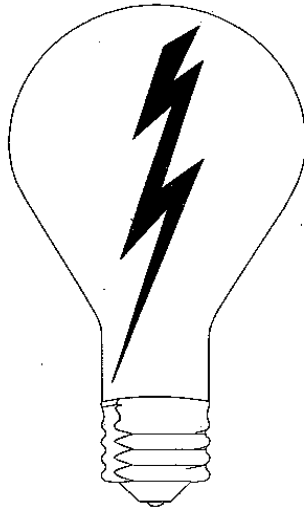


YEAR ENDING 12/31/2014

**ANNUAL REPORT
OF
AVISTA CORPORATION
ELECTRIC UTILITY**



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

IDENTIFICATION

Year: 2014

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	\$162,125.00
2	Kristianne Blake P. O. Box 28338, Spokane, WA 99208	\$178,825.00
3	Donald C. Burke 16 Ivy Court, Langhorne, PA 19047	\$157,625.00
4	Rick R. Holley (1) 999 Third Ave., Suite 4300, Seattle, WA 98104	\$23,833.00
5	John F. Kelly P.O. Box 5782, Ketchum, ID 83340	\$185,125.00
6	Rebecca A. Klein 611 S. Congress Ave. Ste 125 Austin, TX 78704	\$148,625.00
7	Marc F. Racicot 28013 Swan Cove Dr. Bigfork, MT 59911	\$142,625.00
8	Heidi B. Stanley P.O. Box 2884, Spokane, WA 99220	\$144,125.00
9	R. John Taylor P. O. Box 538, Lewiston, ID 83501	\$161,105.00
10	Janet D. Widmann 50 Beale Street, 23rd Floor, San Francisco, CA 94105	\$64,008.00
11	Scott L. Morris (3) 1411 E. Mission Ave., Spokane, WA 99202	(3)
12		
13	(1) Effective February 15, 2014, Rick R. Holley resigned from the Board of Directors due to time conflicts	
14	with his other professional commitments. He has no disagreements with the Company.	
15		
16	(2) Effective August 2, 2014, Janet D. Widmann was appointed to the Company's Board of Directors for a one-year term	
17	set to expire at the 2015 Annual Shareholders meeting.	
18		
19	(3) Mr. Morris is the Chairman of the Board, President and Chief Executive Officer of Avista Corp.	
20		

Officers

Year: 2014

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	Senior Vice President and Vice	Resource	Jason R. Thackston
34	President of Energy Resources	Management	
35			
36	Vice President and Chief Information	Information	James M. Kensok
37	Officer	Technology	
38			
39			
40	Vice President of Customer Solutions	Customer	Kevin J. Christie
41		Solutions	
42			
43			
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CORPORATE STRUCTURE

Year: 2014

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1				
2	Avista Capital, Inc.	Parent company to the	\$82,361,715	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. Sold to third		
10		party on June 30, 2014.		
11				
12	Avista Energy, Inc.	Wholesale electricity and natural gas trading, marketing and		
13		resource management. Majority of operations sold 6/30/2007		
14				
15	Steam Plant Square LLC	Commercial office and retail leasing.		
16				
17	Courtyard Office Center, LLC	Commercial office and retail leasing.		
18				
19	Steam Plant Brew Pub LLC	Restaurant operations.		
20				
21	Avista Development, Inc.	Non-operating company which maintains an investment portfolio		
22		of real estate and other investments.		
23				
24	Pentzer Corporation	Parent of Bay Area Manufacturing and Pentzer Venture Holdings.		
25				
26	Bay Area Manufacturing	Holding Company. Parent of Advanced Manufacturing and		
27		Development, Inc.		
28				
29	Pentzer Venture Holdings II, Inc.	Inactive.		
30				
31	Advanced Manufacturing	Performs custom sheet metal manufacturing of electronic		
32	and Development, Inc.	enclosures. Has a wood products division.		
33				
34	Spokane Energy, LLC	Marketing of energy.		
35				
36	Avista Northwest Resources, LLC	Formed in 2009 to own an interest in a venture fund investment.		
37				
38	Alaska Energy and Resources	Parent company of Alaska operations (acquired on July 1, 2014).		
39	Company (AERC)			
40				
41	Alaska Electric Light and Power	Utility operations based in the City and Borough of Juneau, AK.		
42	Company			
43				
44	AJT Mining Properties, Inc.	Inactive mining company holding certain properties in the City and		
45		Borough of Juneau, AK.		
46				
47	Snettisham Electric Company	Holds certain rights to purchase the Snettisham Hydroelectric		
48		project in the City and Borough of Juneau, AK.		
49				
50	Salix, Inc.	Liquified natural gas operations		
51	TOTAL		82,361,715	

CORPORATE ALLOCATIONS

Year: 2014

	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: 2014

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: 2014

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		
4						
5	Salix, Inc.	Corporate service supports		794,279		
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32	TOTAL			2,594,279		

MONTANA UTILITY INCOME STATEMENT

Year: 2014

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	62,807	71,446	13.75%
2				
3	Operating Expenses			
4	401 Operation Expenses	25,603,194	29,164,730	13.91%
5	402 Maintenance Expense	9,787,015	8,895,355	-9.11%
6	403 Depreciation Expense	10,460,665	10,572,810	1.07%
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	9,158,595	9,642,570	5.28%
12	409.1 Income Taxes - Federal	none/n.a.	none/n.a.	#VALUE!
13	- Other	104,568	(818,336)	-882.59%
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	55,114,037	57,457,129	4.25%
21	NET UTILITY OPERATING INCOME	(55,051,230)	(57,385,683)	-4.24%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2	440 Residential	14,187	12,845	-9.46%
3	442 Commercial & Industrial - Small	23,100	31,375	35.82%
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	25,520	27,226	6.68%
9				
10	TOTAL Sales to Ultimate Consumers	62,807	71,446	13.75%
11	447 Sales for Resale			
12				
13	TOTAL Sales of Electricity	62,807	71,446	13.75%
14	449.1 (Less) Provision for Rate Refunds			
15				
16	TOTAL Revenue Net of Provision for Refunds	62,807	71,446	13.75%
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	62,807	71,446	13.75%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2014

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	211,681	128,048	-39.51%
6	501 Fuel	17,567,223	22,157,489	26.13%
7	502 Steam Expenses	3,459,834	3,186,923	-7.89%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	72,140	97,352	34.95%
11	506 Miscellaneous Steam Power Expenses	2,286,638	1,827,430	-20.08%
12	507 Rents	33,093	35,336	6.78%
13				
14	TOTAL Operation - Steam	23,630,609	27,432,578	16.09%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	366,389	376,878	2.86%
18	511 Maintenance of Structures	621,023	619,441	-0.25%
19	512 Maintenance of Boiler Plant	4,396,751	3,885,558	-11.63%
20	513 Maintenance of Electric Plant	846,926	1,459,490	72.33%
21	514 Maintenance of Miscellaneous Steam Plant	570,742	1,187,195	108.01%
22				
23	TOTAL Maintenance - Steam	6,801,831	7,528,562	10.68%
24				
25	TOTAL Steam Power Production Expenses	30,432,440	34,961,140	14.88%
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: 2014

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering	117,823	154,725	31.32%
5	536 Water for Power			
6	537 Hydraulic Expenses	101,310	64,981	-35.86%
7	538 Electric Expenses	1,338,305	1,194,742	-10.73%
8	539 Miscellaneous Hydraulic Power Gen. Expenses	152,695	144,119	-5.62%
9	540 Rents			
10				
11	TOTAL Operation - Hydraulic	1,710,133	1,558,567	-8.86%
12				
13	Maintenance			
14	541 Maintenance Supervision & Engineering	16,251	49,990	207.61%
15	542 Maintenance of Structures	88,773	91,224	2.76%
16	543 Maint. of Reservoirs, Dams & Waterways	132,546	94,483	-28.72%
17	544 Maintenance of Electric Plant	2,343,810	794,552	-66.10%
18	545 Maintenance of Miscellaneous Hydro Plant	111,136	58,991	-46.92%
19				
20	TOTAL Maintenance - Hydraulic	2,692,516	1,089,240	-59.55%
21				
22	TOTAL Hydraulic Power Production Expenses	4,402,649	2,647,807	-39.86%
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	34,835,089	37,608,947	7.96%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2014

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	560 Operation Supervision & Engineering	4,852	4,740	-2.31%
4	561 Load Dispatching	23,570	23,033	-2.28%
5	562 Station Expenses	6,729	8,479	26.01%
6	563 Overhead Line Expenses	118,701	24,695	-79.20%
7	564 Underground Line Expenses			
8	565 Transmission of Electricity by Others			
9	566 Miscellaneous Transmission Expenses			
10	567 Rents	89,844	88,597	-1.39%
11				
12	TOTAL Operation - Transmission	243,696	149,544	-38.64%
13	Maintenance			
14	568 Maintenance Supervision & Engineering	33,772	37,231	10.24%
15	569 Maintenance of Structures	1,597	12,896	707.51%
16	570 Maintenance of Station Equipment	22,712	16,939	-25.42%
17	571 Maintenance of Overhead Lines	224,540	200,483	-10.71%
18	572 Maintenance of Underground Lines			
19	573 Maintenance of Misc. Transmission Plant			
20				
21	TOTAL Maintenance - Transmission	282,621	267,549	-5.33%
22				
23	TOTAL Transmission Expenses	526,317	417,093	-20.75%
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: 2014

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	1	1	
8				
9	TOTAL Customer Accounts Expenses	1	1	
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			
40	929 (Less) Duplicate Charges - Cr.			
41	930.1 General Advertising Expenses			
42	930.2 Miscellaneous General Expenses	18,756	24,040	28.17%
43	931 Rents			
44				
45	TOTAL Operation - Admin. & General	18,756	24,040	28.17%
46	Maintenance			
47	935 Maintenance of General Plant	10,046	10,004	-0.42%
48				
49	TOTAL Administrative & General Expenses	28,802	34,044	18.20%
50				
51	TOTAL Operation & Maintenance Expenses	35,390,209	38,060,085	7.54%

MONTANA TAXES OTHER THAN INCOME

Year: 2014

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes			
2	Superfund			
3	Secretary of State			
4	Montana Consumer Counsel	1	48	4700.00%
5	Motor Vehicle Tax	3,146		-100.00%
6	KWH Tax	961,868	1,175,493	22.21%
7	Property Taxes	8,190,629	8,465,326	3.35%
8	Public Commission Tax	3	165	5400.00%
9	Colstrip Generation Tax	2,948	1,538	-47.83%
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51	TOTAL MT Taxes Other Than Income	9,158,595	9,642,570	5.28%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2014

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Amounts Allocated To Montana Are Not Significant.				
2	Aecom Technical Services Inc	engineering	299,845		
3	Alden Research Laboratory Inc	consulting	362,754		
4	Baker Construction	construction	575,000		
5	Black & Veatch Corporation	construction consulting	644,345		
6	Cirrus Design	construction	315,785		
7	Coeur D Alene Tribe	consulting	730,117		
8	Columbia Grid	transmission planning	322,708		
9	Davis Wright Tremaine LLP	legal	512,805		
10	Dinero Solutions LLC	consulting IT	561,684		
11	Ducks Unlimited	consulting	3,119,302		
12	Ernst & Young LLP	consulting	3,747,281		
13	ET Environmental Inc	construction consulting	912,175		
14	Five Point Partners LLC	consulting IT	3,326,765		
15	Gillespie Prudhon & Associates Inc	consulting	254,908		
16	Golder Associates Inc	construction consulting	278,921		
17	Helveticka Inc	consulting	377,188		
18	Hickey Brothers Research LLC	consulting	289,505		
19	Hp Enterprise Services	consulting IT	1,762,429		
20	Ibm Corporation	consulting IT	5,181,260		
21	Idaho Dept Of Fish & Game	consulting	262,743		
22	Intellitect	consulting IT	680,647		
23	Kludt Hosmer Design	consulting/graphic design	418,640		
24	Land Expressions	construction consulting	1,654,476		
25	Landau Associates	consulting	516,743		
26	Max J Kuney Company	construction services	563,189		
27	Mckinstry Essention Inc	construction consulting	3,065,883		
28	Mosaic Company	consulting	1,448,533		
29	Mwh Americas Inc	consulting	282,025		
30	Neal Structural Repair LLC	construction services	1,437,896		
31	Northwest Hydraulic Consultants Ltd	consulting	285,900		
32	Northwest Power Pool	consulting	267,969		
33	On Ramp Wireless	IT services	273,250		
34	Opower Inc	consulting	279,887		
35	Paine Hamblen LLP	legal	772,227		
36	Pillsbury Winthrop Shaw Pittman LLP	legal	699,559		
37	Power City Electric	construction consulting	267,479		
38	Russel Electrical Consulting PLLC	construction consulting	350,298		
39	Sapere Consulting Inc	consulting	504,608		
40	Spirae Inc	consulting	517,208		
41	Stoel Rives LLP	legal	486,167		
42	Tilton Excavation LLC	construction services	278,174		
43	Urs Energy & Construction Inc	construction consulting	1,810,944		
44	Washington State University	consulting	644,565		
45	Western Electricity	consulting	701,244		
46	Win Mill Software Inc	consulting IT	286,226		
47	Other Amounts Less Than \$250,000		20,533,247		
48					
49	TOTAL Payments for Services		62,864,502		

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2014

	Description	Total Company	Montana	% Montana
1				
2				
3	State and local representative	286,098	-	
4	contributions			
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50	TOTAL Contributions	\$286,098.00		

Pension Costs

Year: 2014

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	501,062	556,525	11.07%
8	Service cost	15,651	19,070	21.85%
9	Interest Cost	24,954	22,786	-8.69%
10	Plan participants' contributions			
11	Amendments		277	#DIV/0!
12	Actuarial (Gain)/Loss	93,309	(76,272)	-181.74%
13	Benefits paid	(30,165)	(21,324)	29.31%
14	Expenses paid			
15	Benefit obligation at end of year	604,811	501,062	-17.15%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	481,502	406,061	-15.67%
18	Actual return on plan assets	55,974	52,503	-6.20%
19	Acquisition			
20	Employer contribution	32,000	44,262	38.32%
21	Benefits paid	(30,165)	(21,324)	29.31%
22	Expenses paid			
23	Fair value of plan assets at end of year	539,311	481,502	-10.72%
24	Funded Status	(65,500)	(19,560)	70.14%
25	Unrecognized net actuarial loss	165,555	99,987	-39.60%
26	Unrecognized prior service cost	256	277	8.20%
27	Unrecognized net transition obligation/(asset)			
28	Prepaid (accrued) benefit cost	100,311	80,704	-19.55%
29				
30	Weighted-average Assumptions as of Year End			
31	Discount rate	4.21%	5.10%	21.14%
32	Expected return on plan assets	6.60%	6.60%	
33	Rate of compensation increase	4.87%	4.96%	1.85%
34				
35	Components of Net Periodic Benefit Costs			
36	Service cost	15,651	19,070	21.85%
37	Interest cost	24,954	22,786	-8.69%
38	Expected return on plan assets	(32,130)	(27,670)	13.88%
39	Transition (asset)/obligation recognition			
40	Amortization of prior service cost	22	319	1350.00%
41	Recognized net actuarial loss	3,897	11,990	207.67%
42	Net periodic benefit cost	12,394	26,495	113.77%
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	2,893	2,851	-1.45%
50	Not Covered by the Plan			
51	Active	1,507	1,466	-2.72%
52	Retired	1,146	1,139	-0.61%
53	Deferred Vested Terminated	240	246	2.50%

Other Post Employment Benefits (OPEBS)

Year: 2014

	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	4.16%	5.02%	20.67%
8	Expected return on plan assets	6.40%	6.35%	-0.78%
9	Medical Cost Inflation Rate	5.00%	5.00%	
10	Actuarial Cost Method		Proj Unit Credit	
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	108,249	132,541	22.44%
20	Service cost	1,844	4,144	124.73%
21	Interest Cost	5,226	5,216	-0.19%
22	Plan participants' contributions	437	1,189	172.08%
23	Amendments		(10,788)	#DIV/0!
24	Actuarial (Gain)/Loss	18,714	(18,017)	-196.28%
25	Benefits paid	(6,481)	(6,036)	6.87%
26	Expenses paid			
27	Benefit obligation at end of year	127,989	108,249	-15.42%
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year	29,732	25,288	-14.95%
30	Actual return on plan assets	1,580	4,444	181.27%
31	Acquisition			
32	Employer contribution			
33	Benefits paid			
34	Expenses paid			
35	Fair value of plan assets at end of year	31,312	29,732	-5.05%
36	Funded Status	(96,677)	(78,517)	18.78%
37	Unrecognized net actuarial loss	82,421	56,885	-30.98%
38	Unrecognized prior service cost	(10,379)	(707)	93.19%
39	Prepaid (accrued) benefit cost	(24,635)	(22,339)	9.32%
40	Components of Net Periodic Benefit Costs			
41	Service cost	1,844	4,144	124.73%
42	Interest cost	5,226	5,216	-0.19%
43	Expected return on plan assets	(1,903)	(1,606)	15.61%
44	Amortization of prior service cost	(1,116)	(149)	86.65%
45	Recognized net actuarial loss	4,289	5,674	32.29%
46	Net periodic benefit cost	8,340	13,279	59.22%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA	127,989	108,249	-15.42%
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL	127,989	108,249	-15.42%
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL	127,989	108,249	-15.42%

Other Post Employment Benefits (OPEBS) Continued

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	2,437	2,382	-2.26%
3	Not Covered by the Plan			
4	Active	1,507	1,466	-2.72%
5	Retired	930	916	-1.51%
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	747,114	1,312,148	3,392,071	5,451,333	2,895,944	88%
2	M. T. Thies Senior Vice President, Chief Financial Officer, and Treasurer	396,462	509,933	762,139	1,668,534	1,079,373	55%
3	M.M. Durkin Senior Vice President General Counsel and Chief Compliance Officer	330,347	418,431	721,446	1,470,224	965,541	52%
4	K.S. Feltes Senior Vice President and Corporate Secretary	297,115	371,523	851,290	1,519,928	883,656	72%
5	D.P. Vermillion Senior Vice President	357,251	321,517	1,082,059	1,760,827	988,943	78%
Other compensation includes stock-based awards and the change in pension and non-qualified deferred compensation.							

BALANCE SHEET

Year: 2014

Account Number & Title		Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Electric Plant in Service	4,275,590,962	4,508,733,575	-5%
4	101.1 Property Under Capital Leases	6,442,349	6,442,349	
5	102 Electric Plant Purchased or Sold			
6	104 Electric Plant Leased to Others			
7	105 Electric Plant Held for Future Use	4,964,376	4,964,376	
8	106 Completed Constr. Not Classified - Electric			
9	107 Construction Work in Progress - Electric	157,258,690	223,330,993	-30%
10	108 (Less) Accumulated Depreciation	(1,454,623,625)	(1,531,197,363)	5%
11	111 (Less) Accumulated Amortization	(36,589,205)	(42,570,469)	14%
12	114 Electric Plant Acquisition Adjustments			
13	115 (Less) Accum. Amort. Elec. Acq. Adj.			
14	120 Nuclear Fuel (Net)			
15	TOTAL Utility Plant	2,953,043,547	3,169,703,461	-7%
16	Other Property & Investments			
17	121 Nonutility Property	5,438,891	5,288,635	3%
18	122 (Less) Accum. Depr. & Amort. for Nonutil. Prop.	(920,905)	(194,911)	-372%
19	123 Investments in Associated Companies	12,047,000	12,047,000	
20	123.1 Investments in Subsidiary Companies	112,232,104	148,255,851	-24%
21	124 Other Investments	13,980,638	11,525,386	21%
22	128 Other Special Funds	10,897,909	11,488,865	-5%
23	Long-Term Derivative Instruments	853,757		#DIV/0!
24	TOTAL Other Property & Investments	154,529,394	188,410,826	-18%
25	Current & Accrued Assets			
26	131 Cash	3,949,469	1,535,172	157%
27	132-134 Special Deposits	19,283,082	6,832,649	182%
28	135 Working Funds	864,092	971,206	-11%
29	136 Temporary Cash Investments		15,508,864	
30	141 Notes Receivable			
31	142 Customer Accounts Receivable	182,617,384	163,095,696	12%
32	143 Other Accounts Receivable	8,417,179	5,091,552	65%
33	144 (Less) Accum. Provision for Uncollectible Accts.	(4,830,036)	(4,828,572)	0%
34	145 Notes Receivable - Associated Companies	5,720,836		#DIV/0!
35	146 Accounts Receivable - Associated Companies	286,696	401,126	-29%
36	151 Fuel Stock	3,170,050	4,116,727	-23%
37	152 Fuel Stock Expenses Undistributed			
38	153 Residuals			
39	154 Plant Materials and Operating Supplies	26,655,710	29,419,472	-9%
40	155 Merchandise			
41	156 Other Material & Supplies			
42	157 Nuclear Materials Held for Sale			
43	163 Stores Expense Undistributed			
44	164 Gas Storage	13,028,710	28,731,498	-55%
45	165 Prepayments	7,938,050	13,368,084	-41%
46	171 Interest & Dividends Receivable	30,982	31,080	0%
47	172 Rents Receivable	1,360,262	1,740,695	-22%
48	174 Miscellaneous Current & Accrued Assets	752,953	614,449	23%
49	176 Derivative Instruments Assets - Hedges	37,419,857	1,984,898	1785%
50	Long-Term Derivative Instruments	(853,757)		#DIV/0!
50	TOTAL Current & Accrued Assets	305,811,519	268,614,596	14%

BALANCE SHEET

Year: 2014

	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	12,505,134	12,476,292	0%
7	182.1 Extraordinary Property Losses			
8	182.2 Unrecovered Plant & Regulatory Study Costs			
9	182.3 Other Regulatory Assets	381,581,939	576,247,558	
10	183 Prelim. Survey & Investigation Charges	875,153	165,866	428%
11	184 Clearing Accounts		28,145	-100%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	13,312,292	11,803,983	13%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	19,417,103	17,356,781	12%
17	190 Accumulated Deferred Income Taxes	70,239,422	123,261,474	-43%
18	191 Unrecovered Purchased Gas Costs	(12,074,780)	(3,921,214)	-208%
18	TOTAL Deferred Debits	485,856,263	737,418,885	-34%
19				
20	TOTAL Assets & Other Debits	3,899,240,723	4,364,147,768	-11%
	Account Title	Last Year	This Year	% Change
20				
21	Liabilities and Other Credits			
22				
23	Proprietary Capital			
24				
25	201 Common Stock Issued	869,342,827	984,400,740	-12%
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	8,089,025	(9,520,161)	185%
31	213 (Less) Discount on Capital Stock			
32	214 (Less) Capital Stock Expense	19,561,527	25,079,123	-22%
33	215 Appropriated Retained Earnings	413,009,873	507,257,161	-19%
34	216 Unappropriated Retained Earnings	(5,918,024)	(15,658,553)	62%
35	217 (Less) Reacquired Capital Stock			
36	219 Accumulated Other Comprehensive Income	(5,819,930)	(7,887,881)	
36	TOTAL Proprietary Capital	1,298,265,298	1,483,670,429	-12%
37				
38	Long Term Debt			
39				
40	221 Bonds	1,376,700,000	1,436,700,000	-4%
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	195,433	186,550	5%
45	226 (Less) Unamort. Discount on L-Term Debt-Dr.	(1,482,644)	(1,308,604)	-13%
46	TOTAL Long Term Debt	1,343,259,789	1,403,424,946	-4%

BALANCE SHEET

Year: 2014

	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	4,193,852		#DIV/0!
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages	240,000	240,000	
9	228.3 Accumulated Provision for Pensions & Benefits	122,512,892	189,489,100	-35%
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds	2,489,686	5,855,845	-57%
12	Long-Term Derivative Instruments	18,355,040	62,950,622	-71%
	230 Asset Retirement Obligations	2,847,207	3,028,391	
13	TOTAL Other Noncurrent Liabilities	150,638,677	261,563,958	-42%
14				
15	Current & Accrued Liabilities			
16				
17	231 Notes Payable	171,000,000	105,000,000	63%
18	232 Accounts Payable	107,675,819	111,077,010	-3%
19	233 Notes Payable to Associated Companies		9,934,843	
20	234 Accounts Payable to Associated Companies	810,911	714,039	14%
21	235 Customer Deposits	3,393,269	4,977,259	-32%
22	236 Taxes Accrued	22,103,801	(10,725,297)	306%
23	237 Interest Accrued	13,444,066	13,595,667	-1%
24	238 Dividends Declared			
25	241 Tax Collections Payable	115,213	50,226	129%
26	242 Miscellaneous Current & Accrued Liabilities	55,243,462	57,483,998	-4%
27	243 Obligations Under Cap. Leases - Current	297,339	4,193,852	-93%
28	245 Derivative Instrument Liabilities - Hedges	29,230,059	88,340,167	-67%
29	Long-Term Derivative Instruments	(18,355,041)	(62,950,622)	71%
30	TOTAL Current & Accrued Liabilities	384,958,898	321,691,142	20%
31				
32	Deferred Credits			
33				
34	252 Customer Advances for Construction	1,459,117	1,864,508	-22%
35	253 Other Deferred Credits	25,359,333	21,269,740	19%
36	254 Other Regulatory Liabilities	71,742,330	48,834,355	47%
37	255 Accumulated Deferred Investment Tax Credits	12,387,031	12,157,507	2%
38	257 Unamortized Gain on Reacquired Debt	2,225,581	2,096,044	6%
39	281-283 Accumulated Deferred Income Taxes	608,944,669	807,575,139	-25%
40	TOTAL Deferred Credits	722,118,061	893,797,293	-19%
41				
42	TOTAL LIABILITIES & OTHER CREDITS	3,899,240,723	4,364,147,768	-11%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2014

	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	203,854	203,854	
7				
8	TOTAL Intangible Plant	6,426,302	6,426,302	
9				
10	Production Plant			
11				
12	Steam Production			
13				
14	310 Land & Land Rights	1,289,096	1,289,096	
15	311 Structures & Improvements	102,377,273	103,016,599	-1%
16	312 Boiler Plant Equipment	131,174,797	131,405,743	0%
17	313 Engines & Engine Driven Generators	6,770	6,770	
18	314 Turbogenerator Units	39,632,586	40,178,455	-1%
19	315 Accessory Electric Equipment	16,249,773	16,215,496	0%
20	316 Miscellaneous Power Plant Equipment	13,748,987	14,388,142	-4%
21	317 Asset Retirement Costs	134,588	134,588	
22	TOTAL Steam Production Plant	304,613,871	306,634,889	-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	43,228,147	43,299,760	0%
38	331 Structures & Improvements	15,968,035	17,516,034	-9%
39	332 Reservoirs, Dams & Waterways	35,137,837	35,349,814	-1%
40	333 Water Wheels, Turbines & Generators	88,323,282	88,366,268	0%
41	334 Accessory Electric Equipment	14,313,742	14,256,898	0%
42	335 Miscellaneous Power Plant Equipment	3,407,398	3,474,012	-2%
43	336 Roads, Railroads & Bridges	246,562	256,609	-4%
44				
45	TOTAL Hydraulic Production Plant	200,625,004	202,519,395	-1%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2014

	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	505,238,874	509,154,284	-1%
17				
18	Transmission Plant			
19				
20	350 Land & Land Rights	1,387,035	1,407,227	-1%
21	352 Structures & Improvements	477,956	478,072	0%
22	353 Station Equipment	29,234,250	29,879,513	-2%
23	354 Towers & Fixtures	16,068,848	16,069,817	0%
24	355 Poles & Fixtures	7,966,880	7,967,301	0%
25	356 Overhead Conductors & Devices	16,016,934	16,106,634	-1%
26	357 Underground Conduit			
27	358 Underground Conductors & Devices			
28	359 Roads & Trails	367,476	369,492	-1%
29				
30	TOTAL Transmission Plant	71,519,379	72,278,056	-1%
31				
32	Distribution Plant			
33				
34	360 Land & Land Rights			
35	361 Structures & Improvements	15,881	15,881	
36	362 Station Equipment	176,241	719,914	-76%
37	363 Storage Battery Equipment			
38	364 Poles, Towers & Fixtures	49,592	49,592	
39	365 Overhead Conductors & Devices	10,848	10,848	
40	366 Underground Conduit	46	46	
41	367 Underground Conductors & Devices	637	637	
42	368 Line Transformers	1,723	1,723	
43	369 Services	127	127	
44	370 Meters	469	252	86%
45	371 Installations on Customers' Premises			
46	372 Leased Property on Customers' Premises			
47	373 Street Lighting & Signal Systems	467	467	
48				
49	TOTAL Distribution Plant	256,031	799,487	

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2014

	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	241,542	249,779	-3%
8	393 Stores Equipment			
9	394 Tools, Shop & Garage Equipment	189,951	189,951	
10	395 Laboratory Equipment			
11	396 Power Operated Equipment	61,556	61,556	
12	397 Communication Equipment	910,446	1,468,085	-38%
13	398 Miscellaneous Equipment	8,576	8,576	
14	399 Other Tangible Property			
15				
16	TOTAL General Plant	1,412,071	1,977,947	
17				
18	TOTAL Electric Plant in Service	584,852,658	590,636,077	

MONTANA DEPRECIATION SUMMARY

Year: 2014

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Intangible Plant	6,426,302	3,618	5,464	
2	Steam Production	306,634,889	215,616,094	217,006,237	N/A
3	Nuclear Production				
4	Hydraulic Production	202,519,395	33,425,704	36,633,957	N/A
5	Other Production				
6	Transmission	72,278,056	22,472,242	21,962,803	N/A
7	Distribution	799,487	11,403	8,285	N/A
8	General	1,977,947	6,371	7,381	N/A
9	TOTAL	590,636,077	271,535,432	275,624,127	

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	2,253,167	2,004,124	-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)	2,540,766	2,534,717	0%
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	4,793,933	4,538,841	-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: 2014

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	Cash Flows from Operating Activities:			
5	Net Income	111,076,833	192,040,688	73%
6	Depreciation	117,173,574	126,986,417	8%
7	Amortization	(3,144,520)	(8,525,668)	-171%
8	Deferred Income Taxes - Net	20,846,650	123,968,809	495%
9	Investment Tax Credit Adjustments - Net	(226,027)	(229,524)	-2%
10	Change in Operating Receivables - Net	(30,523,370)	17,645,850	158%
11	Change in Materials, Supplies & Inventories - Net	2,417,981	(19,413,226)	-903%
12	Change in Operating Payables & Accrued Liabilities - Net	(4,903,140)	(40,191,116)	-720%
13	Allowance for Funds Used During Construction (AFUDC)	(6,065,628)	(8,678,360)	-43%
14	Change in Other Assets & Liabilities - Net	(11,623,849)	(29,543,952)	-154%
15	Other Operating Activities (explained on attached page)	9,024,083	(70,542,806)	-882%
16	Net Cash Provided by/(Used in) Operating Activities	204,052,587	283,517,112	39%
17				
18	Cash Inflows/Outflows From Investment Activities:			
19	Construction/Acquisition of Property, Plant and Equipment	(294,363,192)	(323,931,192)	-10%
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	(4,891,325)	15,444,378	416%
26	Other Investing Activities (explained on attached page)	3,896,816	194,553,045	4893%
27	Net Cash Provided by/(Used in) Investing Activities	(295,357,701)	(113,933,769)	61%
28				
29	Cash Flows from Financing Activities:			
30	Proceeds from Issuance of:			
31	Long-Term Debt	90,000,000	60,000,000	-33%
32	Preferred Stock			
33	Common Stock	4,609,006	4,059,874	-12%
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	(50,258,586)	(297,339)	99%
39	Preferred Stock			
40	Common Stock		(79,855,898)	#DIV/0!
41	Long-Term Debt to Affiliated Trusts			
42	Net (Decrease)/Increase in Short-Term Debt	119,000,000	(66,000,000)	-155%
43	Dividends on Preferred Stock			
44	Dividends on Common Stock	(73,276,102)	(78,313,788)	-7%
45	Other Financing Activities (explained on attached page)	2,369,386	4,025,489	70%
46	Net Cash Provided by (Used in) Financing Activities	92,443,704	(156,381,662)	-269%
47				
48	Net Increase/(Decrease) in Cash and Cash Equivalents	1,138,590	13,201,681	1059%
49	Cash and Cash Equivalents at Beginning of Year	3,674,971	4,813,561	31%
50	Cash and Cash Equivalents at End of Year	4,813,561	18,015,242	274%

STATEMENT OF CASH FLOWS

Year: 2014

	Description	Last Year	This Year	% Change
1	Detail of Lines 15, 26 and 45			
2	Line 15: Other Operating Activities			
3	Cash paid/(received) for foreign currency hedges	(30,270)	20,692	168%
4	Write-off of Reardan wind generation assets	2,533,578	-	
5	Change in allowance for uncollectible receivables	4,792,409	5,200,000	9%
6	Regulatory Gas Cost and Power Cost Adjustment	1,284,946	1,104,752	-14%
7	Non-cash stock compensation	5,036,659	6,006,850	19%
8	Subsidiary earnings	(4,593,239)	(82,361,715)	-1693%
9	Tax shortfalls from stock compensation	-	(513,385)	#DIV/0!
10	Total Line 15	9,024,083	(70,542,806)	-882%
11	Line 26: Other Investing Activities			
12	Federal grant payments received	3,409,479	2,529,902	-26%
13	Changes in other property and investments	6,167	(373,865)	-6162%
14	Restricted cash	481,170	94,098	-80%
15	Cash paid for acquisition	-	(4,697,090)	#DIV/0!
16	Dividends received from subsidiaries	-	197,000,000	#DIV/0!
17	Total Line 26	3,896,816	194,553,045	4893%
18	Line 45: Other Financing Activities			
19	Cash received for settlement of interest rate swaps	2,900,680	5,429,000	87%
20	Excess tax benefits from stock compensation	-	107,021	
21	Debt Issuance costs	(531,294)	(1,510,532)	-184%
22	Total Line 45	2,369,386	4,025,489	70%

LONG TERM DEBT

Year: 2014

	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%	5-6-93	5-5-23	5,500,000	4,494,277	5,500,000	9.36%	514,744	9.36%
4	FMBS - SERIES A 7.54%	5-7-93	5-5-23	1,000,000	816,822	1,000,000	9.37%	93,747	9.37%
5	FMBS - SERIES A 7.39%	5-11-93	5-11-18	7,000,000	5,717,753	7,000,000	9.29%	650,114	9.29%
6	FMBS - SERIES A 7.45%	6-9-93	6-11-18	15,500,000	13,188,963	15,500,000	8.95%	1,387,715	8.95%
7	FMBS - SERIES A 7.18%	8-12-93	8-11-23	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	88,567,919	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	152,264,565	150,000,000	6.14%	9,332,891	6.22%
21	5.70% Issued Dec 2006	12-15-06	7-1-37	150,000,000	141,337,696	150,000,000	6.12%	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	255,040,618	250,000,000	4.91%	12,268,615	4.91%
24	3.89% Issued Dec. 2010	12-20-10	12-20-20	52,000,000	45,341,207	52,000,000	5.58%	2,900,581	5.58%
25	5.55% Issued Dec. 2010	12-20-10	12-20-40	35,000,000	29,477,345	35,000,000	6.79%	2,375,887	6.79%
26	4.45% Issued Dec. 2011	12-14-11	12-14-41	85,000,000	73,750,167	85,000,000	5.34%	4,538,863	5.34%
27	4.23% Issued Nov. 2012	11-30-13	11-29-47	80,000,000	60,617,277	80,000,000	5.87%	4,694,097	5.87%
28	0.84% Issued Aug. 2013	8-14-13	8-14-16	90,000,000	92,385,311	90,000,000	-0.04%	(38,509)	-0.04%
	4.11% Issued Dec. 2014	12-18-14	12-1-44	60,000,000	65,008,823	60,000,000	3.65%	2,189,621	3.65%
29									
30	Junior Subordinated Debentures	6-3-97	6-1-37	51,547,000	52,020,039	51,547,000	1.24%	613,908	1.19%
31									
32	TOTAL			1,404,547,000	1,342,151,045	1,404,547,000		76,246,521	5.43%

PREFERRED STOCK

Year: 2014

	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: 2014

		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	60,122,000	22.12	0.81	0.3175		30.83	27.71	
9									
10	April								
11									
12	May								
13									
14	June	60,184,000	23.41	1.67	0.3175		33.58	30.02	
15									
16	July								
17									
18	August								
19									
20	September	63,934,000	23.75	0.16	0.3175		33.60	30.35	
21									
22	October								
23									
24	November								
25									
26	December	62,290,000	23.84	0.51	0.3175		37.37	30.55	
27									
28									
29									
30									
31									
32	TOTAL Year End	62,243,000	23.84	3.10	1.27	59.03%	35.35		11.4

MONTANA EARNED RATE OF RETURN

Year: 2014

	Description	Last Year	This Year	% Change
1	Rate Base			
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: 2014

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	590,636
5	107 Construction Work in Progress	
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	4,539
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(275,624)
11	252 Contributions in Aid of Construction	
12		
13	NET BOOK COSTS	319,551
14	Revenues & Expenses (000 Omitted)	
15		
16		
17	400 Operating Revenues	71
18		
19	403 - 407 Depreciation & Amortization Expenses	10,573
20	Federal & State Income Taxes	(818)
21	Other Taxes	9,643
22	Other Operating Expenses	38,060
23	TOTAL Operating Expenses	57,457
24		
25	Net Operating Income	(57,386)
26		
27	415-421.1 Other Income	
28	421.2-426.5 Other Deductions	
29		
30	NET INCOME	(57,386)
31	Customers (Intrastate Only)	
32		
33		
34	Year End Average:	
35	Residential	8
36	Commercial	9
37	Industrial	
38	Other	12
39		
40	TOTAL NUMBER OF CUSTOMERS	29
41	Other Statistics (Intrastate Only)	
42		
43		
44	Average Annual Residential Use (Kwh)	18,500
45	Average Annual Residential Cost per (Kwh) (Cents) *	8.68
46	* Avg annual cost = [(cost per Kwh x annual use) + (mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	133.80
48	Gross Plant per Customer	73,830

MONTANA CUSTOMER INFORMATION

Year: 2014

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

MONTANA EMPLOYEE COUNTS

Year: 2014

	Department	Year Beginning	Year End	Average
1				
2	Noxon Generating Station	38	40	39
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL Montana Employees	38	40	39

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2014

	Project Description	Total Company	Total Montana
1			
2	Noxon Rapids Capital Projects Upgrades	9,226,228	9,226,228
3			
4	Clark Fork Improvement	9,951,211	2,070,242
5			
6	Regulating Hydro Project	3,533,000	1,236,550
7			
8	Other	3,689,464	1,573,177
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
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36			
37			
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41			
42			
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44			
45			
46			
47			
48			
49			
50	TOTAL	26,399,903	14,106,197

TOTAL SYSTEM & MONTANA PEAK AND ENERGY

Year: 2014

System						
		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
1	Jan.	6	800	1463	1,316,830	425,108
2	Feb.	6	800	1715	1,196,519	362,758
3	Mar.	1	1900	1514	1,121,477	326,431
4	Apr.	2	900	1201	1,097,028	391,880
5	May	22	1700	1161	1,120,444	429,119
6	Jun.	23	1700	1253	1,046,909	370,923
7	Jul.	16	1600	1606	1,267,533	441,827
8	Aug.	5	1700	1555	1,074,340	276,884
9	Sep.	17	2000	1176	958,206	277,911
10	Oct.	28	1900	1210	957,445	249,042
11	Nov.	17	800	1524	1,051,804	224,547
12	Dec.	30	1900	1589	1,166,361	274,181
13	TOTAL				13,374,896	4,050,611

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	1,723,402	Sales to Ultimate Consumers (Include Interdepartmental)	8,788,922
3	Nuclear			
4	Hydro - Conventional	4,143,307		
5	Hydro - Pumped Storage		Requirements Sales for Resale	
6	Other	1,528,676		
7	(Less) Energy for Pumping			
8	NET Generation	7,395,385	Non-Requirements Sales for Resale	4,050,611
9	Purchases	5,979,279		
10	Power Exchanges			
11	Received	539,911	Energy Furnished Without Charge	
12	Delivered	(539,679)		
13	NET Exchanges	232		
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	31,825
15	Received	3,711,883		
16	Delivered	(3,711,883)		
17	NET Transmission Wheeling		Total Energy Losses	503,538
18	Transmission by Others Losses			
19	TOTAL	13,374,896	TOTAL	13,374,896

SOURCES OF ELECTRIC SUPPLY

Year: 2014

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1					
2	Washington:				
3					
4	Thermal	Kettle Falls	Kettle Falls, WA	50	259,377
5	Hydro	Little Falls	Ford, WA	38	195,005
6	Hydro	Long Lake	Ford, WA	90	476,442
7	Hydro	Monroe Street	Spokane, WA	17	102,775
8	Hydro	Nine Mile	Spokane, WA	16	55,630
9	Hydro	Upper Falls	Spokane, WA	14	67,033
10	Combustion -				
11	Turbine	Northeast	Spokane, WA	60	2,431
12	Combustion -				
13	Turbine	Kettle Falls Bi-fuel	Kettle Falls, WA	8	4,066
14	Combustion -				
15	Turbine	Boulder Park	Spokane, WA	25	14,811
16					
17					
18	Idaho:				
19	Hydro	Cabinet Gorge	Clark Fork, ID	267	1,194,480
20	Hydro	Post Falls	Post Falls, ID	19	83,872
21	Combustion -				
22	Turbine	Rathdrum	Rathdrum, ID	164	12,789
23					
24					
25					
26	Montana:				
27	Thermal	Colstrip #3 and #4	Colstrip, MT	236	1,464,025
28	Hydro	Noxon	Thompson Falls, MT	557	1,968,070
29					
30	Oregon:				
31	Combustion -				
32	Turbine	Coyote Springs 2	Boardman, OR	309	1,494,579
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total			1,870	7,395,385

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2014

	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							
16							
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						
35		Other				
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46	Total					

MONTANA CONSUMPTION AND REVENUES

Year: 2014

	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	\$12,845	\$14,187	148	169	8	9
2	Commercial - Small	31,375	23,100	326	251	9	2
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	27,226	25,520	305	284	12	12
12							
13	TOTAL	\$71,446	\$62,807	779	704	29	23