

IDENTIFICATION

Year: 2012

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, Controller and Principal Accounting Officer
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 3720 Carillon Point, Kirkland, WA 98033	\$162,333.00
2	Kristianne Blake P. O. Box 28338, Spokane, WA 99208	\$213,252.00
3	Donald C. Burke 16 Ivy Court, Langhorne, PA 19047	\$159,333.00
4	Rick R. Holley 999 Third Ave., Suite 4300, Seattle, WA 98104	\$137,000.00
5	John F. Kelly P.O. Box 5782, Ketchum, ID 83340	\$186,333.00
6	Rebecca A. Klein 611 S. Congress Ave. Ste 125 Austin, TX 78704	\$151,000.00
7	Michael L. Noel 11960 Six Shooter Rd., Prescott, AZ 86305	\$155,000.00
8	Marc F. Racicot 28013 Swan Cove Dr. Bigfork, MT 59911	\$140,000.00
9	Heidi B. Stanley P.O. Box 2884, Spokane, WA 99220	\$149,000.00
10	R. John Taylor P. O. Box 538, Lewiston, ID 83501	\$226,115.00
11	Scott L. Morris (1) 1411 E. Mission Ave., Spokane, WA 99202	(1)
12		
13		
14	(1) Mr. Morris is the Chairman of the Board, President and Chief Executive Officer of Avista Corp.	
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Officers

Year: 2012

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1			
2	Chairman of the Board, President		
3	& Chief Executive Officer	All	Scott L. Morris
4			
5	Senior Vice President, Chief Financial	Finance	Mark T. Thies
6	Officer, & Treasurer		
7			
8	Senior Vice President, General Counsel	Legal	Marian M. Durkin
9	and Chief Compliance Officer		
10			
11	Senior Vice President and President of	Utility Operations	Dennis P. Vermillion
12	Avista Utilities		
13			
14	Senior Vice President of Human	Human Resources	Karen S. Feltes
15	Resources & Corporate Secretary		
16			
17	Vice President, Controller and	Accounting	Christy M. Burmeister-Smith
18	Principal Accounting Officer		
19			
20	Vice President of State &	Regulatory	Kelly O. Norwood
21	Federal Regulation		
22			
23	Vice President of Operations	Utility Operations	Don F. Kopczynski
24			
25			
26	Vice President and Chief	Strategic Planning	Roger D. Woodworth
27	Strategy Officer		
28			
29			
30	Vice President and Chief Counsel for	Legal/Regulatory	David J. Meyer
31	Regulatory and Governmental Affairs		
32			
33	Vice President of Energy Resources	Resource	Jason R. Thackston
34		Management	
35			
36	Vice President and Chief Information	Information	James M. Kensok
37	Officer	Technology	
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CORPORATE STRUCTURE

Year: 2012

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1				
2	Avista Capital, Inc.	Parent company to the	(\$1,206,861)	100.00%
3		Company's subsidiaries.		
4				
5	Avista Capital II	Business trusts formed for the purpose		
6		of issuing preferred trust securities.		
7				
8	Ecova, Inc.	Provider of utility bill processing, payment and information		
9		services to multi-site customers in North America.		
10				
11	Avista Energy, Inc.	Wholesale electricity and natural gas trading, marketing and		
12		resource management. Majority of operations sold 6/30/2007		
13				
14	Steam Plant Square LLC	Commercial office and retail leasing.		
15				
16	Courtyard Office Center, LLC	Commercial office and retail leasing.		
17				
18	Steam Plant Brew Pub LLC	Restaurant operations.		
19				
20	Avista Development, Inc.	Non-operating company which maintains an investment portfolio		
21		of real estate and other investments.		
22				
23	Pentzer Corporation	Parent of Bay Area Manufacturing and Pentzer Venture Holdings.		
24				
25	Bay Area Manufacturing	Holding Company. Parent of Advanced Manufacturing and		
26		Development, Inc.		
27				
28	Pentzer Venture Holdings	Inactive.		
29				
30	Advanced Manufacturing	Performs custom sheet metal manufacturing of electronic		
31	and Development, Inc.	enclosures. Has a wood products division.		
32				
33	Spokane Energy, LLC	Marketing of energy.		
34				
35				
36	Avista Northwest Resources, LLC	Formed in 2009 to own an interest in a venture fund investment.		
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50	TOTAL		(1,206,861)	

CORPORATE ALLOCATIONS

Year: 2012

	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: 2012

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	None					
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32	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY

Year: 2012

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	Spokane Energy LLC	Electric capacity payment	Negotiated contract	1,800,000		
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32	TOTAL			1,800,000		

MONTANA UTILITY INCOME STATEMENT

Year: 2012

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	38,304	44,189	15.36%
2				
3	Operating Expenses			
4	401 Operation Expenses	26,261,416	27,299,828	3.95%
5	402 Maintenance Expense	8,351,626	6,257,172	-25.08%
6	403 Depreciation Expense	13,288,026	13,643,350	2.67%
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!
11	408.1 Taxes Other Than Income Taxes	8,146,733	8,363,543	2.66%
12	409.1 Income Taxes - Federal	none/n.a.	none/n.a.	#VALUE!
13	- Other	358,569	153,510	-57.19%
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	56,406,370	55,717,403	-1.22%
21	NET UTILITY OPERATING INCOME	(56,368,066)	(55,673,214)	1.23%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2	440 Residential	10,754	13,552	26.02%
3	442 Commercial & Industrial - Small	2,359	4,061	72.15%
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	25,191	26,576	5.50%
9				
10	TOTAL Sales to Ultimate Consumers	38,304	44,189	15.36%
11	447 Sales for Resale			
12				
13	TOTAL Sales of Electricity	38,304	44,189	15.36%
14	449.1 (Less) Provision for Rate Refunds			
15				
16	TOTAL Revenue Net of Provision for Refunds	38,304	44,189	15.36%
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			
22	455 Interdepartmental Rents			
23	456 Other Electric Revenues			
24				
25	TOTAL Other Operating Revenues			
26	Total Electric Operating Revenues	38,304	44,189	15.36%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2012

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	190,834	168,916	-11.49%
6	501 Fuel	18,818,373	20,143,310	7.04%
7	502 Steam Expenses	3,593,901	3,359,721	-6.52%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	93,372	104,219	11.62%
11	506 Miscellaneous Steam Power Expenses	1,858,634	1,899,735	2.21%
12	507 Rents	32,398	21,917	-32.35%
13				
14	TOTAL Operation - Steam	24,587,512	25,697,818	4.52%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	396,605	344,866	-13.05%
18	511 Maintenance of Structures	681,596	488,385	-28.35%
19	512 Maintenance of Boiler Plant	4,605,356	3,167,082	-31.23%
20	513 Maintenance of Electric Plant	655,211	315,845	-51.79%
21	514 Maintenance of Miscellaneous Steam Plant	679,172	435,936	-35.81%
22				
23	TOTAL Maintenance - Steam	7,017,940	4,752,114	-32.29%
24				
25	TOTAL Steam Power Production Expenses	31,605,452	30,449,932	-3.66%
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: 2012

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering	99,117	97,245	-1.89%
5	536 Water for Power			
6	537 Hydraulic Expenses	83,708	108,221	29.28%
7	538 Electric Expenses	1,136,449	1,246,803	9.71%
8	539 Miscellaneous Hydraulic Power Gen. Expenses	179,186	131,698	-26.50%
9	540 Rents			
10				
11	TOTAL Operation - Hydraulic	1,498,460	1,583,967	5.71%
12				
13	Maintenance			
14	541 Maintenance Supervision & Engineering	104,342	24,264	-76.75%
15	542 Maintenance of Structures	130,319	120,543	-7.50%
16	543 Maint. of Reservoirs, Dams & Waterways	114,602	92,448	-19.33%
17	544 Maintenance of Electric Plant	314,641	883,402	180.77%
18	545 Maintenance of Miscellaneous Hydro Plant	74,512	73,594	-1.23%
19				
20	TOTAL Maintenance - Hydraulic	738,416	1,194,251	61.73%
21				
22	TOTAL Hydraulic Power Production Expenses	2,236,876	2,778,218	24.20%
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			
31				
32	TOTAL Operation - Other			
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			
39				
40	TOTAL Maintenance - Other			
41				
42	TOTAL Other Power Production Expenses			
43				
44	Other Power Supply Expenses			
45	555 Purchased Power			
46	556 System Control & Load Dispatching			
47	557 Other Expenses			
48				
49	TOTAL Other Power Supply Expenses			
50				
51	TOTAL Power Production Expenses	33,842,328	33,228,150	-1.81%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2012

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	560 Operation Supervision & Engineering	11,354	5,834	-48.62%
4	561 Load Dispatching	27,088	22,343	-17.52%
5	562 Station Expenses	2,065	1,256	-39.18%
6	563 Overhead Line Expenses	52,797	42,062	-20.33%
7	564 Underground Line Expenses			
8	565 Transmission of Electricity by Others			
9	566 Miscellaneous Transmission Expenses			
10	567 Rents	81,739	91,626	12.10%
11				
12	TOTAL Operation - Transmission	175,043	163,121	-6.81%
13	Maintenance			
14	568 Maintenance Supervision & Engineering	50,180	35,721	-28.81%
15	569 Maintenance of Structures	2,653	6,362	139.80%
16	570 Maintenance of Station Equipment	17,021	17,447	2.50%
17	571 Maintenance of Overhead Lines	514,909	242,008	-53.00%
18	572 Maintenance of Underground Lines			
19	573 Maintenance of Misc. Transmission Plant			
20				
21	TOTAL Maintenance - Transmission	584,763	301,538	-48.43%
22				
23	TOTAL Transmission Expenses	759,806	464,659	-38.85%
24				
25	Distribution Expenses			
26	Operation			
27	580 Operation Supervision & Engineering			
28	581 Load Dispatching			
29	582 Station Expenses			
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			
35	588 Miscellaneous Distribution Expenses			
36	589 Rents			
37				
38	TOTAL Operation - Distribution			
39	Maintenance			
40	590 Maintenance Supervision & Engineering			
41	591 Maintenance of Structures			
42	592 Maintenance of Station Equipment			
43	593 Maintenance of Overhead Lines			
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			
51				
52	TOTAL Distribution Expenses			

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2012

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		(158,745)	#DIV/0!
7	905 Miscellaneous Customer Accounts Expenses		1	#DIV/0!
8				
9	TOTAL Customer Accounts Expenses		(158,744)	#DIV/0!
10				
11	Customer Service & Information Expenses			
12	Operation			
13	907 Supervision			
14	908 Customer Assistance Expenses			
15	909 Informational & Instructional Adv. Expenses			
16	910 Miscellaneous Customer Service & Info. Exp.			
17				
18	TOTAL Customer Service & Info Expenses			
19				
20	Sales Expenses			
21	Operation			
22	911 Supervision			
23	912 Demonstrating & Selling Expenses			
24	913 Advertising Expenses			
25	916 Miscellaneous Sales Expenses			
26				
27	TOTAL Sales Expenses			
28				
29	Administrative & General Expenses			
30	Operation			
31	920 Administrative & General Salaries			
32	921 Office Supplies & Expenses			
33	922 (Less) Administrative Expenses Transferred - Cr.			
34	923 Outside Services Employed			
35	924 Property Insurance			
36	925 Injuries & Damages			
37	926 Employee Pensions & Benefits			
38	927 Franchise Requirements			
39	928 Regulatory Commission Expenses	379		-100.00%
40	929 (Less) Duplicate Charges - Cr.			
41	930.1 General Advertising Expenses			
42	930.2 Miscellaneous General Expenses	22	13,666	62018.18%
43	931 Rents			
44				
45	TOTAL Operation - Admin. & General	401	13,666	3307.98%
46	Maintenance			
47	935 Maintenance of General Plant	10,507	9,269	-11.78%
48				
49	TOTAL Administrative & General Expenses	10,908	22,935	110.26%
50				
51	TOTAL Operation & Maintenance Expenses	34,613,042	33,557,000	-3.05%

MONTANA TAXES OTHER THAN INCOME

Year: 2012

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes			
2	Superfund			
3	Secretary of State			
4	Montana Consumer Counsel	(386)	50	112.95%
5	Motor Vehicle Tax	1,350	1,819	34.74%
6	KWH Tax	1,213,272	1,137,780	-6.22%
7	Property Taxes	6,929,490	7,220,708	4.20%
8	Public Commission Tax	44	138	213.64%
9	Colstrip Generation Tax	2,963	3,048	2.87%
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51	TOTAL MT Taxes Other Than Income	8,146,733	8,363,543	2.66%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2012

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Amounts Allocated To Montana Are Not Significant.				
2	Aecom Inc.	engineering	371,555		
3	Aqua Technex	consulting	446,359		
4	Bain & Company Inc	consulting	1,445,669		
5	Baker Construction & Development Inc	construction	2,692,983		
6	Booz & Company Inc	consulting	595,139		
7	Cats Eye Excavating Inc	construction	596,348		
8	Cerium Networks	consulting	308,016		
9	Cobra Bec Inc	construction	450,696		
10	Coeur D Alene Tribe	consulting	427,238		
11	Columbia Grid	transmission planning	399,008		
12	Computer Financial Consultants Inc	consulting IT	324,414		
13	Davis Wright Tremaine Llp	legal	281,532		
14	Deloitte & Touche Llp	audit	1,677,830		
15	Dinero Solutions, Llc	consulting IT	506,437		
16	Efacec Advanced Control Systems	construction consulting	325,934		
17	Electrical Consultants, Inc.	construction consulting	631,055		
18	Ep2M Llc	consulting IT	2,119,166		
19	Garco Construction Inc	construction consulting	3,094,616		
20	Gartner Inc	consulting	288,000		
21	Hanna & Associates Inc	consulting	518,459		
22	Ibm Corporation	consulting IT	908,160		
23	Interior Solutions, Inc.	office design	470,304		
24	James A Carothers	consulting	250,000		
25	Land Expressions	landscape architecture	376,691		
26	Magner Sanborn	consulting - advertising	873,892		
27	Mansfield Gas Equipment Systems	construction consulting	1,522,336		
28	Max J Kuney Company	construction services	324,919		
29	Mckinstry Essention Inc	construction consulting	3,523,557		
30	Mwh Americas Inc	consulting	546,356		
31	Northwest Hydraulic Consultants	consulting	477,804		
32	Paine Hamblen Llp	legal	730,400		
33	Power Plan Inc	consulting IT	621,460		
34	Pricewaterhouse Coopers Llp	consulting	255,302		
35	Pro Building Systems	construction consulting	259,434		
36	Sapere Consulting Inc	consulting	307,505		
37	Spirae Inc	consulting	438,828		
38	Tilton Excavation Llc	construction services	324,246		
39	Urs Corporation	construction consulting	304,961		
40	Urs Energy & Construction Inc	construction consulting	438,211		
41	Us Forest Service	consulting	319,005		
42	Western Electricity	consulting	561,133		
43	Win Mill Software Inc	consulting IT	333,266		
44	Other Amounts Less Than \$250,000		21,697,438		
45					
46	TOTAL Payments for Services		53,365,662		

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2012

	Description	Total Company	Montana	% Montana
1				
2				
3	Montana Federal Candidate Contribution	172,934	630	0.36%
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50	TOTAL Contributions	\$172,934.00	\$630.00	0.36%

Pension Costs

Year: 2012

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	468,149	409,942	-12.43%
8	Service cost	15,585	12,835	-17.65%
9	Interest Cost	23,128	22,873	-1.10%
10	Plan participants' contributions			
11	Amendments		400	#DIV/0!
12	Actuarial Gain	70,070	41,366	-40.96%
13	Benefits paid	(20,407)	(19,267)	5.59%
14	Expenses paid			
15	Benefit obligation at end of year	556,525	468,149	-15.88%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	328,150	306,712	-6.53%
18	Actual return on plan assets	54,318	14,705	-72.93%
19	Acquisition			
20	Employer contribution	44,000	26,000	-40.91%
21	Benefits paid	(20,407)	(19,267)	5.59%
22	Expenses paid			
23	Fair value of plan assets at end of year	406,061	328,150	-19.19%
24	Funded Status	(150,464)	(139,999)	6.96%
25	Unrecognized net actuarial loss	213,082	184,066	-13.62%
26	Unrecognized prior service cost	319	665	108.46%
27	Unrecognized net transition obligation/(asset)			
28	Prepaid (accrued) benefit cost	62,937	44,732	-28.93%
29				
30	Weighted-average Assumptions as of Year End			
31	Discount rate	4.15%	5.05%	21.69%
32	Expected return on plan assets	6.95%	7.40%	6.47%
33	Rate of compensation increase	4.89%	4.87%	-0.41%
34				
35	Components of Net Periodic Benefit Costs			
36	Service cost	15,585	12,835	-17.65%
37	Interest cost	23,128	22,873	-1.10%
38	Expected return on plan assets	(23,810)	(23,115)	2.92%
39	Transition (asset)/obligation recognition		400	
40	Amortization of prior service cost	346	475	37.28%
41	Recognized net actuarial loss	10,546	7,889	-25.19%
42	Net periodic benefit cost	25,795	21,357	-17.20%
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	2,789	2,742	-1.69%
50	Not Covered by the Plan			
51	Active	1,468	1,459	-0.61%
52	Retired	1,056	1,004	-4.92%
53	Deferred Vested Terminated	265	279	5.28%

Other Post Employment Benefits (OPEBS)

Year: 2012

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	4.15%	4.98%	20.00%
8 Expected return on plan assets	6.55%	7.00%	6.87%
9 Medical Cost Inflation Rate	5.00%	6.00%	20.00%
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	104,730	60,339	-42.39%
20 Service cost	2,804	1,805	-35.63%
21 Interest Cost	5,056	4,126	-18.39%
22 Plan participants' contributions	336	450	33.93%
23 Amendments			
24 Actuarial Gain	24,543	42,476	73.07%
25 Benefits paid	(4,928)	(4,466)	9.38%
26 Expenses paid			
27 Benefit obligation at end of year	132,541	104,730	-20.98%
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year	22,455	22,875	1.87%
30 Actual return on plan assets	2,833	(420)	-114.83%
31 Acquisition			
32 Employer contribution			
33 Benefits paid			
34 Expenses paid			
35 Fair value of plan assets at end of year	25,288	22,455	-11.20%
36 Funded Status			
37 Unrecognized net actuarial loss	(107,253)	(82,275)	23.29%
38 Unrecognized prior service cost	94,202	76,187	-19.12%
39 Prepaid (accrued) benefit cost	(856)	(1,005)	-17.41%
	(13,907)	(7,093)	49.00%
40 Components of Net Periodic Benefit Costs			
41 Service cost	2,804	1,805	-35.63%
42 Interest cost	5,056	4,126	-18.39%
43 Expected return on plan assets	(1,471)	(1,601)	-8.84%
44 Amortization of prior service cost	356	356	
45 Recognized net actuarial loss	5,020	3,458	-31.12%
46 Net periodic benefit cost	11,765	8,144	-30.78%
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA	132,541	104,730	-20.98%
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL	132,541	104,730	-20.98%
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL	132,541	104,730	-20.98%

Other Post Employment Benefits (OPEBS) Continued

Year: 2012

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	2,324	2,278	-1.98%
3	Not Covered by the Plan			
4	Active	1,468	1,459	-0.61%
5	Retired	856	819	-4.32%
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							
2							
3							
4							
5							
6							
7							
8							
9							
10							

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	S. L. Morris Chairman of the Board, President & Chief Executive Officer	673,847	245,860	2,575,091	3,494,798	3,495,546	0%
2	M. T. Thies Senior Vice President and Chief Financial Officer	365,769	88,970	707,331	1,162,070	945,362	23%
3	M.M. Durkin Senior Vice President General Counsel and Chief Compliance Officer	305,385	74,282	760,772	1,140,439	910,705	25%
4	K.S. Feltes Senior Vice President and Corporate Secretary	267,308	65,020	843,889	1,176,217	961,448	22%
5	D.P. Vermillion Senior Vice President	310,385	75,498	958,269	1,344,152	1,114,311	21%
Other compensation includes stock-based awards and the change in pension and non-qualified deferred compensation.							

BALANCE SHEET

Year: 2012

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Electric Plant in Service	3,871,949,346	4,039,745,287	-4%
4	101.1 Property Under Capital Leases	7,203,329	6,442,348	12%
5	102 Electric Plant Purchased or Sold			
6	104 Electric Plant Leased to Others			
7	105 Electric Plant Held for Future Use	4,764,240	4,989,371	-5%
8	106 Completed Constr. Not Classified - Electric			
9	107 Construction Work in Progress - Electric	78,182,229	139,513,892	-44%
10	108 (Less) Accumulated Depreciation	(1,305,984,420)	(1,375,661,341)	5%
11	111 (Less) Accumulated Amortization	(27,227,740)	(32,492,631)	16%
12	114 Electric Plant Acquisition Adjustments			
13	115 (Less) Accum. Amort. Elec. Acq. Adj.			
14	120 Nuclear Fuel (Net)			
15	TOTAL Utility Plant	2,628,886,984	2,782,536,926	-6%
16				
17	Other Property & Investments			
18	121 Nonutility Property	6,021,869	5,536,702	9%
19	122 (Less) Accum. Depr. & Amort. for Nonutil. Prop.	(915,043)	(921,820)	1%
20	123 Investments in Associated Companies	12,047,000	12,047,000	
21	123.1 Investments in Subsidiary Companies	71,971,368	118,714,423	-39%
22	124 Other Investments	18,889,385	16,439,055	15%
23	128 Other Special Funds	13,288,292	9,154,874	45%
	Long-Term Derivative Instruments	184,929	1,092,593	-83%
24	TOTAL Other Property & Investments	121,487,800	162,062,827	-25%
25				
26	Current & Accrued Assets			
27	131 Cash	945,496	2,624,516	-64%
28	132-134 Special Deposits	22,215,906	2,716,333	718%
29	135 Working Funds	861,010	799,065	8%
30	136 Temporary Cash Investments	60,913	251,390	-76%
31	141 Notes Receivable	283,666	234,901	21%
32	142 Customer Accounts Receivable	173,557,636	159,703,153	9%
33	143 Other Accounts Receivable	7,943,467	5,188,679	53%
34	144 (Less) Accum. Provision for Uncollectible Accts.	(4,498,489)	(4,653,167)	3%
35	145 Notes Receivable - Associated Companies		314,682	-100%
36	146 Accounts Receivable - Associated Companies	29,252	700,835	-96%
37	151 Fuel Stock	4,248,389	4,120,767	3%
38	152 Fuel Stock Expenses Undistributed			
39	153 Residuals			
40	154 Plant Materials and Operating Supplies	21,746,205	23,875,397	-9%
41	155 Merchandise			
42	156 Other Material & Supplies			
43	157 Nuclear Materials Held for Sale			
44	163 Stores Expense Undistributed			
	164 Gas Storage	23,609,470	17,276,287	37%
45	165 Prepayments	16,554,560	16,090,480	3%
46	171 Interest & Dividends Receivable	85,059	31,981	166%
47	172 Rents Receivable	1,568,627	830,718	89%
48	174 Miscellaneous Current & Accrued Assets	254,324	429,169	-41%
	176 Derivative Instruments Assets - Hedges	1,356,071	12,496,801	-89%
49	Long-Term Derivative Instruments	(184,929)	(1,092,593)	83%
50	TOTAL Current & Accrued Assets	270,636,633	241,939,394	12%

BALANCE SHEET

Year: 2012

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	14,332,877	13,532,890	6%
7	182.1 Extraordinary Property Losses			
8	182.2 Unrecovered Plant & Regulatory Study Costs			
9	182.3 Other Regulatory Assets	524,250,326	559,831,454	
10	183 Prelim. Survey & Investigation Charges	4,180,937	3,894,551	7%
11	184 Clearing Accounts			
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	34,001,379	15,701,369	117%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	23,830,734	21,635,414	10%
17	190 Accumulated Deferred Income Taxes	153,408,420	148,425,469	3%
18	191 Unrecovered Purchased Gas Costs	(12,140,283)	(6,916,577)	-76%
18	TOTAL Deferred Debits	741,864,390	756,104,570	-2%
19				
20	TOTAL Assets & Other Debits	3,762,875,807	3,942,643,717	-5%
	Account Title	Last Year	This Year	% Change
20				
21	Liabilities and Other Credits			
22				
23	Proprietary Capital			
24				
25	201 Common Stock Issued	832,413,930	863,316,222	-4%
26	202 Common Stock Subscribed			
27	204 Preferred Stock Issued	-		
28	205 Preferred Stock Subscribed			
29	207 Premium on Capital Stock			
30	211 Miscellaneous Paid-In Capital	11,686,949	10,942,942	7%
31	213 (Less) Discount on Capital Stock			
32	214 (Less) Capital Stock Expense	11,086,810	14,977,565	-26%
33	215 Appropriated Retained Earnings	364,536,285	377,687,824	-3%
34	216 Unappropriated Retained Earnings	(28,386,302)	(747,337)	-3698%
35	217 (Less) Reacquired Capital Stock			
36	219 Accumulated Other Comprehensive Income	(5,636,826)	(6,700,160)	
36	TOTAL Proprietary Capital	1,185,700,846	1,259,477,056	-6%
37				
38	Long Term Debt			
39				
40	221 Bonds	1,257,171,208	1,336,700,000	-6%
41	222 (Less) Reacquired Bonds	(83,700,000)	(83,700,000)	
42	223 Advances from Associated Companies	51,547,000	51,547,000	
43	224 Other Long Term Debt			
44	225 Unamortized Premium on Long Term Debt	213,200	204,316	4%
45	226 (Less) Unamort. Discount on L-Term Debt-Dr.	(1,838,814)	(1,656,685)	-11%
46	TOTAL Long Term Debt	1,223,392,594	1,303,094,631	-6%

BALANCE SHEET

Year: 2012

	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	4,749,777	4,491,191	6%
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages	3,235,000	700,447	362%
9	228.3 Accumulated Provision for Pensions & Benefits	246,176,609	283,984,764	-13%
10	228.4 Accumulated Misc. Operating Provisions			
11	Long-Term Derivative Instruments	43,172,136	26,310,290	64%
	230 Asset Retirement Obligations	3,512,818	3,167,936	
12	TOTAL Other Noncurrent Liabilities	300,846,340	318,654,628	-6%
13				
14	Current & Accrued Liabilities			
15				
16	231 Notes Payable	61,000,000	52,000,000	17%
17	232 Accounts Payable	98,160,779	116,147,642	-15%
18	233 Notes Payable to Associated Companies	1,866,383	598	312004%
19	234 Accounts Payable to Associated Companies	709,883	709,623	0%
20	235 Customer Deposits	8,868,640	3,323,152	167%
21	236 Taxes Accrued	8,292,344	22,309,642	-63%
22	237 Interest Accrued	11,797,709	12,038,698	-2%
23	238 Dividends Declared			
24	241 Tax Collections Payable	104,101	120,427	-14%
25	242 Miscellaneous Current & Accrued Liabilities	55,333,088	61,331,657	-10%
26	243 Obligations Under Cap. Leases - Current	224,884	258,586	-13%
27	245 Derivative Instrument Liabilities - Hedges	130,248,787	57,258,651	127%
28	Long-Term Derivative Instruments	(43,172,136)	(26,310,290)	-64%
29	TOTAL Current & Accrued Liabilities	333,434,462	299,188,386	11%
30				
31	Deferred Credits			
32				
33	252 Customer Advances for Construction	947,213	947,342	0%
34	253 Other Deferred Credits	10,400,886	12,613,058	-18%
35	254 Other Regulatory Liabilities	26,584,147	26,169,966	2%
36	255 Accumulated Deferred Investment Tax Credits	20,939,852	55,244,962	-62%
37	257 Unamortized Gain on Reacquired Debt	2,484,655	2,355,118	6%
38	281-283 Accumulated Deferred Income Taxes	658,144,812	664,898,570	-1%
39	TOTAL Deferred Credits	719,501,565	762,229,016	-6%
40				
41	TOTAL LIABILITIES & OTHER CREDITS	3,762,875,807	3,942,643,717	-5%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2012

	Account Number & Title	Last Year	This Year	% Change
1				
2	Intangible Plant			
3				
4	301 Organization			
5	302 Franchises & Consents	6,222,448	6,222,448	
6	303 Miscellaneous Intangible Plant	143,881	203,854	-29%
7				
8	TOTAL Intangible Plant	6,366,329	6,426,302	-1%
9				
10	Production Plant			
11				
12	Steam Production			
13				
14	310 Land & Land Rights	1,289,096	1,289,096	
15	311 Structures & Improvements	100,708,158	101,239,544	-1%
16	312 Boiler Plant Equipment	128,357,934	128,972,834	0%
17	313 Engines & Engine Driven Generators	6,770	6,770	
18	314 Turbogenerator Units	37,911,160	38,982,365	-3%
19	315 Accessory Electric Equipment	16,256,091	16,249,342	0%
20	316 Miscellaneous Power Plant Equipment	13,298,287	13,329,211	0%
21	317 Asset Retirement Costs	134,588	134,588	
22	TOTAL Steam Production Plant	297,962,084	300,203,750	-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	43,434,224	43,221,607	0%
38	331 Structures & Improvements	15,318,238	15,636,887	-2%
39	332 Reservoirs, Dams & Waterways	33,618,016	34,318,074	-2%
40	333 Water Wheels, Turbines & Generators	80,790,665	88,323,099	-9%
41	334 Accessory Electric Equipment	14,201,209	14,222,997	0%
42	335 Miscellaneous Power Plant Equipment	3,398,617	3,407,398	0%
43	336 Roads, Railroads & Bridges	225,369	246,562	-9%
44				
45	TOTAL Hydraulic Production Plant	190,986,338	199,376,624	-4%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2012

	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	488,948,422	499,580,374	-2%
17				
18	Transmission Plant			
19				
20	350 Land & Land Rights	1,356,392	1,356,919	0%
21	352 Structures & Improvements	477,507	477,761	0%
22	353 Station Equipment	28,646,016	28,823,429	-1%
23	354 Towers & Fixtures	16,065,112	16,067,223	0%
24	355 Poles & Fixtures	7,226,665	7,949,686	-9%
25	356 Overhead Conductors & Devices	15,791,654	16,014,219	-1%
26	357 Underground Conduit			
27	358 Underground Conductors & Devices			
28	359 Roads & Trails	367,476	367,476	
29				
30	TOTAL Transmission Plant	69,930,822	71,056,713	-2%
31				
32	Distribution Plant			
33				
34	360 Land & Land Rights			
35	361 Structures & Improvements	15,881	15,881	
36	362 Station Equipment	152,268	158,906	-4%
37	363 Storage Battery Equipment			
38	364 Poles, Towers & Fixtures	34,907	43,805	-20%
39	365 Overhead Conductors & Devices	10,038	10,665	-6%
40	366 Underground Conduit	46	46	
41	367 Underground Conductors & Devices	637	637	
42	368 Line Transformers	1,257	1,819	-31%
43	369 Services	127	127	
44	370 Meters	29	199	-85%
45	371 Installations on Customers' Premises			
46	372 Leased Property on Customers' Premises			
47	373 Street Lighting & Signal Systems		467	-100%
48				
49	TOTAL Distribution Plant	215,190	232,552	

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2012

	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	213,676	223,597	-4%
8	393 Stores Equipment			
9	394 Tools, Shop & Garage Equipment	178,522	189,951	-6%
10	395 Laboratory Equipment			
11	396 Power Operated Equipment	61,556	61,556	
12	397 Communication Equipment	803,205	847,299	-5%
13	398 Miscellaneous Equipment	4,784	8,576	-44%
14	399 Other Tangible Property			
15				
16	TOTAL General Plant	1,261,743	1,330,979	
17				
18	TOTAL Electric Plant in Service	566,722,506	578,626,920	

MONTANA DEPRECIATION SUMMARY

Year: 2012

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1					
2	Steam Production	300,203,750	203,380,896	210,945,039	N/A
3	Nuclear Production				
4	Hydraulic Production	199,376,624	26,010,013	30,101,093	N/A
5	Other Production				
6	Transmission	71,056,713	23,280,713	23,890,508	N/A
7	Distribution	232,552	64,632	74,892	N/A
8	General	1,330,979	2,607,785	2,807,566	N/A
9	TOTAL	572,200,618	255,344,039	267,819,098	

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	1,875,430	1,889,076	-1%
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)	2,216,970	2,490,351	-11%
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	4,092,400	4,379,427	-7%

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: 2012

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	Cash Flows from Operating Activities:			
5	Net Income	100,223,872	78,210,066	28%
6	Depreciation	105,727,999	112,091,663	-6%
7	Amortization	28,936,761	12,954,915	123%
8	Deferred Income Taxes - Net	21,115,803	19,589,845	8%
9	Investment Tax Credit Adjustments - Net	2,558,524	2,212,172	16%
10	Change in Operating Receivables - Net	3,428,347	12,838,942	-73%
11	Change in Materials, Supplies & Inventories - Net	(2,737,133)	4,331,613	-163%
12	Change in Operating Payables & Accrued Liabilities - Net	(1,250,437)	31,767,362	-104%
13	Allowance for Funds Used During Construction (AFUDC)	(2,224,987)	(4,054,947)	45%
14	Change in Other Assets & Liabilities - Net	(22,034,496)	(5,431,633)	-306%
15	Other Operating Activities (explained on attached page)	(4,979,393)	11,470,953	-143%
16	Net Cash Provided by/(Used in) Operating Activities	228,764,860	275,980,951	-17%
17				
18	Cash Inflows/Outflows From Investment Activities:			
19	Construction/Acquisition of Property, Plant and Equipment	(240,025,802)	(268,743,138)	11%
20	(net of AFUDC & Capital Lease Related Acquisitions)			
21	Acquisition of Other Noncurrent Assets			
22	Proceeds from Disposal of Noncurrent Assets			
23	Investments In and Advances to Affiliates			
24	Contributions and Advances from Affiliates			
25	Disposition of Investments in and Advances to Affiliates	(5,482,493)	(19,138,510)	71%
26	Other Investing Activities (explained on attached page)	15,173,592	12,817,234	18%
27	Net Cash Provided by/(Used in) Investing Activities	(230,334,703)	(275,064,414)	16%
28				
29	Cash Flows from Financing Activities:			
30	Proceeds from Issuance of:			
31	Long-Term Debt	85,000,000	80,000,000	6%
32	Preferred Stock			
33	Common Stock	26,462,920	29,078,745	-9%
34	Long-Term Debt to Affiliated Trusts			
35	Net Increase in Short-Term Debt			
36	Other:			
37	Payment for Retirement of:			
38	Long-Term Debt	(195,575)	(11,324,884)	98%
39	Preferred Stock			
40	Common Stock			
41	Long-Term Debt to Affiliated Trusts			
42	Net Decrease in Short-Term Debt	(49,000,000)	(9,000,000)	-444%
43	Dividends on Preferred Stock			
44	Dividends on Common Stock	(63,736,957)	(68,552,375)	7%
45	Other Financing Activities (explained on attached page)	(15,034,097)	(19,310,473)	22%
46	Net Cash Provided by (Used in) Financing Activities	(16,503,709)	891,013	-1952%
47				
48	Net Increase/(Decrease) in Cash and Cash Equivalents	(18,073,552)	1,807,550	-1100%
49	Cash and Cash Equivalents at Beginning of Year	19,940,973	1,867,421	968%
50	Cash and Cash Equivalents at End of Year	1,867,421	3,674,971	-49%

STATEMENT OF CASH FLOWS

Year: 2012

	Description	Last Year	This Year	% Change
1	Detail of Lines 15, 26 and 45			
2	Line 15: Other Operating Activities			
3	Cash paid for foreign currency hedges	-	35,881	-100%
4				
5	Change in allowance for uncollectible receivables	651,650	3,973,772	-84%
6	Regulatory Gas Cost and Power Cost Adjustment	193,076	1,704,991	-89%
7	Non-cash stock compensation	4,147,207	4,549,448	
8	Subsidiary earnings	(9,971,326)	1,206,861	-926%
9	Total Line 15	(4,979,393)	11,470,953	-143%
10				
11	Line 26: Other Investing Activities			
	Federal grant payments received	16,927,752	8,277,036	
	Changes in other property and investments	(1,754,160)	4,540,198	
12	Notes receivable	-	-	
13	Total Line 26	15,173,592	12,817,234	
10	Line 45: Other Financing Activities			
	Cash received (paid) in interest rate swap agreement	(10,557,000)	(18,546,870)	
11	Premiums paid for repurchase of debt	-		
12	Debt Issuance costs	(4,477,097)	(763,603)	
13	Total Line 45	(15,034,097)	(19,310,473)	

LONG TERM DEBT

Year: 2012

	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>Medium-Term Notes</u>								
3	FMBS - SERIES A 7.53%	5/5/23	5/6/93	5,500,000	4,494,277	5,500,000	9.36%	514,744	9.36%
4	FMBS - SERIES A 7.54%	5/5/23	5/7/93	1,000,000	816,822	1,000,000	9.37%	93,747	9.37%
5	FMBS - SERIES A 7.39%	5/11/18	5/11/93	7,000,000	5,717,753	7,000,000	9.29%	650,114	9.29%
6	FMBS - SERIES A 7.45%	6/11/18	6/9/93	15,500,000	13,188,963	15,500,000	8.95%	1,387,715	8.95%
7	FMBS - SERIES A 7.18%	8/11/23	8/12/93	7,000,000	6,945,636	7,000,000	7.24%	507,064	7.24%
8									
9	<u>Pollution Control Bonds</u>								
10									
11	Colstrip 2010A PCBs due 2032	12/15/10	10/1/32	66,700,000	66,700,000	66,700,000			
12	Colstrip 2010B PCBs due 2034	12/15/10	3/1/34	17,000,000	17,000,000	17,000,000			
13	Reacquired Bonds Colstrip 2010A			(66,700,000)	(66,700,000)	(66,700,000)			
14	Reacquired Bonds Colstrip 2010B			(17,000,000)	(17,000,000)	(17,000,000)			
15									
16									
17	<u>First Mortgage Bonds</u>								
18	6.37% Issued June 1998	6/19/98	6/19/28	25,000,000	24,653,047	25,000,000	6.48%	1,618,863	6.48%
19	5.45% Issued November 2004	11/18/04	12/1/19	90,000,000	88,975,000	90,000,000	5.61%	5,815,420	6.46%
20	6.25% Issued Nov/Dec 2005	11/17/05	12/1/35	150,000,000	147,937,500	150,000,000	6.22%	9,332,891	6.22%
21	5.70% Issued Dec 2006	12/15/06	7/1/37	150,000,000	145,687,500	150,000,000	6.14%	9,179,674	6.12%
22	5.95% Issued April 2008	4/2/08	6/1/18	250,000,000	230,523,581	250,000,000	7.03%	17,603,224	7.04%
23	5.125% Issued Sept 2009	9/22/09	4/1/22	250,000,000	257,701,222	250,000,000	4.91%	12,268,615	4.91%
24	1.69% Issued Dec. 2010	12/30/10	12/30/13	50,000,000	49,703,628	50,000,000	1.89%	945,329	1.89%
25	3.89% Issued Dec. 2010	12/20/10	12/20/20	52,000,000	45,350,468	52,000,000	5.58%	2,900,325	5.58%
26	5.55% Issued Dec. 2010	12/20/10	12/20/40	35,000,000	29,483,191	35,000,000	6.79%	2,375,887	6.79%
27	4.45% Issued Dec. 2011	12/14/11	12/14/41	85,000,000	73,760,229	85,000,000	5.34%	4,538,863	5.34%
28	4.23% Issued Nov. 2012	11/30/13	11/29/47	80,000,000	60,622,475	80,000,000	5.87%	4,694,097	5.87%
29									
30	Junior Subordinated Debentures	6/3/97	6/1/37	51,547,000	52,020,039	51,547,000	1.46%	755,927	1.47%
31									
32	TOTAL			1,304,547,000	1,237,581,331	1,304,547,000		75,182,500	5.76%

PREFERRED STOCK

Year: 2012

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1										
2										
3	N/A									
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
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21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32	TOTAL									

COMMON STOCK

Year: 2012

		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									
6	February								
7									
8	March	58,581,000	20.59	0.65	0.29		26.18	24.48	
9									
10	April								
11									
12	May								
13									
14	June	58,702,000	20.71	0.31	0.29		27.07	24.95	
15									
16	July								
17									
18	August								
19									
20	September	59,047,000	21.08	0.10	0.29		28.05	25.07	
21									
22	October								
23									
24	November								
25									
26	December	59,774,000	21.06	0.26	0.29		26.77	22.78	
27									
28									
29									
30									
31									
32	TOTAL Year End	59,813,000	21.06	1.32	1.16	12.12%	24.11		18.3

MONTANA EARNED RATE OF RETURN

Year: 2012

	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: 2012

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	578,627
5	107 Construction Work in Progress	
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	4,379
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(267,819)
11	252 Contributions in Aid of Construction	
12		
13	NET BOOK COSTS	315,187
14	Revenues & Expenses (000 Omitted)	
15		
16		
17	400 Operating Revenues	44
18		
19	403 - 407 Depreciation & Amortization Expenses	13,643
20	Federal & State Income Taxes	154
21	Other Taxes	8,364
22	Other Operating Expenses	33,557
23	TOTAL Operating Expenses	55,717
24		
25	Net Operating Income	(55,673)
26		
27	415-421.1 Other Income	
28	421.2-426.5 Other Deductions	
29		
30	NET INCOME	(55,673)
31	Customers (Intrastate Only)	
32		
33		
34	Year End Average:	
35	Residential	9
36	Commercial	2
37	Industrial	
38	Other	12
39		
40	TOTAL NUMBER OF CUSTOMERS	23
41	Other Statistics (Intrastate Only)	
42		
43		
44	Average Annual Residential Use (Kwh)	18,000
45	Average Annual Residential Cost per (Kwh) (Cents) *	8.37
46	* Avg annual cost = [(cost per Kwh x annual use) + (mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	125.48
48	Gross Plant per Customer	64,292

MONTANA CUSTOMER INFORMATION

Year: 2012

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1						
2	Noxon, Montana		9	2	12	23
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
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27						
28						
29						
30						
31						
32	TOTAL Montana Customers		9	2	12	23

MONTANA EMPLOYEE COUNTS

Year: 2012

	Department	Year Beginning	Year End	Average
1				
2	Noxon Generating Station	35	39	37
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
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15				
16				
17				
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36				
37				
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40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL Montana Employees	35	39	37

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2012

	Project Description	Total Company	Total Montana
1			
2	Noxon Rapids Capital Projects Upgrades	3,465,015	3,113,015
3			
4	Clark Fork Improvement	7,002,960	4,077,332
5			
6	Colstrip Capital Projects Upgrades	6,434,900	6,434,900
7			
8	Other	2,164,000	395,000
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
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36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50	TOTAL	19,066,875	14,020,247

TOTAL SYSTEM & MONTANA PEAK AND ENERGY

Year: 2012

System						
		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
1	Jan.	12	800	1554	1,389,466	465,083
2	Feb.	28	800	1455	1,258,480	431,544
3	Mar.	1	1900	1377	1,133,575	317,623
4	Apr.	4	1900	1341	1,192,231	468,611
5	May	15	1700	1243	1,287,401	569,913
6	Jun.	21	1700	1242	1,252,346	562,240
7	Jul.	12	1600	1571	1,354,143	539,059
8	Aug.	7	1600	1579	1,235,182	410,700
9	Sep.	4	1500	1222	1,124,323	418,145
10	Oct.	24	800	1309	1,264,983	501,390
11	Nov.	12	1800	1428	1,310,507	507,159
12	Dec.	17	1800	1499	1,338,706	442,931
13	TOTAL				15,141,343	5,634,398

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					

TOTAL SYSTEM Sources & Disposition of Energy

SCHEDULE 33

	Sources	Megawatthours	Disposition	Megawatthours
1	Generation (Net of Station Use)			
2	Steam	1,708,156	Sales to Ultimate Consumers (Include Interdepartmental)	8,873,005
3	Nuclear			
4	Hydro - Conventional	4,088,289		
5	Hydro - Pumped Storage		Requirements Sales for Resale	
6	Other	1,155,679		
7	(Less) Energy for Pumping			
8	NET Generation	6,952,124	Non-Requirements Sales for Resale	5,634,398
9	Purchases	8,188,382		
10	Power Exchanges			
11	Received	548,640	Energy Furnished Without Charge	
12	Delivered	(547,803)		
13	NET Exchanges	837		
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	10,284
15	Received	609,583		
16	Delivered	(609,583)		
17	NET Transmission Wheeling		Total Energy Losses	623,656
18	Transmission by Others Losses			
19	TOTAL	15,141,343	TOTAL	15,141,343

SOURCES OF ELECTRIC SUPPLY

Year: 2012

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1					
2	Washington:				
3					
4	Thermal	Kettle Falls	Kettle Falls, WA	50	209,169
5	Hydro	Little Falls	Ford, WA	38	201,982
6	Hydro	Long Lake	Ford, WA	89	513,474
7	Hydro	Monroe Street	Spokane, WA	19	102,158
8	Hydro	Nine Mile	Spokane, WA	22	106,194
9	Hydro	Upper Falls	Spokane, WA	13	59,630
10	Combustion -				
11	Turbine	Northeast	Spokane, WA	57	181
12	Combustion -				
13	Turbine	Kettle Falls Bi-fuel	Kettle Falls, WA	8	860
14	Combustion -				
15	Turbine	Boulder Park	Spokane, WA	25	5,577
16					
17					
18	Idaho:				
19	Hydro	Cabinet Gorge	Clark Fork, ID	264	1,198,885
20	Hydro	Post Falls	Post Falls, ID	26	82,967
21	Combustion -				
22	Turbine	Rathdrum	Rathdrum, ID	163	6,943
23					
24					
25					
26	Montana:				
27	Thermal	Colstrip #3 and #4	Colstrip, MT	232	1,498,987
28	Hydro	Noxon	Thompson Falls, MT	537	1,822,999
29					
30	Oregon:				
31	Combustion -				
32	Turbine	Coyote Springs 2	Boardman, OR	302	1,142,118
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total			1,845	6,952,124

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2012

	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							
11							
12							
13							
14							
15							
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17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32	TOTAL						

Electric Universal System Benefits Programs

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2						
3	Avista Corp. does not have any benefit programs in Montana.					
4						
5						
6						
7						
8	Market Transformation					
9						
10						
11						
12						
13						
14						
15	Renewable Resources					
16						
17						
18						
19						
20						
21						
22	Research & Development					
23						
24						
25						
26						
27						
28						
29	Low Income					
30						
31						
32						
33						
34						
35	Large Customer Self Directed					
36						
37						
38						
39						
40						
41						
42	Total					
43	Number of customers that received low income rate discounts					
44	Average monthly bill discount amount (\$/mo)					
45	Average LIEAP-eligible household income					
46	Number of customers that received weatherization assistance					
47	Expected average annual bill savings from weatherization					
48	Number of residential audits performed					

Montana Conservation & Demand Side Management Programs

	Program Description	Actual Current Year Expenditures	Contracted or Committed Current Year Expenditures	Total Current Year Expenditures	Expected savings (MW and MWh)	Most recent program evaluation
1	Local Conservation					
2	Avista Corp. does not have any conservation & demand side management programs in Montana.					
3						
4						
5						
6						
7						
8	Demand Response					
9						
10						
11						
12						
13						
14						
15	Market Transformation					
16						
17						
18						
19						
20						
21						
22	Research & Development					
23						
24						
25						
26						
27						
28						
29	Low Income					
30						
31						
32						
33						
34						
34						
35	Other					
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46	Total					

MONTANA CONSUMPTION AND REVENUES

Year: 2012

	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	\$13,552	\$10,754	162	166	9	9
2	Commercial - Small	4,061	2,359	45	28	2	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						
11	Interdepartmental	26,576	25,191	292	334	12	11
12							
13	TOTAL	\$44,189	\$38,304	499	528	23	21