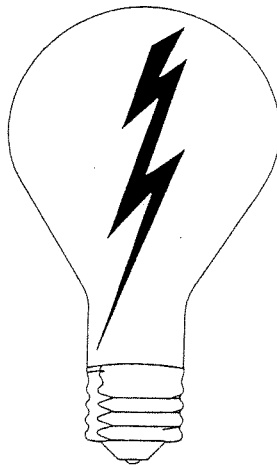


YEAR 2003

ANNUAL REPORT
OF
Avista Corporation

ELECTRIC UTILITY



RECEIVED BY
PUBLIC SERVICE
COMMISSION
JULY 28 - 3 AM 10:47

TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

IDENTIFICATION

Year: 2003

1. Legal Name of Respondent:	Avista Corporation
2. Name Under Which Respondent Does Business:	Avista Corp. and Avista Utilities
3. Date Utility Service First Offered in Montana	July, 1960
4. Address to send Correspondence Concerning Report:	1411 East Mission Avenue PO Box 3727 Spokane, WA 99220
5. Person Responsible for This Report:	Christy Burmeister-Smith Vice President and Controller
5a. Telephone Number:	509-495-4256
Control Over Respondent	
1. If direct control over the respondent was held by another entity at the end of year provide the following:	
1a. Name and address of the controlling organization or person:	
1b. Means by which control was held:	
1c. Percent Ownership:	

SCHEDULE 2

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	Erik J. Anderson 2420 Carillon Point, Kirkland, WA 98033	\$63,300.00
2	Kristianne Blake P. O. Box 28338, Spokane, WA 99228	\$78,583.33
3	David A. Clack 325 E. Sprague Ave., Spokane, WA 99202	\$68,100.00
4	Roy Lewis Eiguren P.O. Box 2720, Boise, ID 83701	\$59,300.00
5	Jack W. Gustavel P.O. Box J, Coeur d'Alene, ID 83816	\$23,600.00
6	Sarah M. R. Jewell (1) 6750 S. 228th St., Kent, WA 98032	\$17,300.00
7	John F. Kelly 4915 E. Doubletree Ranch Rd., Paradise Valley, AZ	\$59,700.00
8	Jessie J. Knight, Jr. 402 W. Broadway, Suite 1000, San Diego, CA 92101	\$69,300.00
9	Michael L. Noel 1107 Pine Country Ct., Prescott, AZ 86303	\$39,987.72
10	Lura J. Powell, Ph.D. 2400 Stevens Dr., Suite B, Richland, WA 99352	\$61,700.00
11	R. John Taylor P. O. Box 538, Lewiston, ID 83501	\$45,403.19
12	Gary G. Ely (2) 1411 E. Mission Ave., Spokane, WA 99220	(2)
13		
14	(1) Ms. Jewell completed her term in May 2003.	
15	(2) Mr. Ely is Chairman of the Board as well as President and Chief Executive Officer of Avista Corporation.	
16		
17		
18		
19		
20		

Officers

Year: 2003

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	Chairman of the Board		
2	President & Chief Executive Officer		Gary G. Ely
3			
4	Senior Vice President, Chief	Finance	Malyn K. Malquist (3)
5	Financial Officer & Treasurer		
6			
7			
8			
9	Vice President and Chief Counsel for	Legal	David J. Meyer
10	Regulatory and Governmental Affairs		
11			
12			
13	Vice President & Treasurer	Finance/Treasury	David A. Brukardt (1)
14	Strategic Planning		
15			
16	Vice President & Controller	Finance/Accounting	Christy Burmeister-Smith
17			
18	Senior Vice President	Utility Operations	Scott L. Morris
19			
20	Vice President of State &	Regulatory	Kelly O. Norwood
21	Federal Regulation		
22			
23	Vice President & Assistant		Terry L. Syms (2)
24	to the Chairman		
25			
26	Vice President, Business Development	Utility Operations	Roger D. Woodworth
27	and Service Optimization		
28			
29	Vice President of Human Resources &	Human Resources	Karen S. Feltes
30	Corporate Secretary		
31			
32	Vice President of Energy Resources	Resource Management	Ronald R. Peterson
33	and Optimization		
34			
35	(1) Resigned in February 2004.		
36			
37	(2) Retired in January 2004.		
38			
39	(3) Named Treasurer in February 2004.		
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CORPORATE STRUCTURE

Year: 2003

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1				
2	Avista Capital	Parent company to all of	\$9,156,784	100.00%
3		Company's non-regulated		
4		subsidiaries		
5				
6				
7	Avista Advantage	Various energy services, such as		
8		internet based billing and information		
9		services.		
10				
11	Avista Development	Non-operating investments in real estate		
12		and othe investments		
13				
14	Avista Energy	Wholesale electric and natural gas		
15		marketing and trading		
16				
17	WP Funding LP	Owns a generation asset		
18				
19				
20				
21	Avista Power	Purchase and develop generating		
22		facilities		
23				
24				
25	Avista Services	Products and services to utility		
26		customers; currently inactive		
27				
28				
29	Avista Turbine Power	Develops electric generation assets		
30				
31	Avista Rathdrum	Develops electric generation assets		
32				
33	Avista Ventures	Invests in emerging business opportunities		
34				
35				
36	Pentzer Corporation	Within Avista Capital; parent company to		
37		Advanced Manufacturing & Design.		
38				
39	Advanced Manufacturing	Manufacturer of electronic and mechan.		
40	and Development	equipment for the computer and		
41		instrumentation industries.		
42				
43	Avista Receivables Corp.	Acquires and sells accounts receivable		
44		of Avista Corp.		
45				
46	Rathdrum Power, LLC	Owns a generation asset		
47				
48				
49				
50	TOTAL		9,156,784	

CORPORATE ALLOCATIONS

Year: 2003

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1						
2						
3						
4	Not applicable					
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34	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY Year: 2003

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1						
2	Avista Energy	Natural Gas	Market price	145,346,806	47.32%	None
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32	TOTAL			145,346,806		

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2003

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1						
2						
3	Avista Energy	Transmission	Market Price	39,674	0.02%	
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32	TOTAL			39,674		

MONTANA UTILITY INCOME STATEMENT

Year: 2003

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	2,651,422	4,548,133	71.54%
2				
3	Operating Expenses			
4	401 Operation Expenses	21,390,988	32,373,748	51.34%
5	402 Maintenance Expense	4,255,386	6,120,788	43.84%
6	403 Depreciation Expense	10,289,893	10,124,410	-1.61%
7	404-405 Amortization of Electric Plant	none/n.a.	none/n.a.	#VALUE!
8	406 Amort. of Plant Acquisition Adjustments	none/n.a.	none/n.a.	#VALUE!
9	407 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs	none/n.a.	none/n.a.	#VALUE!
10				
11	408.1 Taxes Other Than Income Taxes	7,108,880	7,303,218	2.73%
12	409.1 Income Taxes - Federal	none/n.a.	none/n.a.	#VALUE!
13	- Other	595,199	384,870	-35.34%
14	410.1 Provision for Deferred Income Taxes	none/n.a.	none/n.a.	#VALUE!
15	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	none/n.a.	none/n.a.	#VALUE!
16	411.4 Investment Tax Credit Adjustments	none/n.a.	none/n.a.	#VALUE!
17	411.6 (Less) Gains from Disposition of Utility Plant	none/n.a.	none/n.a.	#VALUE!
18	411.7 Losses from Disposition of Utility Plant	none/n.a.	none/n.a.	#VALUE!
19				
20	TOTAL Utility Operating Expenses	43,640,346	56,307,034	29.03%
21	NET UTILITY OPERATING INCOME	(40,988,924)	(51,758,901)	-26.28%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2	440 Residential	6,572	4,883	-25.70%
3	442 Commercial & Industrial - Small	2,038	1,832	-10.11%
4	Commercial & Industrial - Large			
5	444 Public Street & Highway Lighting			
6	445 Other Sales to Public Authorities			
7	446 Sales to Railroads & Railways			
8	448 Interdepartmental Sales	6,470	5,688	-12.09%
9				
10	TOTAL Sales to Ultimate Consumers	15,080	12,403	-17.75%
11	447 Sales for Resale	1,303,825	3,370,503	158.51%
12				
13	TOTAL Sales of Electricity	1,318,905	3,382,906	156.49%
14	449.1 (Less) Provision for Rate Refunds			
15				
16	TOTAL Revenue Net of Provision for Refunds	1,318,905	3,382,906	156.49%
17	Other Operating Revenues			
18	450 Forfeited Discounts & Late Payment Revenues			
19	451 Miscellaneous Service Revenues			
20	453 Sales of Water & Water Power			
21	454 Rent From Electric Property	69,501	47,277	-31.98%
22	455 Interdepartmental Rents			
23	456 Other Electric Revenues	1,263,016	1,117,950	-11.49%
24				
25	TOTAL Other Operating Revenues	1,332,517	1,165,227	-12.55%
26	Total Electric Operating Revenues	2,651,422	4,548,133	71.54%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2003

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	113,175	58,596	-48.23%
6	501 Fuel	9,276,929	10,959,960	18.14%
7	502 Steam Expenses	410,316	1,050,888	156.12%
8	503 Steam from Other Sources	2,878	4,329	50.42%
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	43,146	51,895	20.28%
11	506 Miscellaneous Steam Power Expenses	2,581,593	1,137,676	-55.93%
12	507 Rents	51,624	15,952	-69.10%
13				
14	TOTAL Operation - Steam	12,479,661	13,279,296	6.41%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	170,192	227,825	33.86%
18	511 Maintenance of Structures	304,675	365,816	20.07%
19	512 Maintenance of Boiler Plant	2,127,583	2,694,708	26.66%
20	513 Maintenance of Electric Plant	585,659	744,792	27.17%
21	514 Maintenance of Miscellaneous Steam Plant	275,240	426,457	54.94%
22				
23	TOTAL Maintenance - Steam	3,463,349	4,459,598	28.77%
24				
25	TOTAL Steam Power Production Expenses	15,943,010	17,738,894	11.26%
26				
27	Nuclear Power Generation			
28	Operation			
29	517 Operation Supervision & Engineering			
30	518 Nuclear Fuel Expense			
31	519 Coolants & Water			
32	520 Steam Expenses			
33	521 Steam from Other Sources			
34	522 (Less) Steam Transferred - Cr.			
35	523 Electric Expenses			
36	524 Miscellaneous Nuclear Power Expenses			
37	525 Rents			
38				
39	TOTAL Operation - Nuclear			
40				
41	Maintenance			
42	528 Maintenance Supervision & Engineering			
43	529 Maintenance of Structures			
44	530 Maintenance of Reactor Plant Equipment			
45	531 Maintenance of Electric Plant			
46	532 Maintenance of Miscellaneous Nuclear Plant			
47				
48	TOTAL Maintenance - Nuclear			
49				
50	TOTAL Nuclear Power Production Expenses			

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2003

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering	82,509	162,209	96.60%
5	536 Water for Power	676,861	857,399	26.67%
6	537 Hydraulic Expenses	344,833	739,349	114.41%
7	538 Electric Expenses	699,041	753,785	7.83%
8	539 Miscellaneous Hydraulic Power Gen. Expenses	51,458	45,387	-11.80%
9	540 Rents			
10				
11	TOTAL Operation - Hydraulic	1,854,702	2,558,129	37.93%
12				
13	Maintenance			
14	541 Maintenance Supervision & Engineering	13,524	38,195	182.42%
15	542 Maintenance of Structures	51,141	157,802	208.56%
16	543 Maint. of Reservoirs, Dams & Waterways	13,244	453,746	3326.05%
17	544 Maintenance of Electric Plant	540,767	772,919	42.93%
18	545 Maintenance of Miscellaneous Hydro Plant	9,232	63,166	584.21%
19				
20	TOTAL Maintenance - Hydraulic	627,908	1,485,828	136.63%
21				
22	TOTAL Hydraulic Power Production Expenses	2,482,610	4,043,957	62.89%
23				
24	Other Power Generation			
25	Operation			
26	546 Operation Supervision & Engineering			
27	547 Fuel			
28	548 Generation Expenses			
29	549 Miscellaneous Other Power Gen. Expenses			
30	550 Rents	155		-100.00%
31				
32	TOTAL Operation - Other	155		-100.00%
33				
34	Maintenance			
35	551 Maintenance Supervision & Engineering			
36	552 Maintenance of Structures			
37	553 Maintenance of Generating & Electric Plant			
38	554 Maintenance of Misc. Other Power Gen. Plant	186	(53)	-128.49%
39				
40	TOTAL Maintenance - Other	186	(53)	-128.49%
41				
42	TOTAL Other Power Production Expenses	341	(53)	-115.54%
43				
44	Other Power Supply Expenses			
45	555 Purchased Power	5,436,777	15,081,107	177.39%
46	556 System Control & Load Dispatching			
47	557 Other Expenses			
48				
49	TOTAL Other Power Supply Expenses	5,436,777	15,081,107	177.39%
50				
51	TOTAL Power Production Expenses	23,862,738	36,863,905	54.48%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2003

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	560 Operation Supervision & Engineering	31,762	7,855	-75.27%
4	561 Load Dispatching	34,101	31,887	-6.49%
5	562 Station Expenses	14,495	7,009	-51.65%
6	563 Overhead Line Expenses	27,251	19,744	-27.55%
7	564 Underground Line Expenses			
8	565 Transmission of Electricity by Others	192,064	225,975	17.66%
9	566 Miscellaneous Transmission Expenses			
10	567 Rents	72,225	79,792	10.48%
11				
12	TOTAL Operation - Transmission	371,898	372,262	0.10%
13	Maintenance			
14	568 Maintenance Supervision & Engineering	5,210	5,896	13.17%
15	569 Maintenance of Structures	11,700	244	-97.91%
16	570 Maintenance of Station Equipment	114,942	78,256	-31.92%
17	571 Maintenance of Overhead Lines	22,911	77,853	239.81%
18	572 Maintenance of Underground Lines			
19	573 Maintenance of Misc. Transmission Plant			
20				
21	TOTAL Maintenance - Transmission	154,763	162,249	4.84%
22				
23	TOTAL Transmission Expenses	526,661	534,511	1.49%
24	Distribution Expenses			
25	Operation			
27	580 Operation Supervision & Engineering			
28	581 Load Dispatching			
29	582 Station Expenses	230	697	203.04%
30	583 Overhead Line Expenses			
31	584 Underground Line Expenses			
32	585 Street Lighting & Signal System Expenses			
33	586 Meter Expenses			
34	587 Customer Installations Expenses		113	#DIV/0!
35	588 Miscellaneous Distribution Expenses		100	#DIV/0!
36	589 Rents			
37				
38	TOTAL Operation - Distribution	230	910	295.65%
39	Maintenance			
40	590 Maintenance Supervision & Engineering		438	#DIV/0!
41	591 Maintenance of Structures	89		-100.00%
42	592 Maintenance of Station Equipment	600	1,319	119.83%
43	593 Maintenance of Overhead Lines		412	#DIV/0!
44	594 Maintenance of Underground Lines			
45	595 Maintenance of Line Transformers			
46	596 Maintenance of Street Lighting, Signal Systems			
47	597 Maintenance of Meters			
48	598 Maintenance of Miscellaneous Dist. Plant			
49				
50	TOTAL Maintenance - Distribution	689	2,169	214.80%
51				
52	TOTAL Distribution Expenses	919	3,079	235.04%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2003

Account Number & Title		Last Year	This Year	% Change
1	Customer Accounts Expenses			
2	Operation			
3	901 Supervision			
4	902 Meter Reading Expenses			
5	903 Customer Records & Collection Expenses			
6	904 Uncollectible Accounts Expenses			
7	905 Miscellaneous Customer Accounts Expenses			
8				
9	TOTAL Customer Accounts Expenses			
10	Customer Service & Information Expenses			
11	Operation			
12	907 Supervision			
13	908 Customer Assistance Expenses			
14	909 Informational & Instructional Adv. Expenses	29,962	7,118	-76.24%
15	910 Miscellaneous Customer Service & Info. Exp.			
16				
17				
18	TOTAL Customer Service & Info Expenses	29,962	7,118	-76.24%
19	Sales Expenses			
20	Operation			
21	911 Supervision			
22	912 Demonstrating & Selling Expenses			
23	913 Advertising Expenses			
24	916 Miscellaneous Sales Expenses			
25				
26				
27	TOTAL Sales Expenses			
28	Administrative & General Expenses			
29	Operation			
30	920 Administrative & General Salaries			
31	921 Office Supplies & Expenses		75	#DIV/0!
32	922 (Less) Administrative Expenses Transferred - Cr.			
33	923 Outside Services Employed			
34	924 Property Insurance	260,236	290,664	11.69%
35	925 Injuries & Damages	10,213	6,687	-34.52%
36	926 Employee Pensions & Benefits		381	#DIV/0!
37	927 Franchise Requirements			
38	928 Regulatory Commission Expenses	947,154	775,588	-18.11%
39	929 (Less) Duplicate Charges - Cr.			
40	930.1 General Advertising Expenses			
41	930.2 Miscellaneous General Expenses		1,531	#DIV/0!
42	931 Rents			
43				
44				
45	TOTAL Operation - Admin. & General	1,217,603	1,074,926	-11.72%
46	Maintenance			
47	935 Maintenance of General Plant	8,491	10,997	29.51%
48				
49	TOTAL Administrative & General Expenses	1,226,094	1,085,923	-11.43%
50				
51	TOTAL Operation & Maintenance Expenses	25,646,374	38,494,536	50.10%

MONTANA TAXES OTHER THAN INCOME

Year: 2003

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	(900)		100.00%
2	Superfund			
3	Secretary of State			
4	Montana Consumer Counsel	87,690	649	-99.26%
5	Motor Vehicle Tax	8,393	1,461	-82.59%
6	KWH Tax	1,039,235	1,073,964	3.34%
7	Property Taxes	5,973,731	6,226,275	4.23%
8	Public Commission Tax	731	869	18.88%
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51	TOTAL MT Taxes Other Than Income	7,108,880	7,303,218	2.73%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2003

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1					
2	BC Ziegler & Co.	Consulting	1,575,000		
3	Bain & Company, Inc.	Consulting	392,718		
4	Deloitte & Touche LLP	Independent Accountant	1,072,667		
5	Dewey Ballantine, LLP	Legal	310,977		
6	Dorsey & Whitney, LLP	Legal	252,679		
7	Electrical Consultants, Inc.	Consulting	289,914		
8	Evolving Solutions, Inc.	Consulting	266,715		
9	Golder Associates, Inc.	Consulting	552,330		
10	Heller Ehrman White	Legal	627,285		
11	Marsh Advantage America	Insurance	2,634,081		
12	Paine Hamblen Coffin Brooke	Legal	1,341,401		
13	Van Ness Feldman	Legal	890,510		
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50	TOTAL Payments for Services		10,206,277		

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2003

	Description	Total Company	Montana	% Montana
1				
2	Taxpayers Against I-145	\$420.69	\$420.69	100.00%
3	Contributions from the incidental committee (Avista Clark Fork			
4	Project Protection Committee) made to the ballot issue committee (Taxpayers			
5	Against I-145). This contributions was in-kind of legal and labor.			
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50	TOTAL Contributions	420.69	420.69	

Pension Costs

Year: 2003

1	Plan Name The Retirement Plan for Employees of Avista Corporation.			
2	Defined Benefit Plan? Yes	Defined Contribution Plan? No		
3	Actuarial Cost Method? Yes	IRS Code: 001		
4	Annual Contribution by Employer: Varies	Is the Plan Over Funded? No		
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	223,825	198,574	-11.28%
8	Service cost	7,756	6,704	-13.56%
9	Interest Cost	14,748	14,276	-3.20%
10	Plan participants' contributions			
11	Amendments		(2,530)	#DIV/0!
12	Actuarial Gain	17,162	19,704	14.81%
13	Benefits paid	(11,789)	(11,441)	2.95%
14	Expenses paid	(1,503)	(1,462)	2.73%
15	Benefit obligation at end of year	250,199	223,825	-10.54%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	136,126	153,705	12.91%
18	Actual return on plan assets	33,128	(16,676)	-150.34%
19	Acquisition			
20	Employer contribution	12,000	12,000	
21	Benefits paid	(11,789)	(11,441)	2.95%
22	Expenses paid	(1,503)	(1,462)	2.73%
23	Fair value of plan assets at end of year	167,962	136,126	-18.95%
24	Funded Status	(82,237)	(87,699)	-6.64%
25	Unrecognized net actuarial loss	67,148	75,943	13.10%
26	Unrecognized prior service cost	5,712	6,366	11.45%
27	Unrecognized net transition obligation/(asset)	(1,585)	(2,671)	
28	Prepaid (accrued) benefit cost	(10,962)	(8,061)	26.46%
29				
30	Weighted-average Assumptions as of Year End			
31	Discount rate	6.25%	6.75%	8.00%
32	Expected return on plan assets	8.00%	8.00%	
33	Rate of compensation increase	5.00%	5.00%	
34				
35	Components of Net Periodic Benefit Costs			
36	Service cost	7,756	6,704	-13.56%
37	Interest cost	14,748	14,276	-3.20%
38	Expected return on plan assets	(10,862)	(12,311)	-13.34%
39	Transition (asset)/obligation recognition	(1,086)	(1,086)	
40	Amortization of prior service cost	654	813	24.31%
41	Recognized net actuarial loss	3,690	883	-76.07%
42	Net periodic benefit cost	14,900	9,279	-37.72%
43				
44	Montana Intrastate Costs:			
45	Pension Costs			
46	Pension Costs Capitalized	not available by state		
47	Accumulated Pension Asset (Liability) at Year End			
48	Number of Company Employees:			
49	Covered by the Plan	2,527	2,486	-1.62%
50	Not Covered by the Plan			
51	Active	1,375	1,342	-2.40%
52	Retired	829	807	-2.65%
53	Deferred Vested Terminated	323	337	4.33%

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
6 Weighted-average Assumptions as of Year End			
7 Discount rate	6.25%	6.75%	8.00%
8 Expected return on plan assets	8.00%	8.00%	
9 Medical Cost Inflation Rate	6.00%	6.00%	
10 Actuarial Cost Method		Proj Unit Credit	#VALUE!
11 Rate of compensation increase			
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation			
19 Benefit obligation at beginning of year	29,062	36,355	25.09%
20 Service cost	482	304	-36.93%
21 Interest Cost	2,477	2,184	-11.83%
22 Plan participants' contributions			
23 Amendments		(5,821)	#DIV/0!
24 Actuarial Gain	10,973	(660)	-106.01%
25 Benefits paid	(3,741)	(3,091)	17.38%
26 Expenses paid	(68)	(209)	-207.35%
27 Benefit obligation at end of year	39,185	29,062	-25.83%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	11,301	13,969	23.61%
30 Actual return on plan assets	3,282	(1,451)	-144.21%
31 Acquisition			
32 Employer contribution	1,785		-100.00%
33 Benefits paid	(1,713)	(1,008)	41.16%
34 Expenses paid	(68)	(209)	-207.35%
35 Fair value of plan assets at end of year	14,587	11,301	-22.53%
36 Funded Status			
37 Unrecognized net actuarial loss	(24,598)	(17,761)	27.79%
38 Unrecognized prior service cost	9,455	1,425	-84.93%
39 Prepaid (accrued) benefit cost	8,809	9,788	11.11%
	(6,334)	(6,548)	-3.38%
40 Components of Net Periodic Benefit Costs			
41 Service cost	482	304	-36.93%
42 Interest cost	2,477	2,184	-11.83%
43 Expected return on plan assets	(842)	(1,064)	-26.37%
44 Amortization of prior service cost	979	1,256	28.29%
45 Recognized net actuarial loss	405		-100.00%
46 Net periodic benefit cost	3,501	2,680	-23.45%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	39,185	29,062	-25.83%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	39,185	29,062	-25.83%
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL	39,185	29,062	-25.83%

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	2,075	2,032	-2.07%
3	Not Covered by the Plan			
4	Active	1,353	1,322	-2.29%
5	Retired	722	710	-1.66%
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost	not available by state		
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Costs			
31	Service cost			
32	Interest cost	not available by state		
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

TOP TEN MONTANA COMPENSATED EMPLOYEES (ASSIGNED OR ALLOCATED)

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Timothy Swant Hydro Licensing & Safety Coordinator				87,247	78,227	12%
2	James Hanna Station Engineer				78,515		#DIV/0!
3	Emmet McCabe Senior Technician				74,870		#DIV/0!
4	Patrick Kelly Chief Operator				71,503	66,881	7%
5	Paul Aktepy Station Mechanic				66,027		#DIV/0!
6	Joseph Dos Santos Aquatic Program Leader				65,325	62,195	5%
7	Lyle Wiltse Journeyman Operator				63,835	59,289	8%
8	Wesley Monroe Journeyman Operator				63,392	59,289	7%
9	Roy Brown Journeyman Operator				62,030	58,576	6%
10	Robert Dougherty Journeyman Operator				61,829	58,293	6%

COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	G.G. Ely Chairman, President and CEO	528,205	250,371	23,120	801,696	716,050	12%
2	M.K. Malquist Senior Vice President CFO and Treasurer	254,036	79,208	9,000	342,244	68,833	397%
	Mr. Malquist joined the Company in September 2002.						
3	D. J. Meyer Vice President and Chief Counsel for Reg and Gov Affairs	240,000	72,835	35,077	347,912	341,521	2%
4	S. L. Morris Senior Vice President	261,390	80,119	25,686	367,195	304,381	21%
5	R. D. Woodworth Vice President	198,668	41,071	9,000	248,739	206,477	20%

BALANCE SHEET

Year: 2003

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Electric Plant in Service	2,343,518,533	2,514,133,202	-7%
4	101.1 Property Under Capital Leases	712,325	3,905,446	-82%
5	102 Electric Plant Purchased or Sold			
6	104 Electric Plant Leased to Others			
7	105 Electric Plant Held for Future Use			
8	106 Completed Constr. Not Classified - Electric			
9	107 Construction Work in Progress - Electric	17,581,119	49,615,389	-65%
10	108 (Less) Accumulated Depreciation	(803,955,673)	(862,032,836)	7%
11	111 (Less) Accumulated Amortization	(5,732,382)	(8,490,249)	32%
12	114 Electric Plant Acquisition Adjustments	26,580,073	26,580,073	
13	115 (Less) Accum. Amort. Elec. Acq. Adj.	(15,000,214)	(16,323,630)	8%
14	120 Nuclear Fuel (Net)			
15	TOTAL Utility Plant	1,563,703,781	1,707,387,395	-8%
16				
17	Other Property & Investments			
18	121 Nonutility Property	3,156,010	3,264,833	-3%
19	122 (Less) Accum. Depr. & Amort. for Nonutil. Prop.	(107,826)	(118,011)	9%
20	123 Investments in Associated Companies			
21	123.1 Investments in Subsidiary Companies	256,737,740	255,904,488	0%
22	124 Other Investments	46,498,833	55,738,128	-17%
23	125 Sinking Funds	11,182,354	16,429,928	-32%
24	TOTAL Other Property & Investments	317,467,111	331,219,366	-4%
25				
26	Current & Accrued Assets			
27	131 Cash	10,048,633	(2,136,438)	570%
28	132-134 Special Deposits	2,465,146		#DIV/0!
29	135 Working Funds	384,217	577,122	-33%
30	136 Temporary Cash Investments	24,126,777	21,143,327	14%
31	141 Notes Receivable			
32	142 Customer Accounts Receivable	28,898,856	45,726,942	-37%
33	143 Other Accounts Receivable	4,238,495	4,175,943	1%
34	144 (Less) Accum. Provision for Uncollectible Accts.	(2,688,665)	(2,281,537)	-18%
35	145 Notes Receivable - Associated Companies	137,275,825	40,018,082	243%
36	146 Accounts Receivable - Associated Companies	1,791,870	10,855	16407%
37	151 Fuel Stock	3,261,065	2,395,349	36%
38	152 Fuel Stock Expenses Undistributed			
39	153 Residuals			
40	154 Plant Materials and Operating Supplies	8,449,512	9,522,082	-11%
41	155 Merchandise			
42	156 Other Material & Supplies			
43	157 Nuclear Materials Held for Sale			
44	163 Stores Expense Undistributed	494,542	(496,415)	200%
	164 Gas Storage	8,127,528	8,817,198	-8%
45	165 Prepayments	2,916,606	1,068,826	173%
46	171 Interest & Dividends Receivable	27,487	961	2760%
47	172 Rents Receivable	676,514	459,233	47%
48	173 Accrued Utility Revenues			
	174 Miscellaneous Current & Accrued Assets	322,206	610,557	
49	176 Derivative Instruments Assets - Hedges	60,322,238	39,499,770	53%
50	TOTAL Current & Accrued Assets	291,138,852	169,111,857	72%

BALANCE SHEET

Year: 2003

	Account Number & Title	Last Year	This Year	% Change
1				
2	Assets and Other Debits (cont.)			
3				
4	Deferred Debits			
5				
6	181 Unamortized Debt Expense	21,921,640	20,113,211	9%
7	182.1 Extraordinary Property Losses			
8	182.2 Unrecovered Plant & Regulatory Study Costs			
9	182.3 Other Regulatory Assets	248,746,931	239,863,731	
10	183 Prelim. Survey & Investigation Charges	12,130,418	12,156,159	0%
11	184 Clearing Accounts	1,416,423	1,510,244	-6%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	81,406,921	86,083,253	-5%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	29,206,730	28,712,173	2%
17	190 Accumulated Deferred Income Taxes	37,595,304	34,222,386	10%
18	191 Unrecovered Purchased Gas Costs	11,514,486	15,352,084	
18	TOTAL Deferred Debits	443,938,853	438,013,241	1%
19				
20	TOTAL Assets & Other Debits	2,616,248,597	2,645,731,859	-1%
	Account Title	Last Year	This Year	% Change
20				
21	Liabilities and Other Credits			
22				
23	Proprietary Capital			
24				
25	201 Common Stock Issued	623,091,721	626,787,347	-1%
26	202 Common Stock Subscribed			
27	204 Preferred Stock Issued	33,250,000	-	#DIV/0!
28	205 Preferred Stock Subscribed			
29	207 Premium on Capital Stock			
30	211 Miscellaneous Paid-In Capital			
31	213 (Less) Discount on Capital Stock			
32	214 (Less) Capital Stock Expense	(11,927,830)	(10,949,795)	-9%
33	215 Appropriated Retained Earnings	60,386,146	81,854,920	-26%
34	216 Unappropriated Retained Earnings	65,750,804	64,022,832	3%
35	217 (Less) Reacquired Capital Stock			
36	219 Accumulated Other Comprehensive Income	(18,809,177)	(9,355,089)	
36	TOTAL Proprietary Capital	751,741,664	752,360,215	0%
37				
38	Long Term Debt			
39				
40	221 Bonds	401,300,000	431,300,000	-7%
41	222 (Less) Reacquired Bonds			
42	223 Advances from Associated Companies	1,051,442	1,434,151	-27%
43	224 Other Long Term Debt	703,778,874	689,935,336	2%
44	225 Unamortized Premium on Long Term Debt			
45	226 (Less) Unamort. Discount on L-Term Debt-Dr.	(2,160,866)	(1,994,486)	-8%
46	TOTAL Long Term Debt	1,103,969,450	1,120,675,001	-1%

BALANCE SHEET

Year: 2003

	Account Number & Title	Last Year	This Year	% Change
1				
2	Total Liabilities and Other Credits (cont.)			
3				
4	Other Noncurrent Liabilities			
5				
6	227 Obligations Under Cap. Leases - Noncurrent	621,526	3,440,569	-82%
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages	1,446,348	1,299,994	11%
9	228.3 Accumulated Provision for Pensions & Benefits	50,209,349	35,897,551	40%
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds			
	230 Asset Retirement Obligations		659,307	
12	TOTAL Other Noncurrent Liabilities	52,277,223	41,297,421	27%
13				
14	Current & Accrued Liabilities			
15				
16	231 Notes Payable			
17	232 Accounts Payable	36,247,518	48,421,782	-25%
18	233 Notes Payable to Associated Companies			
19	234 Accounts Payable to Associated Companies	18,524,753	19,845,113	-7%
20	235 Customer Deposits	4,533,815	4,452,327	2%
21	236 Taxes Accrued	22,522,183	9,241,055	144%
22	237 Interest Accrued	20,307,075	18,484,237	10%
23	238 Dividends Declared		(9)	100%
24	239 Matured Long Term Debt			
25	240 Matured Interest			
26	241 Tax Collections Payable	(754)	(23,665)	97%
27	242 Miscellaneous Current & Accrued Liabilities	20,279,696	28,275,412	-28%
28	245 Derivative Instrument Liabilities - Hedges	50,057,633	36,057,271	39%
29	TOTAL Current & Accrued Liabilities	172,471,919	164,753,523	5%
30				
31	Deferred Credits			
32				
33	252 Customer Advances for Construction	913,115	978,187	-7%
34	253 Other Deferred Credits	29,705,406	34,008,549	-13%
35	254 Other Regulatory Liabilities	20,174,502	13,027,706	55%
36	256 Accumulated Deferred Investment Tax Credits	669,576	620,268	8%
37	257 Unamortized Gain on Reacquired Debt	4,118,795	4,696,571	-12%
38	281-283 Accumulated Deferred Income Taxes	480,206,947	513,314,418	-6%
39	TOTAL Deferred Credits	535,788,341	566,645,699	-5%
40				
41	TOTAL LIABILITIES & OTHER CREDITS	2,616,248,597	2,645,731,859	-1%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2003

	Account Number & Title	Last Year	This Year	% Change
1				
2	Intangible Plant			
3				
4	301 Organization			
5	302 Franchises & Consents	6,415,526	6,415,526	
6	303 Miscellaneous Intangible Plant	194,175	194,001	0%
7				
8	TOTAL Intangible Plant	6,609,701	6,609,527	0%
9				
10	Production Plant			
11				
12	Steam Production			
13				
14	310 Land & Land Rights	1,307,499	1,303,915	0%
15	311 Structures & Improvements	99,570,102	99,726,191	0%
16	312 Boiler Plant Equipment	117,184,830	119,189,324	-2%
17	313 Engines & Engine Driven Generators			
18	314 Turbogenerator Units	31,301,778	32,473,014	-4%
19	315 Accessory Electric Equipment	13,480,703	13,480,703	
20	316 Miscellaneous Power Plant Equipment	12,642,512	12,716,147	-1%
21				
22	TOTAL Steam Production Plant	275,487,424	278,889,294	-1%
23				
24	Nuclear Production			
25				
26	320 Land & Land Rights			
27	321 Structures & Improvements			
28	322 Reactor Plant Equipment			
29	323 Turbogenerator Units			
30	324 Accessory Electric Equipment			
31	325 Miscellaneous Power Plant Equipment			
32				
33	TOTAL Nuclear Production Plant			
34				
35	Hydraulic Production			
36				
37	330 Land & Land Rights	40,189,009	40,871,967	-2%
38	331 Structures & Improvements	11,425,004	11,433,027	0%
39	332 Reservoirs, Dams & Waterways	32,085,880	32,994,267	-3%
40	333 Water Wheels, Turbines & Generators	30,894,593	31,190,237	-1%
41	334 Accessory Electric Equipment	10,281,602	11,307,535	-9%
42	335 Miscellaneous Power Plant Equipment	2,611,255	2,630,515	-1%
43	336 Roads, Railroads & Bridges	217,283	217,199	0%
44				
45	TOTAL Hydraulic Production Plant	127,704,626	130,644,747	-2%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2003

	Account Number & Title	Last Year	This Year	% Change
1				
2	Production Plant (cont.)			
3				
4	Other Production			
5				
6	340 Land & Land Rights			
7	341 Structures & Improvements			
8	342 Fuel Holders, Producers & Accessories			
9	343 Prime Movers			
10	344 Generators			
11	345 Accessory Electric Equipment			
12	346 Miscellaneous Power Plant Equipment			
13				
14	TOTAL Other Production Plant			
15				
16	TOTAL Production Plant	403,192,050	409,534,041	-2%
17				
18	Transmission Plant			
19				
20	350 Land & Land Rights	883,384	883,385	0%
21	352 Structures & Improvements	456,643	459,747	-1%
22	353 Station Equipment	15,839,576	16,022,712	-1%
23	354 Towers & Fixtures	16,012,151	16,012,151	
24	355 Poles & Fixtures	7,162,523	7,171,154	0%
25	356 Overhead Conductors & Devices	15,744,096	15,744,525	0%
26	357 Underground Conduit			
27	358 Underground Conductors & Devices			
28	359 Roads & Trails	367,476	367,476	
29				
30	TOTAL Transmission Plant	56,465,849	56,661,150	0%
31				
32	Distribution Plant			
33				
34	360 Land & Land Rights			
35	361 Structures & Improvements	15,881	15,881	
36	362 Station Equipment	151,641	151,641	
37	363 Storage Battery Equipment			
38	364 Poles, Towers & Fixtures	10,080	10,080	
39	365 Overhead Conductors & Devices	6,676	6,676	
40	366 Underground Conduit	46	46	
41	367 Underground Conductors & Devices	637	637	
42	368 Line Transformers	897	897	
43	369 Services	127	127	
44	370 Meters	29	29	
45	371 Installations on Customers' Premises			
46	372 Leased Property on Customers' Premises			
47	373 Street Lighting & Signal Systems			
48				
49	TOTAL Distribution Plant	186,014	186,014	

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2003

	Account Number & Title	Last Year	This Year	% Change
1				
2	General Plant			
3				
4	389 Land & Land Rights			
5	390 Structures & Improvements			
6	391 Office Furniture & Equipment			
7	392 Transportation Equipment			
8	393 Stores Equipment			
9	394 Tools, Shop & Garage Equipment			
10	395 Laboratory Equipment			
11	396 Power Operated Equipment			
12	397 Communication Equipment	7,502	7,498	0%
13	398 Miscellaneous Equipment			
14	399 Other Tangible Property			
15				
16	TOTAL General Plant	7,502	7,498	
17				
18	TOTAL Electric Plant in Service	466,461,116	472,998,230	

MONTANA DEPRECIATION SUMMARY

Year: 2003

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1					
2	Steam Production	278,889,294	144,993,366	153,316,338	4.72%
3	Nuclear Production				
4	Hydraulic Production	130,644,747	13,867,550	14,894,683	1.03%
5	Other Production				
6	Transmission	56,661,150	20,611,038	21,209,208	3.41%
7	Distribution	186,014	55,235	56,656	2.79%
8	General		1,228,062	1,402,776	3.45%
9	TOTAL	466,381,205	180,755,251	190,879,661	0
				10,124,410	

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	558,037	500,590	11%
3	152 Fuel Stock Expenses Undistributed			
4	153 Residuals			
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)			
7	Assigned to Operations & Maintenance			
8	Production Plant (Estimated)	1,406,608	1,375,192	2%
9	Transmission Plant (Estimated)			
10	Distribution Plant (Estimated)			
11	Assigned to Other			
12	155 Merchandise			
13	156 Other Materials & Supplies			
14	157 Nuclear Materials Held for Sale			
15	163 Stores Expense Undistributed			
16				
17	TOTAL Materials & Supplies	1,964,645	1,875,782	5%

MONTANA REGULATORY CAPITAL STRUCTURE & COSTS

SCHEDULE 22

	Commission Accepted - Most Recent	% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number			
2	Order Number			
3		Reference is made to Schedule 27		
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	TOTAL			
9				
10	Actual at Year End			
11				
12	Common Equity			
13	Preferred Stock			
14	Long Term Debt			
15	Other			
16	TOTAL			

STATEMENT OF CASH FLOWS

Year: 2003

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	Cash Flows from Operating Activities:			
5	Net Income	31,306,753	44,504,252	-30%
6	Depreciation	60,293,548	73,998,819	-19%
7	Amortization	(8,112,744)	10,421,807	-178%
8	Deferred Income Taxes - Net	(7,898,717)	38,791,463	-120%
9	Investment Tax Credit Adjustments - Net	(49,308)	(49,308)	
10	Change in Operating Receivables - Net	18,152,007	(18,650,796)	197%
11	Change in Materials, Supplies & Inventories - Net	(543,149)	94,433	-675%
12	Change in Operating Payables & Accrued Liabilities - Net	43,968,375	8,167,229	438%
13	Allowance for Funds Used During Construction (AFUDC)	(1,814,175)	(2,192,697)	17%
14	Change in Other Assets & Liabilities - Net	(38,924,684)	4,524,461	-960%
15	Other Operating Activities (explained on attached page)	104,182,346	(15,099,224)	790%
16	Net Cash Provided by/(Used in) Operating Activities	200,560,252	144,510,439	39%
17				
18	Cash Inflows/Outflows From Investment Activities:			
19	Construction/Acquisition of Property, Plant and Equipment	(62,926,161)	(109,048,080)	42%
20	(net of AFUDC & Capital Lease Related Acquisitions)			
21	Acquisition of Other Noncurrent Assets			
22	Proceeds from Disposal of Noncurrent Assets	1,315,660	482,872	172%
23	Investments In and Advances to Affiliates		(7,344,568)	100%
24	Contributions and Advances from Affiliates	134,632,463	9,990,036	1248%
25	Disposition of Investments in and Advances to Affiliates			
26	Other Investing Activities (explained on attached page)		(66,225)	100%
27	Net Cash Provided by/(Used in) Investing Activities	73,021,962	(105,985,965)	169%
28				
29	Cash Flows from Financing Activities:			
30	Proceeds from Issuance of:			
31	Long-Term Debt		44,795,250	-100%
32	Preferred Stock			
33	Common Stock	7,034,492	3,775,591	86%
34	Other:			
35	Net Increase in Short-Term Debt		50,000,000	-100%
36	Other:			
37	Payment for Retirement of:			
38	Long-Term Debt	(201,835,104)	(124,033,279)	-63%
39	Preferred Stock	(1,750,000)	(1,574,266)	-11%
40	Common Stock			
41	Other:			
42	Net Decrease in Short-Term Debt	(25,000,000)		#DIV/0!
43	Dividends on Preferred Stock	(2,402,094)	(1,155,438)	-108%
44	Dividends on Common Stock	(23,054,118)	(23,633,569)	2%
45	Other Financing Activities (explained on attached page)		(4,139,525)	100%
46	Net Cash Provided by (Used in) Financing Activities	(247,006,824)	(55,965,236)	-341%
47				
48	Net Increase/(Decrease) in Cash and Cash Equivalents	26,575,390	(17,440,762)	252%
49	Cash and Cash Equivalents at Beginning of Year	10,449,380	37,024,770	-72%
50	Cash and Cash Equivalents at End of Year	37,024,770	19,584,008	89%

STATEMENT OF CASH FLOWS

Year: 2003

	Description	Last Year	This Year	% Change
1				
2	Detail of Lines 15, 26 and 45			
3				
4	Line 15: Other Operating Activities			
5	Other	747,354	(407,128)	284%
6	Regulatory Gas Cost and Power Cost Adjustment	99,222,518	(5,535,312)	1893%
7	Gain/Loss on Asset Disposition	-		
8	Subsidiary earnings	4,212,474	(9,156,784)	146%
9	Total Line 15	104,182,346	(15,099,224)	790%
10				
11	Line 26: Other Investing Activities			
12	Notes receivable	-	(66,225)	
13	Total Line 26	-	(66,225)	
10	Line 45: Other Financing Activities			
11	Premiums paid for repurchase of debt	-	(1,709,769)	
12	Debt Issuance costs	-	(2,429,756)	
13	Total Line 45	-	(4,139,525)	

Year: 2003

LONG TERM DEBT

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost %
1									
2	<u>Secured Medium-Term Notes</u>								
3	Series A	various	various	250,000,000	248,374,625	89,500,000	7.95%	7,116,288	7.95%
4	Series B	various	various	161,000,000	160,141,500	59,000,000	7.31%	4,314,638	7.31%
5					Annual Net Cost and Total Cost % figures are for both Series combined				
6									
7									
8	<u>Pollution Control Bonds</u>								
9	Colstrip 1999A	9/1/99	10/1/32	66,700,000	61,612,366	66,700,000	5.75%	4,043,730	6.06%
10	Colstrip 1999B	9/1/99	3/1/34	17,000,000	15,648,108	17,000,000	5.99%	1,017,541	5.99%
11	6% Pollution Control Bonds	7/1/93	12/1/23	4,100,000	3,913,000	4,100,000	6.51%	266,795	6.51%
12									
13									
14									
15	<u>Unsecured Medium-Term Notes</u>								
16	Series A	various	various	200,000,000	198,800,000	3,000,000	8.02%	247,203	8.24%
17	Series B	various	various	150,000,000	149,175,000	55,500,000	8.14%	4,515,181	8.14%
18	Series C	various	various	109,000,000	108,272,250	88,850,000	6.55%	5,815,727	6.55%
19									
20					Annual Net Cost and Total Cost % figures are for all four Series combined				
21	<u>First Mortgage Bonds</u>								
22	7.75% Issued December 2001	12/19/01	1/1/07	150,000,000	148,125,000	150,000,000	8.25%	13,463,482	8.98%
23	6.125% Issued September 2003	9/1/03	9/1/13	45,000,000	44,795,250	45,000,000	6.41%	2,965,488	6.59%
24									
25	Senior Notes	4/3/01	6/1/08	400,000,000	392,000,000	316,325,000	10.34%	34,089,184	10.78%
26									
27	Junior Subordinated Debentures	1/23/97	1/1/37	61,855,675	54,039,839	61,855,675	8.78%	4,871,134	7.87%
28	Junior Subordinated Debentures	6/3/97	6/1/37	51,547,000	36,828,822	51,547,000	2.02%	1,038,672	2.01%
29									
30									
31									
32	TOTAL			1,666,202,675	1,621,725,760	1,008,377,675		83,765,063	8.31%

PREFERRED STOCK

Year: 2003

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1										
2	Subject to									
3	<u>mandatory redemption:</u>									
4	Series K	09/15/92	315,000	\$100	-	\$31,160,609	\$6.95	\$31,500,000	\$2,189,250	7.35%
5										
6										
7										
8										
9										
10										
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26										
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28										
29										
30										
31										
32	TOTAL					31,160,609		31,500,000	2,189,250	

COMMON STOCK

Year: 2003

	Avg. Number of Shares Outstanding	Book Value Per Share	Earnings Per Share	Dividends Per Share	Retention Ratio	Market Price		Price/Earnings Ratio
						High	Low	
1								
2								
3								
4	January							
5	February							
6	March	48,100,176	0.32	0.12		12.65	9.80	
7	April							
8	May							
9	June	48,224,319	0.17	0.12		14.80	10.49	
10	July							
11	August							
12	September	48,280,994	0.09	0.125		16.53	13.91	
13	October							
14	November							
15	December	48,319,330	0.31	0.125		18.70	15.55	
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32	TOTAL Year End	48,231,942	0.89	0.49	44.94%	18.12		20.4

MONTANA EARNED RATE OF RETURN

Year: 2003

	Description	Last Year	This Year	% Change
	Rate Base			
1				
2	101 Plant in Service			
3	108 (Less) Accumulated Depreciation			
4	NET Plant in Service			
5				
6	Additions			
7	154, 156 Materials & Supplies			
8	165 Prepayments			
9	Other Additions			
10	TOTAL Additions			
11				
12	Deductions			
13	190 Accumulated Deferred Income Taxes			
14	252 Customer Advances for Construction			
15	255 Accumulated Def. Investment Tax Credits			
16	Other Deductions			
17	TOTAL Deductions			
18	TOTAL Rate Base			
19				
20	Net Earnings			
21				
22	Rate of Return on Average Rate Base			
23				
24	Rate of Return on Average Equity			
25				
26	Major Normalizing Adjustments & Commission			
27	Ratemaking adjustments to Utility Operations			
28				
29				
30	Rates charged were based on the			
31	Company's last rate order from the Idaho			
32	Public Utilities Commission and accepted by			
33	the Montana Commission. The Company			
34	does not calculate separate rates of return			
35	for the Montana jurisdiction.			
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47	Adjusted Rate of Return on Average Rate Base			
48				
49	Adjusted Rate of Return on Average Equity			

MONTANA COMPOSITE STATISTICS

Year: 2003

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	472,998
5	107 Construction Work in Progress	
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	1,876
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(190,880)
11	252 Contributions in Aid of Construction	
12		
13	NET BOOK COSTS	283,994
14	Revenues & Expenses (000 Omitted)	
15		
16		
17	400 Operating Revenues	4,548
18		
19	403 - 407 Depreciation & Amortization Expenses	10,124
20	Federal & State Income Taxes	385
21	Other Taxes	7,303
22	Other Operating Expenses	38,495
23	TOTAL Operating Expenses	56,307
24		
25	Net Operating Income	(51,759)
26		
27	415-421.1 Other Income	
28	421.2-426.5 Other Deductions	
29		
30	NET INCOME	(51,759)
31	Customers (Intrastate Only)	
32		
33		
34	Year End Average:	
35	Residential	9
36	Commercial	1
37	Industrial	
38	Other	13
39		
40	TOTAL NUMBER OF CUSTOMERS	23
41	Other Statistics (Intrastate Only)	
42		
43		
44	Average Annual Residential Use (Kwh)	12,111
45	Average Annual Residential Cost per (Kwh) (Cents) *	4.48
46	* Avg annual cost = [(cost per Kwh x annual use) + (mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	45.21
48	Gross Plant per Customer	52,555

MONTANA CUSTOMER INFORMATION

Year: 2003

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1						
2	Noxon, Montana		9	1	7	17
3						
4	Sales for resale (wholesale customers)				6	6
5						
6						
7						
8						
9						
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11						
12						
13						
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29						
30						
31						
32	TOTAL Montana Customers		9	1	13	23

MONTANA EMPLOYEE COUNTS

Year: 2003

	Department	Year Beginning	Year End	Average
1				
2	Noxon Generating Station	24	35	30
3				
4				
5				
6				
7				
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47				
48				
49				
50	TOTAL Montana Employees	24	35	30

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2004

	Project Description	Total Company	Total Montana
1			
2	Noxon Rapids Capital Projects Upgrades	403,371	403,371
3			
4	Clark Fork Settlement Agreement	1,060,908	1,060,908
5			
6	Minor Projects (7) under \$100,000	100,765	100,765
7			
8			
9			
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11			
12			
13			
14			
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47			
48			
49			
50	TOTAL	1,565,044	1,565,044

TOTAL SYSTEM & MONTANA PEAK AND ENERGY

Year: 2003

System

	Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)	
1	Jan.	22	1800	1331	880,282	116,947
2	Feb.	24	800	1345	845,585	163,094
3	Mar.	5	1900	1196	834,920	143,944
4	Apr.	2	2000	1159	884,722	262,507
5	May	29	1700	1123	971,472	339,506
6	Jun.	18	1500	1256	1,038,509	384,175
7	Jul.	30	1700	1487	939,944	153,648
8	Aug.	1	1600	1400	860,590	118,265
9	Sep.	4	1700	1332	730,833	57,427
10	Oct.	30	1900	1323	799,440	85,874
11	Nov.	58	800	1432	892,751	92,423
12	Dec.	30	1800	1509	1,021,883	157,435
13	TOTAL				10,700,931	2,075,245

Montana

	Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
14	Jan.				
15	Feb.				
16	Mar.				
17	Apr.				
18	May				
19	Jun.				
20	Jul.				
21	Aug.				
22	Sep.				
23	Oct.				
24	Nov.				
25	Dec.				
26	TOTAL				

Information is not available by state

TOTAL SYSTEM Sources & Disposition of Energy

SCHEDULE 33

	Sources	Megawatthours	Disposition	Megawatthours
1	Generation (Net of Station Use)			
2	Steam	1,959,341	Sales to Ultimate Consumers (Include Interdepartmental)	8,041,166
3	Nuclear			
4	Hydro - Conventional	3,539,611		
5	Hydro - Pumped Storage		Requirements Sales for Resale	2,075,245
6	Other	438,651		
7	(Less) Energy for Pumping			
8	NET Generation	5,937,603	Non-Requirements Sales for Resale	
9	Purchases	4,719,608		
10	Power Exchanges			
11	Received	651,796	Energy Furnished Without Charge	
12	Delivered	(608,076)		
13	NET Exchanges	43,720		
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	7,664
15	Received	4,040,560		
16	Delivered	(4,040,560)		
17	NET Transmission Wheeling		Total Energy Losses	576,856
18	Transmission by Others Losses			
19	TOTAL	10,700,931	TOTAL	10,700,931

SOURCES OF ELECTRIC SUPPLY

Year: 2003

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1					
2	Washington:				
3					
4	Thermal	Kettle Falls	Kettle Falls, WA	54	366,204
5	Hydro	Little Falls	Ford, WA	37	189,211
6	Hydro	Long Lake	Ford, WA	88	465,248
7	Hydro	Monroe Street	Spokane, WA	16	98,517
8	Hydro	Nine Mile	Spokane, WA	25	122,429
9	Hydro	Upper Falls	Spokane, WA	11	66,569
10	Combustion -				
11	Turbine	Northeast	Spokane, WA	58	996
12	Combustion -				
13	Turbine	Kettle Falls Bi-fuel	Kettle Falls, WA	9	6,391
14	Combustion -				
15	Turbine	Boulder Park	Spokane, WA	26	15,237
16					
17					
18	Idaho:				
19	Hydro	Cabinet Gorge	Clark Fork, ID	250	974,485
20	Hydro	Post Falls	Post Falls, ID	19	80,447
21	Combustion -				
22	Turbine	Rathdrum	Rathdrum, ID	140	19,436
23					
24					
25					
26	Montana:				
27	Thermal	Colstrip #3 and #4	Colstrip, MT	224	1,593,137
28	Hydro	Noxon	Thompson Falls, MT	545	1,542,705
29					
30	Oregon:				
31	Combustion -				
32	Turbine	Coyote Springs 2	Boardman, OR	269	396,591
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total			1,771	5,937,603

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2003

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (MW & MWH)	Achieved Savings (MW & MWH)	Difference (MW & MWH)
1	Not applicable						
2							
3							
4							
5							
6							
7							
8							
9							
10							
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26							
27							
28							
29							
30							
31							
32	TOTAL						

MONTANA CONSUMPTION AND REVENUES

Year: 2003

	Sales of Electricity	Operating Revenues		MegaWatt Hours Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Residential	\$4,883	\$6,572	109	142	9	11
2	Commercial - Small	1,832	2,038	28	31	1	1
3	Commercial - Large						
4	Industrial - Small						
5	Industrial - Large						
6	Interruptible Industrial						
7	Public Street & Highway Lighting						
8	Other Sales to Public Authorities						
9	Sales to Cooperatives						
10	Sales to Other Utilities	3,370,503	1,303,825	79,062	64,753	6	4
11	Interdepartmental	5,688	6,470	84	96	7	7
12							
13	TOTAL	\$3,382,906	\$1,318,905	79,283	65,022	23	23