753.47                        |
| 04-17-2012 | 5,000,000.00               | 30,000,000.00    | 1.0850% | 904.17                        |
| 04-18-2012 |                            | 30,000,000.00    | 1.0850% | 904.17                        |
| 04-19-2012 | (10,000,000.00)            | 20,000,000.00    | 1.0850% | 602.78                        |
| 04-20-2012 |                            | 20,000,000.00    | 1.0850% | 602.78                        |
| 04-21-2012 |                            | 20,000,000.00    | 1.0850% | 602.78                        |
| 04-22-2012 |                            | 20,000,000.00    | 1.0850% | 602.78                        |
| 04-23-2012 |                            | 20,000,000.00    | 1.0850% | 602.78                        |
| 04-24-2012 |                            | 20,000,000.00    | 1.0850% | 602.78                        |
| 04-25-2012 | 15,000,000.00              | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-26-2012 |                            | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-27-2012 |                            | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-28-2012 |                            | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-29-2012 |                            | 35,000,000.00    | 1.0850% | 1,054.86                      |
| 04-30-2012 | 5,000,000.00               | 40,000,000.00    | 1.0850% | 1,205.56                      |
|            |                            |                  |         | -                             |
|            | Note Balance: \$           | <u>26,220.83</u> |         | Interest Expense \$ 26,220.83 |

**ATTACHMENT 7**

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

**Avista Corp. dba Avista Utilities  
Cost Allocation Manual  
For the year 2011**

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 2012 Budgeted rates.

| <b>DESCRIPTION</b> | <b>2012<br/>BUDGETED RATES</b> |
|--------------------|--------------------------------|
| Labor Related:     |                                |
| Payroll Benefits   | 59.54%                         |
| Paid Time Off      | 17.75%                         |
| Payroll Taxes      | 9.00%                          |

**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.