

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 Corp.**

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

***VIA ELECTRONIC MAIL***

May 1, 2015

Public Utility Commission of Oregon  
Ms. Vikie Bailey-Goggins  
Administrator, Regulatory Operations  
3930 Fairview Industrial Dr SE  
Salem, Oregon 97302-1166

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 2014. Included within this report are the financial statements of certain Company subsidiaries. The filed statements are prepared for internal use only and are unaudited. Due to the consolidation process it may not be possible to reconcile line items to our publically issued financial statements. We have also included a statement of work with one of our affiliates that we are requesting to be kept confidential. Please assure these financial statements and statement of work are treated confidentially in accordance with ORS 192.501 and 192.502. These documents are stamped CONFIDENTIAL.

Please direct any questions on this matter to Jennifer Smith at (509) 495-2098.

Sincerely,

A handwritten signature in black ink, reading "Liz Andrews". The signature is written in a cursive style and is positioned above the typed name and title.

Liz Andrews  
Manager, Revenue Requirements  
Avista Utilities  
[liz.andrews@avistacorp](mailto:liz.andrews@avistacorp)

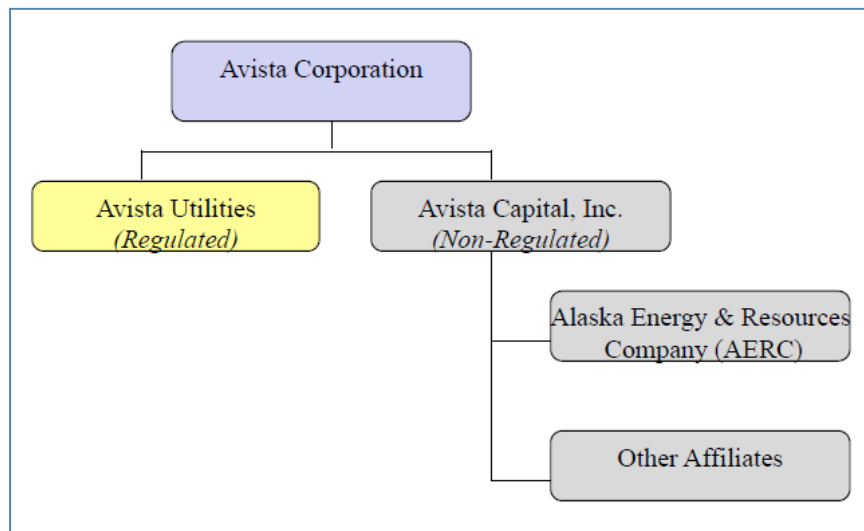
enclosure

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

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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, 2014.

**1. Organizational Chart**



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

**A. Directors and/or Officers**

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

The following entity was sold during 2014:

- **Ecova, Inc.** (80% ownership) Avista Capital’s subsidiaries included Ecova, Inc. (Ecova), which was an 80.2 percent owned subsidiary prior to its disposition on June 30, 2014. Ecova was a provider of energy efficiency and other facility information and cost management programs and services for multi-site customers and utilities throughout North America.

## 2. Narrative Descriptions of Affiliates

### C. Narrative Descriptions

Avista Utilities is a combination utility that provides service to approximately 367,000 electric customers and 326,000 natural gas customers in a 30,000-square-mile area in eastern Washington and northern Idaho. Avista Utilities also serves approximately 98,000 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, 2014, Avista Capital had the following non-utility subsidiary investments:

- **Avista Energy, Inc. and Avista Energy Canada, Ltd.** (100% ownership–Inactive), were energy marketing and resource management companies. On June 30, 2007, Avista completed the sale of the operations of Avista Energy to Coral Energy Holding, L.P., and certain of its subsidiaries, a subsidiary of Shell (Coral).
- **Avista Development, Inc.** (100% ownership-no employees, passive income) was established to manage real estate investments including:
  - \* **Steam Plant Square, LLC** (85% ownership) Manages and operates the Steam Plant Square in Spokane, Washington.
    - **Steam Plant Brew Pub, LLC** (100% ownership) Manages and operates the Steam Plant Grill in Spokane, Washington.
  - \* **Court Yard Office Center, LP** (100% ownership) Owns and operates commercial office space rentals.
- **Pentzer Corporation** is a wholly owned private investment company that serves as parent of the non-utility businesses listed below (100% ownership-no employees, passive income):
  - \* **Advanced Manufacturing and Development, Inc., dba METALfx**, (89.2% ownership), located in Willits, California, is a manufacturer and turnkey assembler of electronic enclosures, parts, and systems primarily for the computer and

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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.

instrumentation industries. This company is held by **Bay Area Manufacturing, Inc.** (100% ownership)

- \* **Pentzer Venture Holdings II, Inc.** (100% ownership) Holding company for an inactive sewage treatment plant near Spokane Industrial Park.
- **Avista Northwest Resources, LLC** (100% ownership) was formed for the purpose of holding unregulated investments in the energy industry.
- **Salix, Inc.** (100% ownership) was formed October 8, 2013, for the purpose of exploring business opportunities.

**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 \$17.8 million as of December 31, 2014) that matured January 30, 2015. Accordingly, the contracts that were required to facilitate this arrangement are no longer necessary and there is no longer any reason for the Capacity Contract to be held by Spokane Energy. Therefore, Avista and Spokane Energy have executed a Transfer and Assumption Agreement to assign the Capacity Contract to Avista effective on the later of April 1, 2015, or the date upon which FERC approves the assignment. Spokane Energy and Avista also filed an application with FERC on March 3, 2015, pursuant to section 203 of the Federal Power Act, 16 U.S.C. § 824b, for approval of the assignment of Spokane Energy's interests in the Capacity Contract to its parent company, Avista.

After the Capacity Contract is assigned to Avista, Avista will directly meet its obligations under the Capacity Contract until the contract expires December 31, 2016. The reassignment of the Capacity Contract back to Avista will provide for more efficient administration of the Capacity Contract.

Avista filed an Affiliated Interest Filing with the Washington Utilities and Transportation Commission, pursuant to RCW 80.16.020, on March 11, 2015.

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

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

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

As of December 31, 2014, Avista Capital had the following affiliates:

- **Pivotal Investment Partners I, L.P.** (30.50% ownership by Avista Northwest Resources, LLC)
- **EnerTech II** (2.29% ownership by Avista Development, Inc.)
- **Woodside IV** (4.26% ownership by Avista Development, Inc.)
- **Inland TechStart Fund, LLC** (14.9% ownership by Avista Development, Inc.)
- **Kick Start II** (7.7% ownership by Avista Development, Inc.)
- **Matrix Genetics** (18.22% ownership by Avista Development, Inc.)
- **Trove** (23.6% ownership by Avista Development, Inc.)

As of December 31, 2014, Salix had the following affiliates:

- **Plum Energy** (16.8% ownership by Avista Capital, Inc.)

#### **D. Financial Statements**

Balance Sheet and Income Statement for affiliates with affiliated operating service transactions in excess of \$25,000 for payments TO and FROM Avista Corporation are

included as **Attachment 3**. Please note that Attachment 3 is CONFIDENTIAL PER ORS 192.501 and 192.502.

**I. Services Rendered Between Avista Corporation and Affiliates**

**Description of Services – by Affiliates**

**SERVICE PAYMENTS BY THE UTILITY TO THE AFFILIATE**

| <u>NAME</u>                          | <u>ACCOUNT DESCRIPTION</u> | <u>TOTAL COMPANY</u> | <u>TOTAL OREGON</u> |
|--------------------------------------|----------------------------|----------------------|---------------------|
| Steam Plant Square                   | 107 CWIP (1)(2)            | \$75,640             | \$6,717             |
| Steam Plant Square                   | 931 Rents (3)(4)           | \$73,664             | \$0                 |
| Trove Predictive Data Analytics, LLC | 107 CWIP (1)(2)            | \$152,610            | \$13,552            |
| Trove Predictive Data Analytics, LLC | 165 Prepayments (1)(2)     | \$22,390             | \$1,988             |
| 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 2014. See page 9 for further description.
- (4) All of the costs were for electric service, therefore, none were allocated to Oregon.

**Description of Services – by Avista Utilities**

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

**SERVICE PAYMENTS BY THE AFFILIATE TO THE UTILITY**

**Avista Development**

| <u>ACCOUNT</u>   | <u>DESCRIPTION</u>       | <u>TOTAL COMPANY</u> | <u>TOTAL OREGON</u> |
|--|--------------------------|----------------------|---------------------|
| 400 & 1400   | Revenue - electric & gas | (1) \$219,119        | \$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. (Schedules 10, 11 and 48).

### III. Inter-Company Loans

- **Avista Corp / Avista Capital Note Payable / Receivable**

During 2014, Avista Corp. recorded short-term note payable to Avista Capital, Inc. The year-end note payable amount at December 31, 2014 was \$9,934,844. The maximum note payable amount outstanding during the year, due to Avista Capital, was \$208,775,711 at August 31 2014. Total interest expense in 2014 was \$218,477.

The balances of the short-term notes payable at month-end during 2014 follow:

| <u>Month</u> |    | <u>Balance</u> |
|--------------|----|----------------|
| 1/31/2014    | \$ | 5,861,636      |
| 2/28/2014    | \$ | 6,351,541      |
| 3/31/2014    | \$ | 6,439,080      |
| 4/30/2014    | \$ | 6,956,701      |
| 5/31/2014    | \$ | 7,161,008      |
| 6/30/2014    | \$ | (204,779,363)  |
| 7/31/2014    | \$ | (208,772,546)  |
| 8/31/2014    | \$ | (208,775,711)  |
| 9/30/2014    | \$ | (26,516,619)   |
| 10/31/2014   | \$ | (26,227,491)   |
| 11/30/2014   | \$ | (26,247,542)   |
| 12/31/2014   | \$ | (9,934,844)    |

According to the Cash Management Guidelines and Procedures, investment/borrowing rates between Avista Corporation and Avista Capital that were in effect during 2014 were:

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

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

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

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

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

- **Avista Corp / Ecova Note Payable / Receivable**

On January 3, 2012, Avista Corp entered into a note agreement with Ecova. The note agreement was 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). Avista Corporation was able to borrow up to \$50 million in principal under the note agreement. Additionally, Avista Corporation was 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. UG-111770 on November 10, 2011. The maximum note payable amount outstanding during the year, owed to Ecova, was \$49,061,303 at February 28, 2014. Total interest expense in 2014 was \$165,774. The note payable balance was paid in full as part of the transaction to sale Ecova. During 2014 Avista repaid the note payable amount at each quarter end.

These revolving short-term cash borrowings between the parties help to reduce external cash requirements.

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. See Section V, Non-Service Transactions: Miscellaneous Agreements, page 10 for payment guarantees.

## V. Non-Service Transactions

### Description of Avista Corporation Corporate Services

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

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

| <b>OTHER PAYMENTS BY THE AFFILIATE TO THE UTILITY</b> |                        |                  |                 |
|---|------------------------|------------------|-----------------|
| ACCOUNT   | DESCRIPTION            | TOTAL<br>COMPANY | TOTAL<br>OREGON |
| 146   | A/R Ecova              | \$5,849          | \$0             |
| 146   | A/R Avista Capital     | \$61,661         | \$0             |
| 146   | A/R Avista Energy      | \$51,025         | \$0             |
| 146   | A/R Avista Development | \$10,159         | \$0             |
| 146   | A/R Salix              | \$811,593        | \$0             |
| Total   |                        | <u>\$940,287</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 2014 totaled \$601,957 and were recorded in FERC Account No. 427 (interest expense). There are no other costs associated with this trust.

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

Avista acts as the servicer of Spokane Energy's commodity contracts. Annual service fees paid by Spokane Energy to Avista were approximately \$51,175 in 2014.

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 2014, the amount transferred was \$0. At December 31, 2014 Avista has a liability of \$5,045 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 2014 totaled \$149,304 (\$75,639 recorded in FERC Account No. 107 (CWIP) and \$73,664 recorded in FERC Account No. 931 (Rents)).

### **Description of Trove Predictive Data Analytics, LLC**

In September 2012, Avista Development, Inc., a wholly-owned subsidiary of Avista loaned funds to GridGlo, Inc., a predictive data science company based in Del Ray, FL. In addition to customary considerations for the secured loan, Avista Development received certain rights to discounted services from GridGlo, the benefit of which was assigned to Avista Utilities. Avista

Utilities and GridGlo subsequently entered into a Master Software License and Services Agreement, effective on June 26, 2013.

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

As a result of the restructuring transaction on October 28, 2014, Avista Development now holds 30% of Class A preferred equity units in Trove, 21% on a fully diluted basis.

The rights to discounted services assigned to Avista Utilities upon the restructuring completed October 28, 2014, include a Statement of Work, signed June 17, 2014. This Statement of Work includes the development, delivery and integration of a platform which will be integrated with Avista Utilities Load Forecasting application.

The terms of the Statement of Work include a fixed fee of \$300,000. Payments in 2014 totaled \$175,000 (\$152,610 recorded in FERC Account No. 107 (CWIP) and \$22,390 recorded in FERC Account No. 165 (Prepayments)). When integration is complete, there will be annual fees for Maintenance and Support, and Third Party Data Access Fees in the amount of \$35,000 and \$25,000, respectively. Refer to **Attachment 8** for the GridGlo Statement of Work.<sup>2</sup> Please note that Attachment 8 is CONFIDENTIAL PER ORS 192.501 and 192.502.

### **Miscellaneous Agreements and Transactions**

During 2014 there were no Miscellaneous Agreements or Transactions to report.

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<sup>2</sup> Prior to October 28, 2014, Avista Development had no ownership in GridGlo or Trove Predictive Data Analytics, LLC, and was therefore not an Affiliate. Avista is in the process of preparing an affiliate interest application pursuant to ORS 757.495 and OAR 860-027-0040, which will include two proposed statements of work with Trove Predictive Analytics, LLC.

## **VI. Employee Transfers**

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

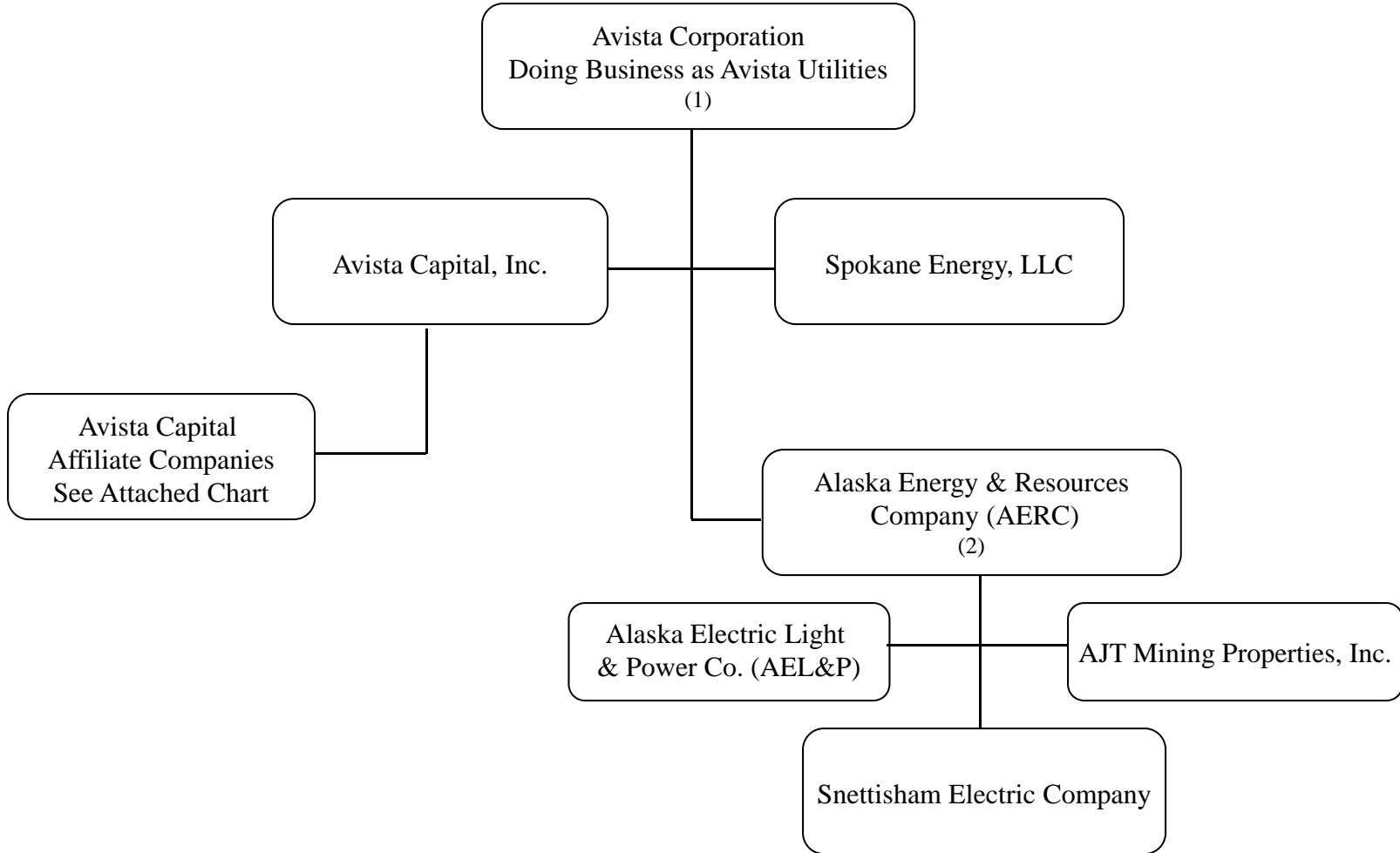
## **VII. Intra-Company Cost Allocation Procedures**

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

## **VIII. Cost Allocation Manual**

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

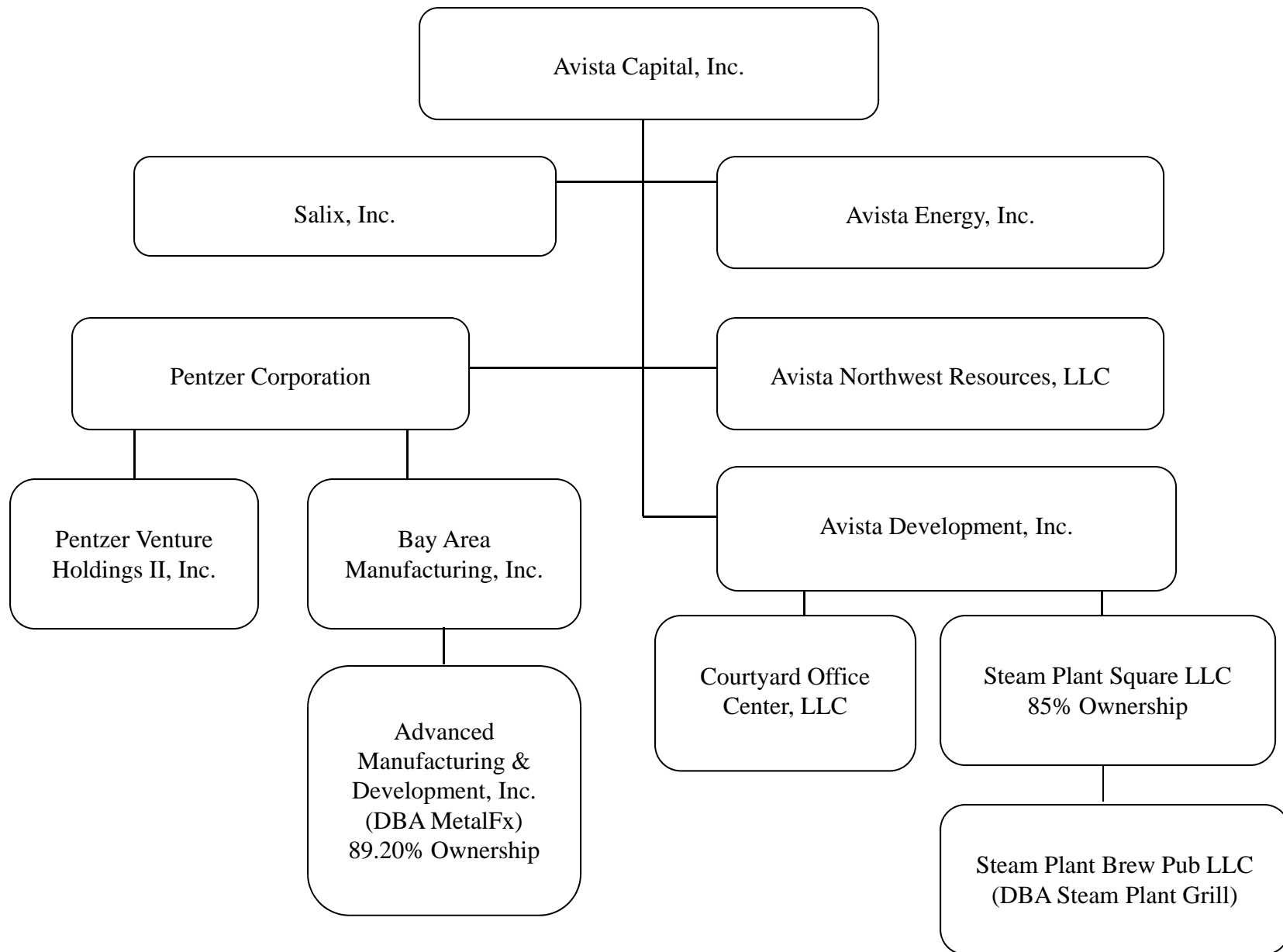
## **ATTACHMENT 1**



Companies are wholly owned unless otherwise indicated.  
 Effective July 1, 2014, Ecova, Inc. was sold.

- (1) Avista Utilities is a Business Unit, and not a separate Company
- (2) Effective July 1, 2014, Avista acquired AERC





Companies are wholly owned unless otherwise indicated.

Revised 12/1/2014

## **ATTACHMENT 2**



Corporate Secretary Department  
Current as of February 9, 2015

Annual Meeting Held in May of Each Year

**Directors:**

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

**Officers:**

|                             |   |
|-----------------------------|---|
| Scott L. Morris             | Chairman of the Board, President & Chief Executive Officer                                  |
| Mark T. Thies               | Senior Vice President, Chief Financial Officer & Treasurer                                  |
| Marian M. Durkin            | Senior Vice President, General Counsel & Chief Compliance Officer                           |
| Karen S. Feltes             | Senior Vice President, Human Resources & Corporate Secretary                                |
| Dennis P. Vermillion        | Senior Vice President & Environmental Compliance Officer and<br>President, Avista Utilities |
| Jason R. Thackston          | Senior Vice President, Energy Resources   |
| Kevin J. Christie           | Vice President, Customer Solutions  |
| Christy M. Burmeister-Smith | Vice President, Controller & Principal Accounting Officer                                   |
| James M. Kensok             | Vice President, Chief Information Officer & Chief Security Officer                          |
| Don F. Kopczyński           | Vice President, Energy Delivery and Customer Service  |
| David J. Meyer              | Vice President & Chief Counsel for Regulatory & Governmental Affairs                        |
| Kelly O. Norwood            | Vice President, State & Federal Regulations   |
| Roger D. Woodworth          | Vice President & Chief Strategy Officer   |
| Don M. Falkner              | Assistant Treasurer   |
| Ryan L. Krasselt            | Assistant Treasurer   |
| Susan Y. Fleming            | Assistant Corporate Secretary   |

**Corporate Governance/**

**Nominating Committee**

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

**Executive Committee**

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

**Audit Committee**

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

**Compensation & Organization  
Committee**

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

**Finance Committee**

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

**Environmental &  
Operations Committee**

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

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

Current as of May 12, 2014

**ADVANCED MANUFACTURING & DEVELOPMENT, INC.**

**Doing business as METAL<sub>fx</sub>**

(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

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Jill Porterfield

Chairman of the Board

President & Chief Executive Officer

Vice President & Treasurer

Senior Vice President & Chief Financial Officer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Corporate Secretary

Current as of July 1, 2014

**AJT MINING PROPERTIES, INC.**

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

**Directors:**

Marian M. Durkin

Karen S. Feltes

Mark T. Thies

Dennis P. Vermillion

**Officers:**

Dennis P. Vermillion Chairman of the Board

Bruce Howard President

Connie Hulbert Treasurer and Assistant Corporate Secretary

Scott Willis Vice President and Generation Engineer

Debbie Driscoll Corporate Secretary

Current as of July 1, 2014

**ALASKA ELECTRIC LIGHT AND POWER COMPANY**

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

**Directors:**

Marian M. Durkin

Karen S. Feltes

Timothy McLeod

Mark T. Thies

Dennis P. Vermillion

**Officers:**

Dennis P. Vermillion

Chairman of the Board

Timothy McLeod

President

Connie Hulbert

Vice President, Treasurer & Corporate Secretary

Scott Willis

Vice President and Generation Engineer

Debbie Driscoll

Vice President, Director of Consumer Affairs and  
Assistant Corporate Secretary

Eric Eriksen

Vice President, Transmission and Distribution Engineer

Rod Ahlbrandt

Vice President, Director of Information Technology and  
Revenue Metering

Alec Mesdag

Vice President, Director of Energy Services

Catherine Johnson

Assistant Treasurer and Controller

Christy Yearous

Assistant Treasurer and Assistant Generation Engineer

Bryan Farrell

Assistant Treasurer and Assistant Generation Engineer  
Mechanical/Electrical

Darrell Wetherall

Assistant Corporate Secretary and Assistant Transmission and  
Distribution Engineer

Current as of July 1, 2014

**ALASKA ENERGY AND RESOURCES COMPANY**

(A Subsidiary of Avista Corp.)

5601 Tongard Ct.

Juneau, AK 99801

**Directors:**

Marian M. Durkin

Karen S. Feltes

Scott L. Morris

Mark T. Thies

Dennis P. Vermillion

**Officers:**

Scott L. Morris

Dennis P. Vermillion

Timothy McLeod

Connie Hulbert

Karen S. Feltes

Susan Y. Fleming

Debbie Driscoll

Chairman of the Board

President

Vice President

Treasurer

Corporate Secretary

Assistant Corporate Secretary

Assistant Corporate Secretary

Current as of May 12, 2014

**AVISTA CAPITAL, INC.**

(A Subsidiary of Avista Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Christy Burmeister-Smith

Susan Y. Fleming

Don M. Falkner

Chairman of the Board, President & CEO

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Vice President

Assistant Corporate Secretary

Assistant Treasurer

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



Current as of May 12, 2014

**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

Susan Y. Fleming

Don M. Falkner

Chairman of the Board, President and CEO

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President

Senior Vice President & Environmental Compliance Officer

Senior Vice President & Corporate Secretary

Vice President

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 12, 2014

**AVISTA ENERGY, INC.**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Chairman of the Board, President & CEO

Mark T. Thies

Senior Vice President, Chief Financial Officer & Treasurer

Karen S. Feltes

Senior Vice President & Corporate Secretary

Tracy Van Orden

Controller

Susan Y. Fleming

Assistant Corporate Secretary

Don M. Falkner

Assistant Treasurer

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

Current as of January 1, 2013

**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                   |

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

Current as of May 12, 2014

**BAY AREA MANUFACTURING, INC.**

(A Subsidiary of Pentzer Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

Current as of March 31, 2009

**COURTYARD OFFICE CENTER, LLC**

(An Affiliate of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Member:**

Avista Development, Inc.

**Manager**

Roger Woodworth

Current as of May 12, 2014

**PENTZER CORPORATION**

(A Subsidiary of Avista Capital, Inc.)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Scott L. Morris

Mark T. Thies

Jason Thackston

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

Current as of May 12, 2014

**PENTZER VENTURE HOLDINGS II**

(A Subsidiary of Pentzer Corporation)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Scott L. Morris

Mark T. Thies

Jason R. Thackston

**Officers:**

Scott L. Morris

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

Don M. Falkner

Chairman, President & Chief Executive Officer

Senior Vice President, Chief Financial Officer & Treasurer

Senior Vice President & Corporate Secretary

Assistant Corporate Secretary

Assistant Treasurer

Current as of May 12, 2014

**SALIX, INC.**

(A Subsidiary of Avista Capital)

1411 E. Mission Ave.

Spokane, WA 99202

**Directors:**

Marian M. Durkin

Scott L. Morris

Mark T. Thies

Dennis P. Vermillion

Roger D. Woodworth

**Officers:**

Robert J. Lafferty

Mark T. Thies

Karen S. Feltes

Susan Y. Fleming

President

Treasurer

Corporate Secretary

Assistant Corporate Secretary



Current as of July 1, 2014

**SNETTISHAM ELECTRIC COMPANY**

(A Subsidiary of Alaska Energy and Resources Company)

5601 Tonsgard Ct.

Juneau, AK 99801

**Directors:**

Eric Eriksen

Timothy McLeod

Jason Thackston

Scott Willis

**Officers:**

Scott Willis

President

Timothy McLeod

Vice President

Eric Eriksen

Treasurer

Debbie Driscoll

Corporate Secretary

Connie Hulbert

Assistant Corporate Secretary

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 3**

**REDACTED**



Subsidiary Balance Sheets  
December 31, 2014

|                   |                  |                       |                  |                             |               |
|-------------------|------------------|-----------------------|------------------|-----------------------------|---------------|
| AVISTA<br>CAPITAL | PENTZER<br>CORP. | AVISTA<br>DEVELOPMENT | AVISTA<br>ENERGY | NORTHWEST<br>RESOURCES, LLC | SALIX<br>INC. |
|-------------------|------------------|-----------------------|------------------|-----------------------------|---------------|

**REDACTED**



Subsidiary Income Statements - PTD  
201412

|                           |                          |                               |                          |                                     |                       |
|---------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------------|-----------------------|
| <i>AVISTA<br/>CAPITAL</i> | <i>PENTZER<br/>CORP.</i> | <i>AVISTA<br/>DEVELOPMENT</i> | <i>AVISTA<br/>ENERGY</i> | <i>NORTHWEST<br/>RESOURCES, LLC</i> | <i>SALIX<br/>INC.</i> |
|---------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------------|-----------------------|

**REDACTED**



Subsidiary Income Statements - YTD  
201412

| <i>AVISTA<br/>CAPITAL</i> | <i>PENTZER<br/>CORP.</i> | <i>AVISTA<br/>DEVELOPMENT</i> | <i>AVISTA<br/>ENERGY</i> | <i>NORTHWEST<br/>RESOURCES, LLC</i> | <i>SALIX<br/>INC.</i> |
|---------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------------|-----------------------|
|---------------------------|--------------------------|-------------------------------|--------------------------|-------------------------------------|-----------------------|

**REDACTED**



# **Spokane Energy, LLC**

Financial Statements as of and for the  
Years Ended December 31, 2014 and 2013 and  
Independent Auditors' Report

SPOKANE ENERGY, LLC  
TABLE OF CONTENTS

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**REDACTED**

**REDACTED**

SPOKANE ENERGY, LLC  
BALANCE SHEETS  
AS OF DECEMBER 31, 2014 AND 2013

---

2014

2013

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**REDACTED**

SPOKANE ENERGY, LLC  
STATEMENTS OF INCOME AND RETAINED EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

---

2014

2013

---

**REDACTED**

SPOKANE ENERGY, LLC  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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2014

2013

---

**REDACTED**

SPOKANE ENERGY, LLC  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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**REDACTED**

SPOKANE ENERGY, LLC  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

---

**REDACTED**



SPOKANE ENERGY, LLC  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

---

**REDACTED**



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

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

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

**REDACTED**



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

**REDACTED**

**REDACTED**

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

**REDACTED**

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

|

**REDACTED**

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

**REDACTED**



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

Statements of Cash Flows

1

**REDACTED**

0

1

1

0

5

5

0

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

**REDACTED**



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

Notes to Financial Statements

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

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(A Wholly Owned Subsidiary of Alaska Energy and Resources Company)

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

December 31, 2014 and 2013

**REDACTED**

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

Notes to Financial Statements

**REDACTED**

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

Notes to Financial Statements

**REDACTED**

## **ATTACHMENT 4**



|  |  |                                 |
|--|--|---------------------------------|
| RESULTS OF OPERATIONS  |  | Report ID:<br><b>OR-ALL-12A</b> |
| <b>GAS ALLOCATION PERCENTAGES</b>  |  |                                 |
| For Twelve Months Ended December 31, 2014<br>Average of Monthly Averages Basis |  |                                 |

AVISTA UTILITIES

|       |     |             |                     |
|-------|-----|-------------|---------------------|
| Basis | Ref | Description | Based on Data From: |
|-------|-----|-------------|---------------------|

| Input |   | 01-01-2013 thru 12-31-2013 | Total         | Electric      | Gas North   | Oregon Gas  |
|-------|---|----------------------------|---------------|---------------|-------------|-------------|
|       | Elec/Gas North/Oregon 4-Factor              |                            |               |               |             |             |
|       | Direct O & M Accts 580 - 894                |                            | 68,495,470    | 58,058,286    | 6,367,532   | 4,069,652   |
|       | Direct O & M Accts 901 - 935                |                            | 36,950,340    | 26,569,475    | 7,224,117   | 3,156,748   |
|       | Direct O & M Accts 901 - 905 Utility 9 Only |                            | 4,724,966     | 3,236,437     | 1,488,529   | XXXXXX      |
|       | Adjustments                                 |                            | 0             |               |             |             |
|       | Total                                       |                            | 110,170,776   | 87,864,198    | 15,080,178  | 7,226,400   |
|       | Percentage                                  |                            | 100.000%      | 79.753%       | 13.688%     | 6.559%      |
|       | Direct Labor Accts 580 - 894                |                            | 67,800,135    | 51,352,909    | 11,789,527  | 4,657,699   |
|       | Direct Labor Accts 901 - 935                |                            | 5,560,307     | 3,408,229     | 269,466     | 1,882,612   |
|       | Direct Labor Accts 901 - 905 Utility 9 Only |                            | 10,134,217    | 6,671,977     | 3,462,240   | XXXXXX      |
|       | Total                                       |                            | 83,494,659    | 61,433,115    | 15,521,233  | 6,540,311   |
|       | Percentage                                  |                            | 100.000%      | 73.578%       | 18.589%     | 7.833%      |
|       | Number of Customers                         |                            | 692,224       | 366,305       | 228,433     | 97,486      |
|       | Percentage                                  |                            | 100.000%      | 52.917%       | 33.000%     | 14.083%     |
|       | Net Direct Plant                            |                            | 2,661,279,881 | 2,100,079,490 | 372,868,631 | 188,331,760 |
|       | Percentage                                  |                            | 100.000%      | 78.912%       | 14.011%     | 7.077%      |
|       | Total Percentages                           |                            | 400.000%      | 285.160%      | 79.288%     | 35.552%     |
|       | Average (CD AA)                             |                            | 100.000%      | 71.290%       | 19.822%     | 8.888%      |

|  |  |                                 |
|--|--|---------------------------------|
| RESULTS OF OPERATIONS  |  | Report ID:<br><b>OR-ALL-12A</b> |
| <b>GAS ALLOCATION PERCENTAGES</b>  |  |                                 |
| For Twelve Months Ended December 31, 2014<br>Average of Monthly Averages Basis |  |                                 |

AVISTA UTILITIES

|       |     |             |                     |
|-------|-----|-------------|---------------------|
| Basis | Ref | Description | Based on Data From: |
|-------|-----|-------------|---------------------|

| Input                                       |  | 01-01-2013 thru 12-31-2013 | Total       | Electric | Gas North   | Oregon Gas  |
|---|--|----------------------------|-------------|----------|-------------|-------------|
| Gas North/Oregon 4-Factor                   |  |                            |             |          |             |             |
| Direct O & M Accts 580 - 894                |  |                            | 9,851,125   | 0        | 6,009,988   | 3,841,137   |
| Direct O & M Accts 901 - 935                |  |                            | 10,008,419  | 0        | 6,964,929   | 3,043,490   |
| Direct O & M Accts 901 - 905 Utility 9 Only |  |                            | 1,488,529   | 0        | 1,488,529   | XXXXXX      |
| Total                                       |  |                            | 21,348,073  | 0        | 14,463,446  | 6,884,627   |
| Percentage                                  |  |                            | 100.000%    | 0.000%   | 67.751%     | 32.249%     |
| Direct Labor Accts 580 - 894                |  |                            | 12,458,854  | 0        | 8,930,624   | 3,528,230   |
| Direct Labor Accts 901 - 935                |  |                            | 1,855,548   | 0        | 232,337     | 1,623,211   |
| Direct Labor Accts 901 - 905 Utility 9 Only |  |                            | 3,462,240   | 0        | 3,462,240   | XXXXXX      |
| Total                                       |  |                            | 17,776,642  | 0        | 12,625,201  | 5,151,441   |
| Percentage                                  |  |                            | 100.000%    | 0.000%   | 71.021%     | 28.979%     |
| Number of Customers                         |  |                            | 325,919     | 0        | 228,433     | 97,486      |
| Percentage                                  |  |                            | 100.000%    | 0.000%   | 70.089%     | 29.911%     |
| Net Direct Plant                            |  |                            | 552,816,448 | 0        | 365,235,362 | 187,581,086 |
| Percentage                                  |  |                            | 100.000%    | 0.000%   | 66.068%     | 33.932%     |
| Total Percentages                           |  |                            | 400.000%    | 0.000%   | 274.929%    | 125.071%    |
| Average (GD AA)                             |  |                            | 100.000%    | 0.000%   | 68.732%     | 31.268%     |

|  |  |                                 |
|--|--|---------------------------------|
| RESULTS OF OPERATIONS  |  | Report ID:<br><b>OR-ALL-12A</b> |
| <b>GAS ALLOCATION PERCENTAGES</b>  |  |                                 |
| For Twelve Months Ended December 31, 2014<br>Average of Monthly Averages Basis |  |                                 |

AVISTA UTILITIES

|       |     |             |                     |
|-------|-----|-------------|---------------------|
| Basis | Ref | Description | Based on Data From: |
|-------|-----|-------------|---------------------|

| Input                        |  | 01-01-2013 thru 12-31-2013 | Total         | Electric      | Gas North   | Oregon Gas |
|------------------------------|--|----------------------------|---------------|---------------|-------------|------------|
| Elec/Gas North 4-Factor      |  |                            |               |               |             |            |
| Direct O & M Accts 580 - 894 |  |                            | 64,480,390    | 58,058,286    | 6,422,104   | 0          |
| Direct O & M Accts 901 - 935 |  |                            | 33,796,280    | 26,569,475    | 7,226,805   | 0          |
| Adjustments                  |  |                            | 0             | 0             | 0           | 0          |
| Total                        |  |                            | 98,276,670    | 84,627,761    | 13,648,909  | 0          |
| Percentage                   |  |                            | 100.000%      | 86.112%       | 13.888%     | 0.000%     |
|                              |  |                            |               |               |             |            |
| Direct Labor Accts 580 - 894 |  |                            | 63,088,156    | 51,352,909    | 11,735,247  | 0          |
| Direct Labor Accts 901 - 935 |  |                            | 3,849,086     | 3,408,229     | 440,857     | 0          |
| Total                        |  |                            | 66,937,242    | 54,761,138    | 12,176,104  | 0          |
| Percentage                   |  |                            | 100.000%      | 81.810%       | 18.190%     | 0.000%     |
|                              |  |                            |               |               |             |            |
| Number of Customers          |  |                            | 594,738       | 366,305       | 228,433     | 0          |
| Percentage                   |  |                            | 100.000%      | 61.591%       | 38.409%     | 0.000%     |
|                              |  |                            |               |               |             |            |
| Net Direct Plant             |  |                            | 2,443,285,624 | 2,078,050,262 | 365,235,362 | 0          |
| Percentage                   |  |                            | 100.000%      | 85.051%       | 14.949%     | 0.000%     |
| Total Percentages            |  |                            | 400.000%      | 314.564%      | 85.436%     | 0.000%     |
| Average (CD AN/ID/WA)        |  |                            | 100.000%      | 78.641%       | 21.359%     | 0.000%     |

|  |  |                                 |
|--|--|---------------------------------|
| RESULTS OF OPERATIONS  |  | Report ID:<br><b>OR-ALL-12A</b> |
| <b>GAS ALLOCATION PERCENTAGES</b>  |  |                                 |
| For Twelve Months Ended December 31, 2014<br>Average of Monthly Averages Basis |  |                                 |

AVISTA UTILITIES

| Basis | Ref    | Description                                  | Based on Data From:        | Total       | Gas North | Oregon Gas  |
|-------|--------|--|----------------------------|-------------|-----------|-------------|
| JP    |        | Gas North/Oregon JP Factor %                 | 01-01-2014 thru 12-31-2014 | 100.000%    | 80.900%   | 19.100%     |
| 10    |        | Annual Throughput<br>Percent                 | 01-01-2014 thru 12-31-2014 | 84,219,948  |           | 84,219,948  |
| 12    | OR-PLT | Net Gas Plant (before DFIT) - AMA<br>Percent | 12-01-2013 thru 12-31-2014 | 210,751,796 |           | 210,751,796 |
| 99    | Input  | Not Allocated                                |                            |             |           |             |

## **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**

**REDACTED**

**Ecova**

**January, 2014**

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**REDACTED**

**Ecova**  
**February, 2014**

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**REDACTED**

**Ecova**  
**March, 2014**

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**REDACTED**

**Ecova**  
**April, 2014**

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**REDACTED**

**REDACTED**

**REDACTED**

## **ATTACHMENT 7**



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

**Avista Corp. dba Avista Utilities**  
**Cost Allocation Manual**  
**For the year 2014**

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 2015 Budgeted rates.

| <b>DESCRIPTION</b> | <b>2015<br/>BUDGETED RATES</b> |
|--------------------|--------------------------------|
| Labor Related:     |                                |
| Payroll Benefits   | 55.13%                         |
| Paid Time Off      | 16.75%                         |
| Payroll Taxes      | 8.00%                          |

**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.

**ATTACHMENT 8**

**REDACTED**

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

**REDACTED**

**REDACTED**

**REDACTED**



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