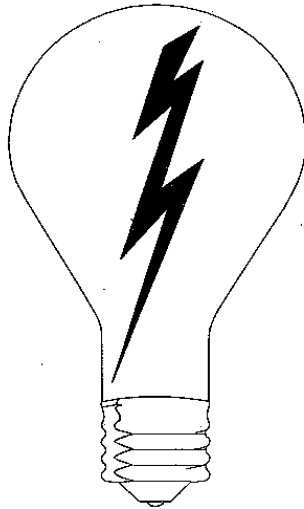


YEAR ENDING 12/31/2015

**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: 2015

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:	Ryan Krasselt Vice President, Controller and Principal Accounting Officer
5a.	Telephone Number:	509-495-2273
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	\$158,500
2	Kristianne Blake P. O. Box 28338, Spokane, WA 99208	\$173,326
3	Donald C. Burke 16 Ivy Court, Langhorne, PA 19047	\$157,000
4	John F. Kelly P.O. Box 5782, Ketchum, ID 83340	\$180,000
5	Rebecca A. Klein 611 S. Congress Ave. Ste 125 Austin, TX 78704	\$160,000
6	Marc F. Racicot 28013 Swan Cove Dr. Bigfork, MT 59911	\$151,000
7	Heidi B. Stanley P.O. Box 2884, Spokane, WA 99220	\$157,000
8	R. John Taylor P. O. Box 538, Lewiston, ID 83501	\$169,755
9	Janet D. Widmann 26 Sanford Lane, Lafayette, CA 94549	\$151,000
10	Scott L. Morris (1) 1411 E. Mission Ave., Spokane, WA 99202	(1)
11		
12		
13	(1) Mr. Morris is the Chairman of the Board, President and Chief Executive Officer of Avista Corp.	
14		
15		
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19		
20		

**Officers**

Year: 2015

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1			
2	Chairman of the Board, President & Chief Executive Officer	All	Scott L. Morris
3			
4			
5	Senior Vice President, Chief Financial Officer, & Treasurer	Finance	Mark T. Thies
6			
7			
8	Senior Vice President, General Counsel and Chief Compliance Officer	Legal	Marian M. Durkin
9			
10			
11	Senior Vice President and President of Avista Utilities	Utility Operations	Dennis P. Vermillion
12			
13			
14	Senior Vice President of Human Resources & Corporate Secretary	Human Resources	Karen S. Feltes
15			
16			
17	Vice President, Controller and Principal Accounting Officer	Accounting	Ryan L. Krasselt
18			
19			
20	Vice President of State & Federal Regulation	Regulatory	Kelly O. Norwood
21			
22			
23	Vice President of Energy Delivery and Customer Service	Utility Operations	Heather Rosentrater
24			
25			
26	Vice President and Chief Strategy Officer	Strategic Planning	Ed D. Schlect
27			
28			
29	President of Avista Development	Strategic Planning	Roger D. Woodworth
30			
31	Vice President and Chief Counsel for Regulatory and Governmental Affairs	Legal/Regulatory	David J. Meyer
32			
33			
34	Senior Vice President and Vice President of Energy Resources	Resource Management	Jason R. Thackston
35			
36			
37	Vice President and Chief Information Officer	Information Technology	James M. Kensok
38			
39			
40	Vice President of Customer Solutions	Customer Solutions	Kevin J. Christie
41			
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**CORPORATE STRUCTURE**

Year: 2015

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1				
2	Avista Capital, Inc.	Parent company to the	\$4,856,990	43.50%
3		Company's subsidiaries,		
4		except AERC		
5				
6	Avista Capital II	Business trusts formed for the purpose		
7		of issuing preferred trust securities.		
8				
9	Avista Energy, Inc.	Wholesale electricity and natural gas trading, marketing and		
10		resource management. Majority of operations sold 6/30/2007		
11				
12	Steam Plant Square LLC	Commercial office and retail leasing.		
13				
14	Courtyard Office Center, LLC	Commercial office and retail leasing.		
15				
16	Steam Plant Brew Pub LLC	Restaurant operations.		
17				
18	Avista Development, Inc.	Non-operating company which maintains an investment portfolio		
19		of real estate and other investments.		
20				
21	Pentzer Corporation	Parent of Bay Area Manufacturing and Pentzer Venture Holdings.		
22				
23	Bay Area Manufacturing	Holding Company. Parent of Advanced Manufacturing and		
24		Development, Inc.		
25				
26	Pentzer Venture Holdings II, Inc.	Inactive.		
27				
28	Advanced Manufacturing	Performs custom sheet metal manufacturing of electronic		
29	and Development, Inc.	enclosures. Has a wood products division.		
30				
31	Avista Northwest Resources, LLC	Formed in 2009 to own an interest in a venture fund investment.		
32				
33	Alaska Energy and Resources	Parent company of	\$6,307,795	56.50%
34	Company (AERC)	Alaska operations.		
35				
36	Alaska Electric Light and Power	Utility operations based in the City and Borough of Juneau, AK.		
37	Company			
38				
39	AJT Mining Properties, Inc.	Inactive mining company holding certain properties in the City and		
40		Borough of Juneau, AK.		
41				
42	Snettisham Electric Company	Holds certain rights to purchase the Snettisham Hydroelectric		
43		project in the City and Borough of Juneau, AK.		
44				
45	Salix, Inc.	Liquified natural gas operations		
46				
47	Spokane Energy. LLC.	Marketing of energy. Entity dissolved during 2015.		
48				
49				
50				
51	<b>TOTAL</b>		11,164,785	

**CORPORATE ALLOCATIONS**

Year: 2015

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

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY**

Year: 2015

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	<b>TOTAL</b>					

**AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY**

Year: 2015

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	550,000		
4						
5	Salix, Inc.	Corporate service support	Specific individual invoi	737,375		
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32	<b>TOTAL</b>			1,287,375		

## MONTANA UTILITY INCOME STATEMENT

Year: 2015

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	71,446	64,007	-10.41%
2				
3	Operating Expenses			
4	401 Operation Expenses	29,164,730	32,857,372	12.66%
5	402 Maintenance Expense	8,895,355	6,990,560	-21.41%
6	403 Depreciation Expense	10,572,810	10,743,016	1.61%
7	404-405 Amortization of Electric Plant	none/n.a.	none/n.a.	
8	406 Amort. of Plant Acquisition Adjustments	none/n.a.	none/n.a.	
9	407 Amort. of Property Losses, Unrecovered Plant & Regulatory Study Costs	none/n.a.	none/n.a.	
10				
11	408.1 Taxes Other Than Income Taxes	9,642,570	9,627,403	-0.16%
12	409.1 Income Taxes - Federal	none/n.a.	none/n.a.	
13	- Other	(818,336)	217,309	126.55%
14	410.1 Provision for Deferred Income Taxes	none/n.a.	none/n.a.	
15	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	none/n.a.	none/n.a.	
16	411.4 Investment Tax Credit Adjustments	none/n.a.	none/n.a.	
17	411.6 (Less) Gains from Disposition of Utility Plant	none/n.a.	none/n.a.	
18	411.7 Losses from Disposition of Utility Plant	none/n.a.	none/n.a.	
19				
20	<b>TOTAL Utility Operating Expenses</b>	57,457,129	60,435,660	5.18%
21	<b>NET UTILITY OPERATING INCOME</b>	(57,385,683)	(60,371,653)	-5.20%

## MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2	440 Residential	12,845	14,514	12.99%
3	442 Commercial & Industrial - Small	31,375	24,596	-21.61%
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	27,226	24,897	-8.55%
9				
10	<b>TOTAL Sales to Ultimate Consumers</b>	71,446	64,007	-10.41%
11	447 Sales for Resale			
12				
13	<b>TOTAL Sales of Electricity</b>	71,446	64,007	-10.41%
14	449.1 (Less) Provision for Rate Refunds			
15				
16	<b>TOTAL Revenue Net of Provision for Refunds</b>	71,446	64,007	-10.41%
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	<b>TOTAL Other Operating Revenues</b>			
26	<b>Total Electric Operating Revenues</b>	71,446	64,007	-10.41%



**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2015

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	128,048	158,825	24.04%
6	501 Fuel	22,157,489	23,730,996	7.10%
7	502 Steam Expenses	3,186,923	4,449,966	39.63%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	97,352	131,920	35.51%
11	506 Miscellaneous Steam Power Expenses	1,827,430	2,436,994	33.36%
12	507 Rents	35,336	33,667	-4.72%
13				
14	TOTAL Operation - Steam	27,432,578	30,942,368	12.79%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	376,878	402,137	6.70%
18	511 Maintenance of Structures	619,441	684,412	10.49%
19	512 Maintenance of Boiler Plant	3,885,558	3,261,220	-16.07%
20	513 Maintenance of Electric Plant	1,459,490	357,158	-75.53%
21	514 Maintenance of Miscellaneous Steam Plant	1,187,195	640,438	-46.05%
22				
23	TOTAL Maintenance - Steam	7,528,562	5,345,365	-29.00%
24				
25	<b>TOTAL Steam Power Production Expenses</b>	34,961,140	36,287,733	3.79%
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	<b>TOTAL Nuclear Power Production Expenses</b>			

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2015

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering	154,725	135,734	-12.27%
5	536 Water for Power			
6	537 Hydraulic Expenses	64,981	98,760	51.98%
7	538 Electric Expenses	1,194,742	1,285,533	7.60%
8	539 Miscellaneous Hydraulic Power Gen. Expenses	144,119	197,375	36.95%
9	540 Rents		85	#DIV/0!
10				
11	TOTAL Operation - Hydraulic	1,558,567	1,717,487	10.20%
12				
13	Maintenance			
14	541 Maintenance Supervision & Engineering	49,990	78,552	57.14%
15	542 Maintenance of Structures	91,224	118,731	30.15%
16	543 Maint. of Reservoirs, Dams & Waterways	94,483	81,775	-13.45%
17	544 Maintenance of Electric Plant	794,552	932,580	17.37%
18	545 Maintenance of Miscellaneous Hydro Plant	58,991	101,033	71.27%
19				
20	TOTAL Maintenance - Hydraulic	1,089,240	1,312,671	20.51%
21				
22	<b>TOTAL Hydraulic Power Production Expenses</b>	<b>2,647,807</b>	<b>3,030,158</b>	<b>14.44%</b>
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	<b>TOTAL Other Power Production Expenses</b>			
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	<b>TOTAL Power Production Expenses</b>	<b>37,608,947</b>	<b>39,317,891</b>	<b>4.54%</b>

**MONTANA OPERATION & MAINTENANCE EXPENSES**

Year: 2015

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	560 Operation Supervision & Engineering	4,740	7,646	61.31%
4	561 Load Dispatching	23,033	30,840	33.89%
5	562 Station Expenses	8,479	27,913	229.20%
6	563 Overhead Line Expenses	24,695	17,578	-28.82%
7	564 Underground Line Expenses			
8	565 Transmission of Electricity by Others			
9	566 Miscellaneous Transmission Expenses		59	#DIV/0!
10	567 Rents	88,597	89,809	1.37%
11				
12	TOTAL Operation - Transmission	149,544	173,845	16.25%
13	Maintenance			
14	568 Maintenance Supervision & Engineering	37,231	34,458	-7.45%
15	569 Maintenance of Structures	12,896	26,345	104.29%
16	570 Maintenance of Station Equipment	16,939	29,528	74.32%
17	571 Maintenance of Overhead Lines	200,483	224,998	12.23%
18	572 Maintenance of Underground Lines			
19	573 Maintenance of Misc. Transmission Plant		6,261	#DIV/0!
20				
21	TOTAL Maintenance - Transmission	267,549	321,590	20.20%
22				
23	<b>TOTAL Transmission Expenses</b>	<b>417,093</b>	<b>495,435</b>	<b>18.78%</b>
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	<b>TOTAL Distribution Expenses</b>			

## MONTANA OPERATION &amp; MAINTENANCE EXPENSES

Year: 2015

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	24,040	23,671	-1.53%
43	931 Rents			
44				
45	TOTAL Operation - Admin. & General	24,040	23,671	-1.53%
46	Maintenance			
47	935 Maintenance of General Plant	10,004	10,934	9.30%
48				
49	TOTAL Administrative & General Expenses	34,044	34,605	1.65%
50				
51	TOTAL Operation & Maintenance Expenses	38,060,085	39,847,932	4.70%

**MONTANA TAXES OTHER THAN INCOME**

Year: 2015

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes			
2	Superfund			
3	Secretary of State			
4	Montana Consumer Counsel	48	89	85.42%
5	Motor Vehicle Tax			
6	KWH Tax	1,175,493	1,138,846	-3.12%
7	Property Taxes	8,465,326	8,484,422	0.23%
8	Public Commission Tax	165	81	-50.91%
9	Colstrip Generation Tax	1,538	3,965	157.80%
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51	<b>TOTAL MT Taxes Other Than Income</b>	9,642,570	9,627,403	-0.16%

**PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES**

Year: 2015

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Amounts Allocated To Montana Are Not Significant.				
2	ABB ENT SOFTWARE INC	Consulting	293,053.50		
3	AVTEC SYSTEMS INTEGRATOR	Consulting	432,852.33		
4	BAKER CONSTRUCTION & DEVELOPMENT INC	construction	3,217,837.53		
5	BLACK & VEATCH CORPORATION	construction	647,901.13		
6	CIRRUS DESIGN INDUSTRIES INC	construction	405,115.00		
7	COEUR D ALENE TRIBE	Consulting	825,508.00		
8	DAVIS WRIGHT TREMAINE LLP	legal	393,606.56		
9	ERNST & YOUNG LLP	Consulting	6,644,948.09		
10	H2E INC	Consulting	319,875.85		
11	HANNA & ASSOCIATES INC	Consulting	312,920.44		
12	HAWORTH	Consulting	571,467.26		
13	HDR ENGINEERING, INC.	Consulting	683,578.66		
14	HELVETICKA INC	Consulting	253,574.33		
15	HICKEY BROTHERS RESEARCH LLC	Consulting	331,483.00		
16	HP ENTERPRISE SERVICES	Consulting	1,039,597.26		
17	IBM CORPORATION	Consulting	4,735,760.59		
18	IFACTOR CONSULTING	Consulting	327,790.09		
19	INTERVOICE	Consulting	442,814.97		
20	LANDAU ASSOCIATES	consulting	488,075.70		
21	MAX J KUNEY COMPANY	consulting	427,882.05		
22	MCKINSTRY ESSENTION LLC	construction	4,770,671.10		
23	NEAL STRUCTURAL REPAIR LLC	construction	350,284.91		
24	NORTHWEST POWER POOL	consulting	354,703.46		
25	OPOWER INC	legal	257,662.29		
26	PAINE HAMBLIN LLP	legal	449,984.56		
27	POWER CITY ELECTRIC	construction	434,032.15		
28	PRO BUILDING SYSTEMS	construction	481,900.75		
29	SAPERE CONSULTING INC	consulting	912,615.72		
30	SENTURUS INC	consulting	322,861.10		
31	STEELHEAD MECHANICAL LLC	consulting	324,074.18		
32	STRATA	consulting	429,898.53		
33	URS ENERGY & CONSTRUCTION INC	construction	2,450,855.92		
34	UTILITIES INTERNATIONAL INC	consulting	270,127.65		
35	WESTERN ELECTRICITY	consulting	944,249.32		
35	Other Amounts Less Than \$250,000		19,257,680.69		
35	<b>TOTAL Payments for Services</b>		<b>54,807,245</b>		

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2015

	Description	Total Company	Montana	% Montana
1				
2				
3	State and local representative	181,230	-	
4	contributions			
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50	<b>TOTAL Contributions</b>	\$181,230.00		

Pension Costs

Year: 2015

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	<b>Change in Benefit Obligation</b>			
7	Benefit obligation at beginning of year	604,811	501,062	20.71%
8	Service cost	19,839	15,651	26.76%
9	Interest Cost	24,924	24,954	-0.12%
10	Plan participants' contributions			
11	Amendments	(227)		#DIV/0!
12	Actuarial (Gain)/Loss	(35,445)	93,309	-137.99%
13	Benefits paid	(29,772)	(30,165)	1.30%
14	Expenses paid			
15	Benefit obligation at end of year	584,130	604,811	-3.42%
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year	539,311	481,502	12.01%
18	Actual return on plan assets	(4,305)	55,974	-107.69%
19	Acquisition			
20	Employer contribution	12,000	32,000	-62.50%
21	Benefits paid	(29,772)	(30,165)	1.30%
22	Expenses paid			
23	Fair value of plan assets at end of year	517,234	539,311	-4.09%
24	<b>Funded Status</b>	(66,896)	(65,500)	-2.13%
25	Unrecognized net actuarial loss	154,777	165,555	-6.51%
26	Unrecognized prior service cost	25	256	-90.23%
27	Unrecognized net transition obligation/(asset)			
28	Prepaid (accrued) benefit cost	87,906	100,311	-12.37%
29				
30	<b>Weighted-average Assumptions as of Year End</b>			
31	Discount rate	4.57%	4.21%	8.55%
32	Expected return on plan assets	5.30%	6.60%	-19.70%
33	Rate of compensation increase	4.87%	4.87%	
34				
35	<b>Components of Net Periodic Benefit Costs</b>			
36	Service cost	19,839	15,651	26.76%
37	Interest cost	24,924	24,954	-0.12%
38	Expected return on plan assets	(28,299)	(32,130)	11.92%
39	Transition (asset)/obligation recognition			
40	Amortization of prior service cost	2	22	-90.91%
41	Recognized net actuarial loss	7,939	3,897	103.72%
42	Net periodic benefit cost	24,405	12,394	96.91%
43				
44	<b>Montana Intrastate Costs:</b>			
45	Pension Costs	not available by state		
46	Pension Costs Capitalized	not available by state		
47	Accumulated Pension Asset (Liability) at Year End	not available by state		
48	<b>Number of Company Employees:</b>			
49	Covered by the Plan	2,927	2,893	1.18%
50	Not Covered by the Plan			
51	Active	1,536	1,507	1.92%
52	Retired	1,171	1,146	2.18%
53	Deferred Vested Terminated	220	240	-8.33%



**Other Post Employment Benefits (OPEBS)**

Year: 2015

	Item	Current Year	Last Year	% Change
1	<b>Regulatory Treatment:</b>			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	<b>Weighted-average Assumptions as of Year End</b>			
7	Discount rate	4.57%	4.16%	9.86%
8	Expected return on plan assets	6.36%	6.40%	-0.62%
9	Medical Cost Inflation Rate	5.00%	5.00%	
10	Actuarial Cost Method		Proj Unit Credit	
11	Rate of compensation increase			
12	<b>List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13				
14				
15	<b>Describe any Changes to the Benefit Plan:</b>			
16				
17	<b>TOTAL COMPANY</b>			
18	<b>Change in Benefit Obligation</b>			
19	Benefit obligation at beginning of year	127,989	108,249	18.24%
20	Service cost	2,925	1,844	58.62%
21	Interest Cost	5,158	5,226	-1.30%
22	Plan participants' contributions		437	-100.00%
23	Amendments	(1,000)		
24	Actuarial (Gain)/Loss	12,668	18,714	-32.31%
25	Benefits paid	(7,424)	(6,481)	-14.55%
26	Expenses paid			
27	Cumulative adjustment to reclassify liability	(1,521)		
28	Benefit obligation at end of year	138,795	127,989	8.44%
29	<b>Change in Plan Assets</b>			
30	Fair value of plan assets at beginning of year	31,312	29,732	5.31%
31	Actual return on plan assets	(444)	1,580	-128.10%
32	Acquisition			
33	Employer contribution			
34	Benefits paid			
35	Expenses paid			
36	Fair value of plan assets at end of year	30,868	31,312	-1.42%
37	<b>Funded Status</b>	(107,927)	(96,677)	-11.64%
38	Unrecognized net actuarial loss	92,433	82,421	12.15%
39	Unrecognized prior service cost	(10,180)	(10,379)	1.92%
40	Prepaid (accrued) benefit cost	(25,674)	(24,635)	-4.22%
41	<b>Components of Net Periodic Benefit Costs</b>			
42	Service cost	2,925	1,844	58.62%
43	Interest cost	5,158	5,226	-1.30%
44	Expected return on plan assets	(1,991)	(1,903)	-4.62%
45	Amortization of prior service cost	(1,199)	(1,116)	-7.44%
46	Recognized net actuarial loss	5,095	4,289	18.79%
47	Net periodic benefit cost	9,988	8,340	19.76%
48	<b>Accumulated Post Retirement Benefit Obligation</b>			
49	Amount Funded through VEBA	138,795	127,989	8.44%
50	Amount Funded through 401(h)			
51	Amount Funded through Other _____			
52	TOTAL	138,795	127,989	8.44%
53	Amount that was tax deductible - VEBA			
54	Amount that was tax deductible - 401(h)			
55	Amount that was tax deductible - Other _____			
56	TOTAL	138,795	127,989	8.44%

**Other Post Employment Benefits (OPEBS) Continued**

	Item	Current Year	Last Year	% Change
1	<b>Number of Company Employees:</b>			
2	Covered by the Plan	2,479	2,437	1.72%
3	Not Covered by the Plan			
4	Active	1,536	1,507	1.92%
5	Retired	943	930	1.40%
6	Spouses/Dependants covered by the Plan			
7	<b>Montana</b>			
8	<b>Change in Benefit Obligation</b>			
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	<b>Change in Plan Assets</b>			
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	<b>Funded Status</b>			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	<b>Components of Net Periodic Benefit Costs</b>			
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	<b>Accumulated Post Retirement Benefit Obligation</b>			
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	<b>Montana Intrastate Costs:</b>			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	<b>Number of Montana Employees:</b>			
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	804,231	704,170	2,133,548	3,641,949	5,451,333	-33%
2	M. T. Thies Senior Vice President, Chief Financial Officer, and Treasurer	421,769	221,576	732,155	1,375,500	1,668,534	-18%
3	M.M. Durkin Senior Vice President General Counsel and Chief Compliance Officer	356,155	187,106	639,372	1,182,633	1,470,224	-20%
4	K.S. Feltes Senior Vice President and Corporate Secretary	320,845	168,556	675,384	1,164,785	1,519,928	-23%
5	D.P. Vermillion Senior Vice President	387,520	203,583	807,277	1,398,380	1,760,827	-21%
<p>Other compensation includes stock-based awards and the change in pension and non-qualified deferred compensation.</p>							

## BALANCE SHEET

Year: 2015

	Account Number & Title	Last Year	This Year	% Change
1	<b>Assets and Other Debits</b>			
2	Utility Plant			
3	101 Electric Plant in Service	4,508,733,575	4,919,491,075	9%
4	101.1 Property Under Capital Leases	6,442,349	6,729,064	4%
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	3,966,915	-20%
8	106 Completed Constr. Not Classified - Electric			
9	107 Construction Work in Progress - Electric	223,330,993	190,108,665	-15%
10	108 (Less) Accumulated Depreciation	(1,531,197,363)	(1,626,086,020)	-6%
11	111 (Less) Accumulated Amortization	(42,570,469)	(54,821,918)	-29%
12	114 Electric Plant Acquisition Adjustments			
13	115 (Less) Accum. Amort. Elec. Acq. Adj.			
14	120 Nuclear Fuel (Net)			
15	<b>TOTAL Utility Plant</b>	<b>3,169,703,461</b>	<b>3,439,387,781</b>	<b>9%</b>
16				
17	<b>Other Property &amp; Investments</b>			
18	121 Nonutility Property	5,288,635	2,740,379	-48%
19	122 (Less) Accum. Depr. & Amort. for Nonutil. Prop.	(194,911)	(201,768)	-4%
20	123 Investments in Associated Companies	12,047,000	11,547,000	-4%
21	123.1 Investments in Subsidiary Companies	148,255,851	157,515,280	6%
22	124 Other Investments	11,525,386	23,760,324	106%
23	128 Other Special Funds	11,488,865	20,755,670	81%
	Long-Term Derivative Instruments		22,687	
24	<b>TOTAL Other Property &amp; Investments</b>	<b>188,410,826</b>	<b>216,139,572</b>	<b>15%</b>
25				
26	<b>Current &amp; Accrued Assets</b>			
27	131 Cash	1,535,172	2,074,149	35%
28	132-134 Special Deposits	6,832,649	14,430,708	111%
29	135 Working Funds	971,206	691,896	-29%
30	136 Temporary Cash Investments	15,508,864	204,231	-99%
31	141 Notes Receivable			
32	142 Customer Accounts Receivable	163,095,696	160,488,098	-2%
33	143 Other Accounts Receivable	5,091,552	5,500,743	8%
34	144 (Less) Accum. Provision for Uncollectible Accts.	(4,828,572)	(4,469,344)	7%
35	145 Notes Receivable - Associated Companies			
36	146 Accounts Receivable - Associated Companies	401,126	469,096	17%
37	151 Fuel Stock	4,116,727	3,293,585	-20%
38	152 Fuel Stock Expenses Undistributed			
39	153 Residuals			
40	154 Plant Materials and Operating Supplies	29,419,472	33,931,771	15%
41	155 Merchandise			
42	156 Other Material & Supplies			
43	157 Nuclear Materials Held for Sale			
44	163 Stores Expense Undistributed			
	164 Gas Storage	28,731,498	12,774,487	-56%
45	165 Prepayments	13,368,084	10,580,934	-21%
46	171 Interest & Dividends Receivable	31,080	39,738	28%
47	172 Rents Receivable	1,740,695	1,749,949	1%
48	174 Miscellaneous Current & Accrued Assets	614,449	527,051	-14%
	175 Derivative Instruments Assets	1,984,898	706,117	-64%
49	Long-Term Derivative Instruments		(22,687)	
50	<b>TOTAL Current &amp; Accrued Assets</b>	<b>268,614,596</b>	<b>242,970,522</b>	<b>-10%</b>

## BALANCE SHEET

Year: 2015

Account Number & Title		Last Year	This Year	% Change
1				
2	<b>Assets and Other Debits (cont.)</b>			
3				
4	<b>Deferred Debits</b>			
5				
6	181 Unamortized Debt Expense	12,476,292	11,527,001	-8%
7	182.1 Extraordinary Property Losses			
8	182.2 Unrecovered Plant & Regulatory Study Costs			
9	182.3 Other Regulatory Assets	576,247,558	573,031,070	-1%
10	183 Prelim. Survey & Investigation Charges	165,866	467,080	182%
11	184 Clearing Accounts	28,145	527	-98%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	11,803,983	26,759,597	127%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	17,356,781	15,520,432	-11%
17	190 Accumulated Deferred Income Taxes	123,261,474	136,036,119	10%
18	191 Unrecovered Purchased Gas Costs	(3,921,214)	(17,880,236)	-356%
18	<b>TOTAL Deferred Debits</b>	<b>737,418,885</b>	<b>745,461,590</b>	<b>1%</b>
19				
20	<b>TOTAL Assets &amp; Other Debits</b>	<b>4,364,147,768</b>	<b>4,643,959,465</b>	<b>6%</b>
	Account Title	Last Year	This Year	% Change
20				
21	<b>Liabilities and Other Credits</b>			
22				
23	<b>Proprietary Capital</b>			
24				
25	201 Common Stock Issued	984,400,740	984,603,843	0%
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	(9,520,161)	(9,506,476)	0%
31	213 (Less) Discount on Capital Stock			
32	214 (Less) Capital Stock Expense	25,079,123	29,238,213	17%
33	215 Appropriated Retained Earnings	507,257,161	536,821,476	6%
34	216 Unappropriated Retained Earnings	(15,658,553)	(5,881,619)	62%
35	217 (Less) Reacquired Capital Stock			
36	219 Accumulated Other Comprehensive Income	(7,887,881)	(6,649,771)	16%
36	<b>TOTAL Proprietary Capital</b>	<b>1,483,670,429</b>	<b>1,528,625,666</b>	<b>3%</b>
37				
38	<b>Long Term Debt</b>			
39				
40	221 Bonds	1,436,700,000	1,536,700,000	7%
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	186,550	177,666	-5%
45	226 (Less) Unamort. Discount on L-Term Debt-Dr.	(1,308,604)	(1,134,563)	13%
46	<b>TOTAL Long Term Debt</b>	<b>1,403,424,946</b>	<b>1,503,590,103</b>	<b>7%</b>

## BALANCE SHEET

Year: 2015

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Total Liabilities and Other Credits (cont.)</b>			
3				
4	<b>Other Noncurrent Liabilities</b>			
5				
6	227 Obligations Under Cap. Leases - Noncurrent		3,274,583	
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages	240,000	239,910	0%
9	228.3 Accumulated Provision for Pensions & Benefits	189,489,100	201,453,549	6%
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds	5,855,845	11,476,706	96%
12	Long-Term Derivative Instruments	62,950,622	52,248,445	-17%
	230 Asset Retirement Obligations	3,028,391	15,996,704	428%
13	<b>TOTAL Other Noncurrent Liabilities</b>	<b>261,563,958</b>	<b>284,689,897</b>	<b>9%</b>
14				
15	<b>Current &amp; Accrued Liabilities</b>			
16				
17	231 Notes Payable	105,000,000	105,000,000	
18	232 Accounts Payable	111,077,010	109,244,954	-2%
19	233 Notes Payable to Associated Companies	9,934,843	22,177,680	123%
20	234 Accounts Payable to Associated Companies	714,039	18,798	-97%
21	235 Customer Deposits	4,977,259	3,273,927	-34%
22	236 Taxes Accrued	(10,725,297)	7,186,818	167%
23	237 Interest Accrued	13,595,667	14,179,517	4%
24	238 Dividends Declared			
25	241 Tax Collections Payable	50,226	1,759,040	3402%
26	242 Miscellaneous Current & Accrued Liabilities	57,483,998	57,577,117	0%
27	243 Obligations Under Cap. Leases - Current	4,193,852	871,667	-79%
28	244 Derivative Instrument Liabilities	88,340,167	85,797,553	-3%
29	Long-Term Derivative Instruments	(62,950,622)	(52,248,445)	17%
30	<b>TOTAL Current &amp; Accrued Liabilities</b>	<b>321,691,142</b>	<b>354,838,626</b>	<b>10%</b>
31				
32	<b>Deferred Credits</b>			
33				
34	252 Customer Advances for Construction	1,864,508	2,161,687	16%
35	253 Other Deferred Credits	21,269,740	39,790,303	87%
36	254 Other Regulatory Liabilities	48,834,355	40,976,484	-16%
37	255 Accumulated Deferred Investment Tax Credits	12,157,507	12,639,187	4%
38	257 Unamortized Gain on Reacquired Debt	2,096,044	1,966,507	-6%
39	281-283 Accumulated Deferred Income Taxes	807,575,139	874,681,005	8%
40	<b>TOTAL Deferred Credits</b>	<b>893,797,293</b>	<b>972,215,173</b>	<b>9%</b>
41				
42	<b>TOTAL LIABILITIES &amp; OTHER CREDITS</b>	<b>4,364,147,768</b>	<b>4,643,959,465</b>	<b>6%</b>

**MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)**

Year: 2015

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>Intangible Plant</b>			
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	<b>TOTAL Intangible Plant</b>	<b>6,426,302</b>	<b>6,426,302</b>	
9				
10	<b>Production Plant</b>			
11				
12	Steam Production			
13				
14	310 Land & Land Rights	1,289,096	1,289,096	
15	311 Structures & Improvements	103,016,599	103,242,039	0%
16	312 Boiler Plant Equipment	131,405,743	129,011,770	-2%
17	313 Engines & Engine Driven Generators	6,770	6,770	
18	314 Turbogenerator Units	40,178,455	40,359,432	0%
19	315 Accessory Electric Equipment	16,215,496	16,214,137	0%
20	316 Miscellaneous Power Plant Equipment	14,388,142	14,515,207	1%
21	317 Asset Retirement Costs	134,588	12,673,767	9317%
22	<b>TOTAL Steam Production Plant</b>	<b>306,634,889</b>	<b>317,312,218</b>	<b>3%</b>
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	<b>TOTAL Nuclear Production Plant</b>			
34				
35	Hydraulic Production			
36				
37	330 Land & Land Rights	43,299,760	43,370,022	0%
38	331 Structures & Improvements	17,516,034	19,401,861	11%
39	332 Reservoirs, Dams & Waterways	35,349,814	35,787,543	1%
40	333 Water Wheels, Turbines & Generators	88,366,268	88,378,955	0%
41	334 Accessory Electric Equipment	14,256,898	14,907,291	5%
42	335 Miscellaneous Power Plant Equipment	3,474,012	3,523,201	1%
43	336 Roads, Railroads & Bridges	256,609	256,609	
44				
45	<b>TOTAL Hydraulic Production Plant</b>	<b>202,519,395</b>	<b>205,625,482</b>	<b>2%</b>



**MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)**

Year: 2015

	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	<b>TOTAL Other Production Plant</b>			
15				
16	<b>TOTAL Production Plant</b>	509,154,284	522,937,700	3%
17				
18	<b>Transmission Plant</b>			
19				
20	350 Land & Land Rights	1,407,227	1,407,280	0%
21	352 Structures & Improvements	478,072	516,297	8%
22	353 Station Equipment	29,879,513	30,684,114	3%
23	354 Towers & Fixtures	16,069,817	16,071,333	0%
24	355 Poles & Fixtures	7,967,301	9,806,486	23%
25	356 Overhead Conductors & Devices	16,106,634	16,247,817	1%
26	357 Underground Conduit			
27	358 Underground Conductors & Devices			
28	359 Roads & Trails	369,492	384,411	4%
29				
30	<b>TOTAL Transmission Plant</b>	72,278,056	75,117,738	4%
31				
32	<b>Distribution Plant</b>			
33				
34	360 Land & Land Rights			
35	361 Structures & Improvements	15,881	15,881	
36	362 Station Equipment	719,914	663,042	-8%
37	363 Storage Battery Equipment			
38	364 Poles, Towers & Fixtures	49,592	49,592	
39	365 Overhead Conductors & Devices	10,848	70,966	554%
40	366 Underground Conduit	46	32,118	69722%
41	367 Underground Conductors & Devices	637	39,819	6151%
42	368 Line Transformers	1,723	1,723	
43	369 Services	127	127	
44	370 Meters	252	252	
45	371 Installations on Customers' Premises			
46	372 Leased Property on Customers' Premises			
47	373 Street Lighting & Signal Systems	467	467	
48				
49	<b>TOTAL Distribution Plant</b>	799,487	873,987	9%

**MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)**

Year: 2015

	Account Number & Title	Last Year	This Year	% Change
1				
2	<b>General Plant</b>			
3				
4	389 Land & Land Rights			
5	390 Structures & Improvements			
6	391 Office Furniture & Equipment			
7	392 Transportation Equipment	249,779	254,319	2%
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	56,238	-9%
12	397 Communication Equipment	1,468,085	1,632,079	11%
13	398 Miscellaneous Equipment	8,576	8,576	
14	399 Other Tangible Property			
15				
16	<b>TOTAL General Plant</b>	1,977,947	2,141,163	8%
17				
18	<b>TOTAL Electric Plant in Service</b>	590,636,077	607,496,891	3%

**MONTANA DEPRECIATION SUMMARY**

Year: 2015

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Intangible Plant	6,426,302	5,464	7,311	
2	Steam Production	317,312,218	217,006,237	219,529,321	N/A
3	Nuclear Production				
4	Hydraulic Production	205,625,482	36,633,957	39,982,850	N/A
5	Other Production				
6	Transmission	75,117,738	21,962,803	24,062,984	N/A
7	Distribution	873,987	8,285	23,249	N/A
8	General	2,141,163	7,381	10,055	N/A
9	<b>TOTAL</b>	607,496,891	275,624,127	283,615,770	

**MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)**

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	2,004,124	2,237,527	12%
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)	2,534,717	2,717,982	7%
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	<b>TOTAL Materials &amp; Supplies</b>	4,538,841	4,955,509	9%

**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	<b>TOTAL</b>			
9				
10	Actual at Year End			
11				
12	Common Equity			
13	Preferred Stock			
14	Long Term Debt			
15	Other			
16	<b>TOTAL</b>			

## STATEMENT OF CASH FLOWS

Year: 2015

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	<b>Cash Flows from Operating Activities:</b>			
5	Net Income	192,040,688	123,227,041	-36%
6	Depreciation	126,986,417	138,235,780	9%
7	Amortization	(8,525,668)	27,223,056	419%
8	Deferred Income Taxes - Net	123,968,809	53,931,102	-56%
9	Investment Tax Credit Adjustments - Net	(229,524)	481,680	310%
10	Change in Operating Receivables - Net	17,645,850	(3,884,715)	-122%
11	Change in Materials, Supplies & Inventories - Net	(19,413,226)	12,267,853	163%
12	Change in Operating Payables & Accrued Liabilities - Net	(40,191,116)	6,880,543	117%
13	Allowance for Funds Used During Construction (AFUDC)	(8,678,360)	(7,961,552)	8%
14	Change in Other Assets & Liabilities - Net	(29,543,952)	(9,221,804)	69%
15	Other Operating Activities (explained on attached page)	(70,542,806)	11,974,471	117%
16	<b>Net Cash Provided by/(Used in) Operating Activities</b>	283,517,112	353,153,455	25%
17				
18	<b>Cash Inflows/Outflows From Investment Activities:</b>			
19	Construction/Acquisition of Property, Plant and Equipment	(323,931,192)	(381,174,406)	-18%
20	(net of AFUDC & Capital Lease Related Acquisitions)			
21	Acquisition of Other Noncurrent Assets			
22	Proceeds from Disposal of Noncurrent Assets		272,897	#DIV/0!
23	Investments In and Advances to Affiliates			
24	Contributions and Advances from Affiliates			
25	Disposition of Investments in and Advances to Affiliates	15,444,378	12,185,571	-21%
26	Other Investing Activities (explained on attached page)	194,553,045	(3,419,722)	-102%
27	<b>Net Cash Provided by/(Used in) Investing Activities</b>	(113,933,769)	(372,135,660)	-227%
28				
29	<b>Cash Flows from Financing Activities:</b>			
30	Proceeds from Issuance of:			
31	Long-Term Debt	60,000,000	100,000,000	67%
32	Preferred Stock			
33	Common Stock	4,059,874	1,559,840	-62%
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	(297,339)	(734,802)	-147%
39	Preferred Stock			
40	Common Stock	(79,855,898)	(2,919,781)	96%
41	Long-Term Debt to Affiliated Trusts			
42	Net (Decrease)/Increase in Short-Term Debt	(66,000,000)		100%
43	Dividends on Preferred Stock			
44	Dividends on Common Stock	(78,313,788)	(82,396,801)	-5%
45	Other Financing Activities (explained on attached page)	4,025,489	(11,571,217)	-387%
46	<b>Net Cash Provided by (Used in) Financing Activities</b>	(156,381,662)	3,937,239	103%
47				
48	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	13,201,681	(15,044,966)	-214%
49	<b>Cash and Cash Equivalents at Beginning of Year</b>	4,813,561	18,015,242	274%
50	<b>Cash and Cash Equivalents at End of Year</b>	18,015,242	2,970,276	-84%

## STATEMENT OF CASH FLOWS

Year: 2015

	Description	Last Year	This Year	% Change
1	<b>Detail of Lines 15, 26 and 45</b>			
2	<b>Line 15: Other Operating Activities</b>			
3	Cash paid/(received) for foreign currency hedges	20,692		-100%
4	Amortization of Spokane Energy contract	-	9,499,494	
5	Change in allowance for uncollectible receivables	5,200,000	5,749,995	11%
6	Regulatory Gas Cost and Power Cost Adjustment	1,104,752	1,121,287	1%
7	Non-cash stock compensation	6,006,850	6,913,619	15%
8	Subsidiary earnings	(82,361,715)	(11,164,785)	86%
9	Tax shortfalls from stock compensation	(513,385)	-	100%
10	Gain on sale of property and equipment	-	(142,552)	
11	Other	-	(2,587)	
12	Total Line 15	(70,542,806)	11,974,471	117%
13	<b>Line 26: Other Investing Activities</b>			
14	Federal grant payments received	2,529,902	2,730,166	8%
15	Changes in other property and investments	(373,865)	(7,992,961)	-2038%
16	Restricted cash	94,098	(62,284)	-166%
17	Cash paid for acquisition	(4,697,090)	(94,643)	98%
18	Dividends received from subsidiaries	197,000,000	2,000,000	-99%
19	Total Line 26	194,553,045	(3,419,722)	-102%
20	<b>Line 45: Other Financing Activities</b>			
21	Cash received (paid) for settlement of interest rate swaps	5,429,000	(9,326,000)	-272%
22	Excess tax benefits from stock compensation	107,021	180,431	69%
23	Debt Issuance costs	(1,510,532)	(593,969)	61%
	Payment of minimum withholding for share based payment awards		(1,831,679)	
24	Total Line 45	4,025,489	(11,571,217)	-387%

**LONG TERM DEBT**

Year: 2015

	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 PCRBs due 2032	12/15/10	10/1/32	66,700,000	66,700,000	66,700,000			
12	Colstrip 2010B PCRBs 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%
29	4.11% Issued Dec. 2014	12/18/14	12/1/44	60,000,000	65,000,218	60,000,000	3.65%	2,190,070	3.65%
30	4.37% Issued Dec. 2014	12/16/15	12/1/45	100,000,000	90,059,989	100,000,000	5.01%	5,014,505	5.01%
31									
32	Junior Subordinated Debentures	6/3/97	6/1/37	51,547,000	52,020,039	51,547,000	1.24%	613,908	1.19%
33									
34	<b>TOTAL</b>			1,504,547,000	1,432,202,429	1,504,547,000		81,261,475	5.40%

**PREFERRED STOCK**

Year: 2015

	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										
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29										
30										
31										
32	<b>TOTAL</b>									

**COMMON STOCK**

Year: 2015

		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	62,318,000	24.20	0.74	0.3300		38.30	32.22	
9									
10	April								
11									
12	May								
13									
14	June	62,281,000	24.31	0.40	0.3300		34.25	30.41	
15									
16	July								
17									
18	August								
19									
20	September	62,299,000	24.21	0.21	0.3300		33.99	29.93	
21									
22	October								
23									
24	November								
25									
26	December	62,308,000	24.53	0.61	0.3300		36.06	32.86	
27									
28									
29									
30									
31									
32	<b>TOTAL Year End</b>	<b>62,313,000</b>	<b>24.53</b>	<b>1.97</b>	<b>1.32</b>	<b>32.99%</b>	<b>35.37</b>		<b>18.0</b>



**MONTANA EARNED RATE OF RETURN**

Year: 2015

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

**MONTANA COMPOSITE STATISTICS**

Year: 2015

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	607,497
5	107 Construction Work in Progress	
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	4,956
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(283,616)
11	252 Contributions in Aid of Construction	
12		
13	<b>NET BOOK COSTS</b>	328,837
14	Revenues & Expenses (000 Omitted)	
15		
16		
17	400 Operating Revenues	64
18		
19	403 - 407 Depreciation & Amortization Expenses	10,743
20	Federal & State Income Taxes	217
21	Other Taxes	9,627
22	Other Operating Expenses	39,848
23	TOTAL Operating Expenses	60,436
24		
25	Net Operating Income	(60,372)
26		
27	415-421.1 Other Income	
28	421.2-426.5 Other Deductions	
29		
30	<b>NET INCOME</b>	(60,372)
31	Customers (Intrastate Only)	
32		
33		
34	Year End Average:	
35	Residential	9
36	Commercial	8
37	Industrial	
38	Other	12
39		
40	<b>TOTAL NUMBER OF CUSTOMERS</b>	29
41	Other Statistics (Intrastate Only)	
42		
43		
44	Average Annual Residential Use (Kwh)	18,556
45	Average Annual Residential Cost per (Kwh) (Cents) *	8.69
46	* Avg annual cost = [(cost per Kwh x annual use) + ( mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	134.39
48	Gross Plant per Customer	67,500

**MONTANA CUSTOMER INFORMATION**

Year: 2015

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1						
2	Noxon, Montana		9	8	12	29
3						
4						
5						
6						
7						
8						
9						
10						
11						
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25						
26						
27						
28						
29						
30						
31						
32	<b>TOTAL Montana Customers</b>		9	8	12	29

**MONTANA EMPLOYEE COUNTS**

Year: 2015

	Department	Year Beginning	Year End	Average
1				
2	Noxon Generating Station	40	45	43
3				
4				
5				
6				
7				
8				
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45				
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47				
48				
49				
50	<b>TOTAL Montana Employees</b>	40	45	43

**MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)**

Year: 2015

	Project Description	Total Company	Total Montana
1			
2	Noxon Rapids Capital Projects Upgrades	5,827,096	5,827,096
3			
4	Clark Fork Improvement	9,313,795	1,482,069
5			
6	Regulating Hydro Project	3,533,000	1,059,900
7			
8	Colstrip Capital Projects	12,860,044	12,860,044
9			
10	Other	1,022,261	562,262
11			
12			
13			
14			
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18			
19			
20			
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48			
49			
50	<b>TOTAL</b>	<b>32,556,196</b>	<b>21,791,371</b>

**TOTAL SYSTEM & MONTANA PEAK AND ENERGY**

Year: 2015

System						
		Peak Day of Month	Peak Hour	Peak Day Volumes Megawatts	Total Monthly Volumes Energy (Mwh)	Non-Requirements Sales For Resale (Mwh)
1	Jan.	2	1800	1492	1,220,417	332,741
2	Feb.	23	800	1382	1,085,868	358,865
3	Mar.	4	800	1374	1,190,027	443,742
4	Apr.	16	800	1232	1,122,928	423,331
5	May	29	1800	1200	1,081,862	392,660
6	Jun.	29	1800	1607	1,048,538	270,762
7	Jul.	9	1700	1588	973,150	146,468
8	Aug.	12	1700	1638	957,667	157,973
9	Sep.	11	1700	1228	799,433	134,372
10	Oct.	23	900	1134	870,390	180,688
11	Nov.	30	1800	1529	1,015,239	239,713
12	Dec.	30	1900	1469	1,130,450	245,066
13	<b>TOTAL</b>				12,495,969	3,326,381

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	<b>TOTAL</b>					

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	2,010,503	Sales to Ultimate Consumers (Include Interdepartmental)	8,615,654
3	Nuclear			
4	Hydro - Conventional	3,434,549		
5	Hydro - Pumped Storage		Requirements Sales for Resale	
6	Other	1,972,169		
7	(Less) Energy for Pumping			
8	<b>NET Generation</b>	7,417,221	Non-Requirements Sales for Resale	3,326,381
9	Purchases	5,080,211		
10	Power Exchanges			
11	Received	523,891	Energy Furnished Without Charge	
12	Delivered	(525,354)		
13	<b>NET Exchanges</b>	(1,463)		
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	10,844
15	Received	3,275,367		
16	Delivered	(3,275,367)		
17	<b>NET Transmission Wheeling</b>		Total Energy Losses	543,090
18	Transmission by Others Losses			
19	<b>TOTAL</b>	12,495,969	<b>TOTAL</b>	12,495,969

SOURCES OF ELECTRIC SUPPLY

Year: 2015

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1					
2	Washington:				
3					
4	Thermal	Kettle Falls	Kettle Falls, WA	51	320,517
5	Hydro	Little Falls	Ford, WA	29	147,602
6	Hydro	Long Lake	Ford, WA	89	394,390
7	Hydro	Monroe Street	Spokane, WA	19	84,084
8	Hydro	Nine Mile	Spokane, WA	22	66,890
9	Hydro	Upper Falls	Spokane, WA	11	38,374
10	Combustion -				
11	Turbine	Northeast	Spokane, WA	62	1,073
12	Combustion -				
13	Turbine	Kettle Falls Bi-fuel	Kettle Falls, WA	8	4,141
14	Combustion -				
15	Turbine	Boulder Park	Spokane, WA	25	22,428
16					
17					
18	Idaho:				
19	Hydro	Cabinet Gorge	Clark Fork, ID	210	994,875
20	Hydro	Post Falls	Post Falls, ID	19	73,223
21	Combustion -				
22	Turbine	Rathdrum	Rathdrum, ID	146	52,558
23					
24					
25					
26	Montana:				
27	Thermal	Colstrip #3 and #4	Colstrip, MT	244	1,689,986
28	Hydro	Noxon	Thompson Falls, MT	499	1,635,111
29					
30	Oregon:				
31	Combustion -				
32	Turbine	Coyote Springs 2	Boardman, OR	308	1,891,969
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	<b>Total</b>			<b>1,742</b>	<b>7,417,221</b>

**MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS**

Year: 2015

	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							
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31							
32	<b>TOTAL</b>						



**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: 2015

	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	\$14,514	\$12,845	167	148	9	9
2	Commercial - Small	24,596	31,375	252	326	8	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	24,897	27,226	270	305	12	12
12							
13	<b>TOTAL</b>	\$64,007	\$71,446	689	779	29	23