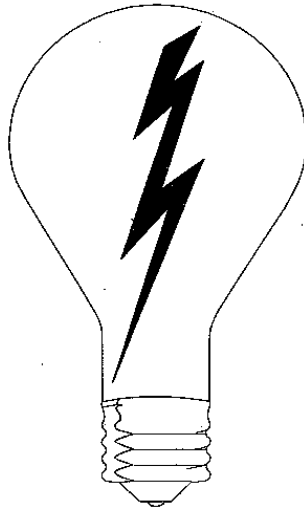


YEAR ENDING 12/31/2016

**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: 2016

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	\$171,000
2	Kristianne Blake 12605 N. Eagle Bluff Lane, Spokane, WA 99208	\$188,785
3	Donald C. Burke 16 Ivy Court, Langhorne, PA 19047	\$171,667
4	John F. Kelly P.O. Box 5782, Ketchum, ID 83340	\$194,000
5	Rebecca A. Klein 611 S. Congress Ave. Ste 125 Austin, TX 78704	\$172,500
6	Marc F. Racicot 28013 Swan Cove Dr. Bigfork, MT 59911	\$161,167
7	Heidi B. Stanley P.O. Box 2884, Spokane, WA 99220	\$170,166
8	R. John Taylor P. O. Box 538, Lewiston, ID 83501	\$184,029
9	Janet D. Widmann 26 Sanford Lane, Lafayette, CA 94549	\$162,667
10	Scott H. Maw 2401 Utah Avenue S, Suite 800, Mailstop: GCT-1	\$61,500
11	Seattle, WA 98134	
12	Scott L. Morris (1) 1411 E. Mission Ave., Spokane, WA 99202	(1)
13		
14	(1) Mr. Morris is the Chairman of the Board, President and Chief Executive Officer of Avista Corp.	
15		
16		
17		
18		
19		
20		

Officers

Year: 2016

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1			
2	Chairman of the Board, President	All	Scott L. Morris
3	& Chief Executive Officer		
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	Ryan L. Krasselt
18	Principal Accounting Officer		
19			
20	Vice President of State &	Regulatory	Kelly O. Norwood
21	Federal Regulation		
22			
23	Vice President of Energy Delivery	Utility Operations	Heather L. Rosentrater
24			
25			
26	Vice President and Chief	Strategic Planning	Edward D. Schlect Jr.
27	Strategy Officer		
28			
29	Vice President and Chief Counsel for	Legal/Regulatory	David J. Meyer
30	Regulatory and Governmental Affairs		
31			
32	Senior Vice President and Vice	Resource	Jason R. Thackston
33	President of Energy Resources	Management	
34			
35	Vice President and Chief Information	Information	James M. Kensok
36	Officer	Technology	
37			
38	Vice President of Customer Solutions	Customer	Kevin J. Christie
39		Solutions	
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CORPORATE STRUCTURE

Year: 2016

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1				
2	Avista Capital, Inc.	Parent company to the	(\$1,433,856)	-22.80%
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	\$7,722,732	122.80%
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				
48				
49				
50				
51	TOTAL		6,288,876	

CORPORATE ALLOCATIONS

Year: 2016

	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: 2016

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: 2016

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	Salix, Inc.	Corporate service support	Specific individual invo	759,855		
4						
5	Avista Development	Corporate service support	Specific individual invo	346,058		
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31						
32	TOTAL			1,105,913		

MONTANA UTILITY INCOME STATEMENT

Year: 2016

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	64,007	74,021	15.65%
2				
3	Operating Expenses			
4	401 Operation Expenses	32,857,372	32,064,044	-2.41%
5	402 Maintenance Expense	6,990,560	11,669,345	66.93%
6	403 Depreciation Expense	10,743,016	11,115,190	3.46%
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.	
11	408.1 Taxes Other Than Income Taxes	9,627,403	10,402,847	8.05%
12	409.1 Income Taxes - Federal	none/n.a.	none/n.a.	
13	- Other	217,309	341,347	57.08%
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	TOTAL Utility Operating Expenses	60,435,660	65,592,773	8.53%
21	NET UTILITY OPERATING INCOME	(60,371,653)	(65,518,752)	-8.53%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Electricity			
2	440 Residential	14,514	17,296	19.17%
3	442 Commercial & Industrial - Small	24,596	31,278	27.17%
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	24,897	25,447	2.21%
9				
10	TOTAL Sales to Ultimate Consumers	64,007	74,021	15.65%
11	447 Sales for Resale			
12				
13	TOTAL Sales of Electricity	64,007	74,021	15.65%
14	449.1 (Less) Provision for Rate Refunds			
15				
16	TOTAL Revenue Net of Provision for Refunds	64,007	74,021	15.65%
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	64,007	74,021	15.65%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2016

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses			
2				
3	Steam Power Generation			
4	Operation			
5	500 Operation Supervision & Engineering	158,825	164,961	3.86%
6	501 Fuel	23,730,996	23,352,079	-1.60%
7	502 Steam Expenses	4,449,966	3,713,253	-16.56%
8	503 Steam from Other Sources			
9	504 (Less) Steam Transferred - Cr.			
10	505 Electric Expenses	131,920	117,801	-10.70%
11	506 Miscellaneous Steam Power Expenses	2,436,994	2,552,363	4.73%
12	507 Rents	33,667	41,383	22.92%
13				
14	TOTAL Operation - Steam	30,942,368	29,941,840	-3.23%
15				
16	Maintenance			
17	510 Maintenance Supervision & Engineering	402,137	416,303	3.52%
18	511 Maintenance of Structures	684,412	601,935	-12.05%
19	512 Maintenance of Boiler Plant	3,261,220	5,400,671	65.60%
20	513 Maintenance of Electric Plant	357,158	2,198,082	515.44%
21	514 Maintenance of Miscellaneous Steam Plant	640,438	760,879	18.81%
22				
23	TOTAL Maintenance - Steam	5,345,365	9,377,870	75.44%
24				
25	TOTAL Steam Power Production Expenses	36,287,733	39,319,710	8.36%
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: 2016

Account Number & Title		Last Year	This Year	% Change
1	Power Production Expenses -continued			
2	Hydraulic Power Generation			
3	Operation			
4	535 Operation Supervision & Engineering	135,734	101,290	-25.38%
5	536 Water for Power			
6	537 Hydraulic Expenses	98,760	104,450	5.76%
7	538 Electric Expenses	1,285,533	1,548,274	20.44%
8	539 Miscellaneous Hydraulic Power Gen. Expenses	197,375	172,268	-12.72%
9	540 Rents	85		-100.00%
10				
11	TOTAL Operation - Hydraulic	1,717,487	1,926,282	12.16%
12				
13	Maintenance			
14	541 Maintenance Supervision & Engineering	78,552	147,643	87.96%
15	542 Maintenance of Structures	118,731	65,141	-45.14%
16	543 Maint. of Reservoirs, Dams & Waterways	81,775	863,883	956.41%
17	544 Maintenance of Electric Plant	932,580	869,784	-6.73%
18	545 Maintenance of Miscellaneous Hydro Plant	101,033	57,197	-43.39%
19				
20	TOTAL Maintenance - Hydraulic	1,312,671	2,003,648	52.64%
21				
22	TOTAL Hydraulic Power Production Expenses	3,030,158	3,929,930	29.69%
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	39,317,891	43,249,640	10.00%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2016

Account Number & Title		Last Year	This Year	% Change
1	Transmission Expenses			
2	Operation			
3	560 Operation Supervision & Engineering	7,646	5,275	-31.01%
4	561 Load Dispatching	30,840	29,791	-3.40%
5	562 Station Expenses	27,913	11,031	-60.48%
6	563 Overhead Line Expenses	17,578	26,368	50.01%
7	564 Underground Line Expenses			
8	565 Transmission of Electricity by Others			
9	566 Miscellaneous Transmission Expenses	59	3,473	5786.44%
10	567 Rents	89,809	89,060	-0.83%
11				
12	TOTAL Operation - Transmission	173,845	164,998	-5.09%
13	Maintenance			
14	568 Maintenance Supervision & Engineering	34,458	33,094	-3.96%
15	569 Maintenance of Structures	26,345	11,530	-56.23%
16	570 Maintenance of Station Equipment	29,528	14,944	-49.39%
17	571 Maintenance of Overhead Lines	224,998	213,390	-5.16%
18	572 Maintenance of Underground Lines		1,656	#DIV/0!
19	573 Maintenance of Misc. Transmission Plant	6,261	2,462	-60.68%
20				
21	TOTAL Maintenance - Transmission	321,590	277,076	-13.84%
22				
23	TOTAL Transmission Expenses	495,435	442,074	-10.77%
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: 2016

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	23,671	30,923	30.64%
43	931 Rents			
44				
45	TOTAL Operation - Admin. & General	23,671	30,923	30.64%
46	Maintenance			
47	935 Maintenance of General Plant	10,934	10,751	-1.67%
48				
49	TOTAL Administrative & General Expenses	34,605	41,674	20.43%
50				
51	TOTAL Operation & Maintenance Expenses	39,847,932	43,733,389	9.75%

MONTANA TAXES OTHER THAN INCOME

Year: 2016

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes			
2	Superfund			
3	Secretary of State			
4	Montana Consumer Counsel	89	(4)	-104.49%
5	Motor Vehicle Tax			
6	KWH Tax	1,138,846	1,079,381	-5.22%
7	Property Taxes	8,484,422	9,319,672	9.84%
8	Public Commission Tax	81	112	38.27%
9	Colstrip Generation Tax	3,965	3,686	-7.04%
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51	TOTAL MT Taxes Other Than Income	9,627,403	10,402,847	8.05%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2016

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	Amounts Allocated To Montana Are Not Significant.				
2	ABB ENT SOFTWARE INC	Consulting	286,207		
3	BAKER CONSTRUCTION & DEVELOPMENT INC	Consulting	1,313,478		
4	BLACK & VEATCH CORPORATION	construction	301,823		
5	CIRRUS DESIGN INDUSTRIES INC	construction	342,316		
6	COEUR D ALENE TRIBE	construction	795,607		
7	COMMONWEALTH ASSOCIATES INC	Consulting	570,635		
8	CONNECTIVE DX INC	legal	1,215,896		
9	EVCO SOUND & ELECTRONICS	Consulting	456,604		
10	GARCO CONSTRUCTION INC	Consulting	438,551		
11	GENERAL ELECTRIC INTERNATIONAL	Consulting	279,444		
12	GREEN MOUNTAIN	Consulting	285,800		
13	H2E INC	Consulting	300,804		
14	HANNA & ASSOCIATES INC	Consulting	508,972		
15	HDR ENGINEERING, INC.	Consulting	259,273		
16	HDR INC	Consulting	253,392		
17	HISTORICAL RESEARCH ASSOCIATES IN	Consulting	349,977		
18	IDAHO DEPT OF FISH & GAME	Consulting	275,464		
19	INTERNATIONAL LINE BUILDERS INC	Consulting	303,582		
20	ITRON INC	consulting	524,585		
21	KLUNDT HOSMER DESIGN	consulting	291,388		
22	LAND EXPRESSIONS	construction	380,827		
23	LANDAU ASSOCIATES	construction	429,505		
24	MAX J KUNEY COMPANY	consulting	948,375		
25	MCKINSTRY ESSENTION LLC	legal	1,296,756		
26	MCMILLEN LLC	legal	7,426,253		
27	MWH AMERICAS INC	construction	285,210		
28	PEAK RELIABILITY	construction	680,429		
29	POWER PLAN INC	consulting	546,343		
30	RUSSELL ELECTRICAL CONSULTING PLLC	consulting	290,795		
31	SAPERE CONSULTING INC	consulting	1,218,032		
32	STRATA	consulting	411,927		
33	TD&H ENGINEERING	construction	366,470		
34	TELVENT USA LLC	consulting	426,512		
35	TILTON EXCAVATON LLC	construction	269,465		
36	TRINITI CONSULTING LLC	consulting	4,380,776		
37	URS ENERGY & CONSTRUCTION INC	consulting	2,461,745		
38	US FOREST SERVICE	construction	260,237		
39	WESTERN ELECTRICITY	construction	455,396		
40	Other Amounts Less Than \$250,000	consulting	24,293,225		
35					
35					
35	TOTAL Payments for Services		56,182,074		

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2016

	Description	Total Company	Montana	% Montana
1				
2				
3	State and local representative	236,631	-	
4	contributions			
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50	TOTAL Contributions	\$236,631		

Pension Costs

Year: 2016

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		
5		Is the Plan Over Funded? No (dollars in thousands)		
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	584,130	604,811	-3.42%
8	Service cost	18,191	19,839	-8.31%
9	Interest Cost	26,278	24,924	5.43%
10	Plan participants' contributions			
11	Amendments		(227)	100.00%
12	Actuarial (Gain)/Loss	38,218	(35,445)	207.82%
13	Benefits paid	(31,532)	(29,772)	-5.91%
14	Expenses paid			
15	Benefit obligation at end of year	635,285	584,130	8.76%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	517,234	539,311	-4.09%
18	Actual return on plan assets	43,212	(4,305)	1103.76%
19	Acquisition			
20	Employer contribution	12,000	12,000	
21	Benefits paid	(31,532)	(29,772)	-5.91%
22	Expenses paid			
23	Fair value of plan assets at end of year	540,914	517,234	4.58%
24	Funded Status	(94,371)	(66,896)	-41.07%
25	Unrecognized net actuarial loss	169,687	154,777	9.63%
26	Unrecognized prior service cost	23	25	-8.00%
27	Unrecognized net transition obligation/(asset)			
28	Prepaid (accrued) benefit cost	75,339	87,906	-14.30%
29				
30	Weighted-average Assumptions as of Year End			
31	Discount rate	4.26%	4.57%	-6.78%
32	Expected return on plan assets	5.40%	5.30%	1.89%
33	Rate of compensation increase	4.78%	4.87%	-1.85%
34				
35	Components of Net Periodic Benefit Costs			
36	Service cost	18,191	19,839	-8.31%
37	Interest cost	26,278	24,924	5.43%
38	Expected return on plan assets	(27,548)	(28,299)	2.65%
39	Transition (asset)/obligation recognition			
40	Amortization of prior service cost	2	2	
41	Recognized net actuarial loss	7,644	7,939	-3.72%
42	Net periodic benefit cost	24,567	24,405	0.66%
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	2,902	2,927	-0.85%
50	Not Covered by the Plan			
51	Active	1,510	1,536	-1.69%
52	Retired	1,189	1,171	1.54%
53	Deferred Vested Terminated	203	220	-7.73%

Other Post Employment Benefits (OPEBS)

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End			
7	Discount rate	4.23%	4.57%	-7.44%
8	Expected return on plan assets	6.03%	6.36%	-5.19%
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		(dollars in thousands)		
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year	138,795	127,989	8.44%
20	Service cost	3,205	2,925	9.57%
21	Interest Cost	6,110	5,158	18.46%
22	Plan participants' contributions		(1,000)	
23	Amendments		(1,000)	
24	Actuarial (Gain)/Loss	(3,648)	12,668	-128.80%
25	Benefits paid	(6,967)	(7,424)	6.16%
26	Expenses paid			
27	Cumulative adjustment to reclassify liability	(1,042)	(1,521)	
28	Benefit obligation at end of year	136,453	138,795	-1.69%
29	Change in Plan Assets			
30	Fair value of plan assets at beginning of year	30,868	31,312	-1.42%
31	Actual return on plan assets	2,497	(444)	662.39%
32	Acquisition			
33	Employer contribution			
34	Benefits paid			
35	Expenses paid			
36	Fair value of plan assets at end of year	33,365	30,868	8.09%
37	Funded Status	(103,088)	(107,927)	4.48%
38	Unrecognized net actuarial loss	81,979	92,433	-11.31%
39	Unrecognized prior service cost	(8,981)	(10,180)	11.78%
40	Prepaid (accrued) benefit cost	(30,090)	(25,674)	-17.20%
41	Components of Net Periodic Benefit Costs			
42	Service cost	3,205	2,925	9.57%
43	Interest cost	6,110	5,158	18.46%
44	Expected return on plan assets	(1,861)	(1,991)	6.53%
45	Amortization of prior service cost	(1,208)	(1,199)	-0.75%
46	Recognized net actuarial loss	5,728	5,095	12.42%
47	Net periodic benefit cost	11,974	9,988	19.88%
48	Accumulated Post Retirement Benefit Obligation			
49	Amount Funded through VEBA	136,453	138,795	-1.69%
50	Amount Funded through 401(h)			
51	Amount Funded through Other _____			
52	TOTAL	136,453	138,795	-1.69%
53	Amount that was tax deductible - VEBA			
54	Amount that was tax deductible - 401(h)			
55	Amount that was tax deductible - Other _____			
56	TOTAL	136,453	138,795	-1.69%

Other Post Employment Benefits (OPEBS) Continued

Year: 2016

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	2,458	2,479	-0.85%
3	Not Covered by the Plan			
4	Active	1,510	1,536	-1.69%
5	Retired	948	943	0.53%
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	796,922	1,086,642	2,614,118	4,497,682	3,641,949	23%
2	M. T. Thies Senior Vice President, Chief Financial Officer, and Treasurer	411,452	336,620	799,273	1,547,345	1,375,500	12%
3	M.M. Durkin Senior Vice President General Counsel and Chief Compliance Officer	355,155	290,562	692,262	1,337,979	1,182,633	13%
4	K.S. Feltes Senior Vice President and Corporate Secretary	322,846	264,130	801,430	1,388,406	1,164,785	19%
5	D.P. Vermillion Senior Vice President	396,384	324,293	1,109,668	1,830,345	1,398,380	31%
Other compensation includes stock-based awards and the change in pension and non-qualified deferred compensation.							

BALANCE SHEET

Year: 2016

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Electric Plant in Service	4,919,491,075	5,295,463,743	8%
4	101.1 Property Under Capital Leases	6,729,064	5,843,742	-13%
5	102 Electric Plant Purchased or Sold			
6	104 Electric Plant Leased to Others			
7	105 Electric Plant Held for Future Use	3,966,915	9,941,983	151%
8	106 Completed Constr. Not Classified - Electric			
9	107 Construction Work in Progress - Electric	190,108,665	144,751,274	-24%
10	108 (Less) Accumulated Depreciation	(1,626,086,020)	(1,701,243,278)	-5%
11	111 (Less) Accumulated Amortization	(54,821,918)	(69,268,142)	-26%
12	114 Electric Plant Acquisition Adjustments			
13	115 (Less) Accum. Amort. Elec. Acq. Adj.			
14	120 Nuclear Fuel (Net)			
15	TOTAL Utility Plant	3,439,387,781	3,685,489,322	7%
16				
17	Other Property & Investments			
18	121 Nonutility Property	2,740,379	3,058,415	12%
19	122 (Less) Accum. Depr. & Amort. for Nonutil. Prop.	(201,768)	(211,651)	-5%
20	123 Investments in Associated Companies	11,547,000	11,547,000	
21	123.1 Investments in Subsidiary Companies	157,515,280	161,804,156	3%
22	124 Other Investments	23,760,324	6,945,185	-71%
23	128 Other Special Funds	20,755,670	13,611,799	-34%
	Long-Term Derivative Instruments	22,687	5,356,765	
24	TOTAL Other Property & Investments	216,139,572	202,111,669	-6%
25				
26	Current & Accrued Assets			
27	131 Cash	2,074,149	1,373,667	-34%
28	132-134 Special Deposits	14,430,708	7,540,762	-48%
29	135 Working Funds	691,896	1,138,883	65%
30	136 Temporary Cash Investments	204,231	22,854	-89%
31	141 Notes Receivable			
32	142 Customer Accounts Receivable	160,488,098	172,903,052	8%
33	143 Other Accounts Receivable	5,500,743	4,163,026	-24%
34	144 (Less) Accum. Provision for Uncollectible Accts.	(4,469,344)	(4,961,486)	-11%
35	145 Notes Receivable - Associated Companies			
36	146 Accounts Receivable - Associated Companies	469,096	462,036	-2%
37	151 Fuel Stock	3,293,585	3,566,367	8%
38	152 Fuel Stock Expenses Undistributed			
39	153 Residuals			
40	154 Plant Materials and Operating Supplies	33,931,771	37,423,657	10%
41	155 Merchandise			
42	156 Other Material & Supplies			
43	157 Nuclear Materials Held for Sale			
44	163 Stores Expense Undistributed		(86)	#DIV/0!
	164 Gas Storage	12,774,487	8,029,020	-37%
45	165 Prepayments	10,580,934	14,459,235	37%
46	171 Interest & Dividends Receivable	39,738	107,608	171%
47	172 Rents Receivable	1,749,949	1,429,562	-18%
48	174 Miscellaneous Current & Accrued Assets	527,051	537,127	2%
	175 Derivative Instruments Assets	706,117	10,644,436	1407%
49	Long-Term Derivative Instruments	(22,687)	(5,356,765)	
50	TOTAL Current & Accrued Assets	242,970,522	253,482,955	4%

BALANCE SHEET

Year: 2016

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	11,527,001	11,690,512	1%
7	182.1 Extraordinary Property Losses			
8	182.2 Unrecovered Plant & Regulatory Study Costs			
9	182.3 Other Regulatory Assets	573,031,070	622,464,411	9%
10	183 Prelim. Survey & Investigation Charges	467,080		-100%
11	184 Clearing Accounts	527	13,933	2544%
12	185 Temporary Facilities			
13	186 Miscellaneous Deferred Debits	26,759,597	43,850,403	64%
14	187 Deferred Losses from Disposition of Util. Plant			
15	188 Research, Devel. & Demonstration Expend.			
16	189 Unamortized Loss on Reacquired Debt	15,520,432	13,699,992	-12%
17	190 Accumulated Deferred Income Taxes	136,036,119	147,354,707	8%
18	191 Unrecovered Purchased Gas Costs	(17,880,236)	(30,819,635)	-72%
18	TOTAL Deferred Debits	745,461,590	808,254,323	8%
19				
20	TOTAL Assets & Other Debits	4,643,959,465	4,949,338,269	7%
	Account Title	Last Year	This Year	% Change
20				
21	Liabilities and Other Credits			
22				
23	Proprietary Capital			
24				
25	201 Common Stock Issued	984,603,843	1,052,578,756	7%
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	(9,506,476)	(9,506,476)	
31	213 (Less) Discount on Capital Stock			
32	214 (Less) Capital Stock Expense	29,238,213	32,208,771	10%
33	215 Appropriated Retained Earnings	536,821,476	582,156,946	8%
34	216 Unappropriated Retained Earnings	(5,881,619)	(1,143,222)	81%
35	217 (Less) Reacquired Capital Stock			
36	219 Accumulated Other Comprehensive Income	(6,649,771)	(7,567,509)	-14%
36	TOTAL Proprietary Capital	1,528,625,666	1,648,727,266	8%
37				
38	Long Term Debt			
39				
40	221 Bonds	1,536,700,000	1,621,700,000	6%
41	222 (Less) Reacquired Bonds	(83,700,000)	(83,700,000)	
42	223 Advances from Associated Companies	51,547,000	51,547,000	
43	224 Other Long Term Debt			
44	225 Unamortized Premium on Long Term Debt	177,666	168,783	-5%
45	226 (Less) Unamort. Discount on L-Term Debt-Dr.	(1,134,563)	(960,522)	15%
46	TOTAL Long Term Debt	1,503,590,103	1,588,755,261	6%

BALANCE SHEET

Year: 2016

	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	3,274,583	2,402,917	
7	228.1 Accumulated Provision for Property Insurance			
8	228.2 Accumulated Provision for Injuries & Damages	239,910	260,000	8%
9	228.3 Accumulated Provision for Pensions & Benefits	201,453,549	226,551,767	12%
10	228.4 Accumulated Misc. Operating Provisions			
11	229 Accumulated Provision for Rate Refunds	11,476,706	6,600,086	-42%
12	Long-Term Derivative Instruments	52,248,445	41,994,092	-20%
	230 Asset Retirement Obligations	15,996,704	15,514,534	-3%
13	TOTAL Other Noncurrent Liabilities	284,689,897	293,323,396	3%
14				
15	Current & Accrued Liabilities			
16				
17	231 Notes Payable	105,000,000	120,000,000	14%
18	232 Accounts Payable	109,244,954	111,124,132	2%
19	233 Notes Payable to Associated Companies	22,177,680	5,634,684	-75%
20	234 Accounts Payable to Associated Companies	18,798	37,625	100%
21	235 Customer Deposits	3,273,927	3,808,551	16%
22	236 Taxes Accrued	7,186,818	(16,431,293)	-329%
23	237 Interest Accrued	14,179,517	14,676,249	4%
24	238 Dividends Declared			
25	241 Tax Collections Payable	1,759,040	1,431,933	-19%
26	242 Miscellaneous Current & Accrued Liabilities	57,577,117	58,068,093	1%
27	243 Obligations Under Cap. Leases - Current	871,667	871,667	
28	244 Derivative Instrument Liabilities	85,797,553	55,076,777	-36%
29	Long-Term Derivative Instruments	(52,248,445)	(41,994,092)	20%
30	TOTAL Current & Accrued Liabilities	354,838,626	312,304,326	-12%
31				
32	Deferred Credits			
33				
34	252 Customer Advances for Construction	2,161,687	2,266,861	5%
35	253 Other Deferred Credits	39,790,303	15,262,118	-62%
36	254 Other Regulatory Liabilities	40,976,484	77,740,268	90%
37	255 Accumulated Deferred Investment Tax Credits	12,639,187	31,501,931	149%
38	257 Unamortized Gain on Reacquired Debt	1,966,507	1,836,970	-7%
39	281-283 Accumulated Deferred Income Taxes	874,681,005	977,619,872	12%
40	TOTAL Deferred Credits	972,215,173	1,106,228,020	14%
41				
42	TOTAL LIABILITIES & OTHER CREDITS	4,643,959,465	4,949,338,269	7%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2016

	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	1,288,707	0%
15	311 Structures & Improvements	103,242,039	104,732,912	1%
16	312 Boiler Plant Equipment	129,011,770	133,246,200	3%
17	313 Engines & Engine Driven Generators	6,770	6,770	
18	314 Turbogenerator Units	40,359,432	41,597,666	3%
19	315 Accessory Electric Equipment	16,214,137	16,213,590	0%
20	316 Miscellaneous Power Plant Equipment	14,515,207	15,058,624	4%
21	317 Asset Retirement Costs	12,673,767	11,845,907	-7%
22	TOTAL Steam Production Plant	317,312,218	323,990,376	2%
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	43,370,022	43,370,022	0%
38	331 Structures & Improvements	19,401,861	19,855,046	2%
39	332 Reservoirs, Dams & Waterways	35,787,543	36,276,964	1%
40	333 Water Wheels, Turbines & Generators	88,378,955	88,980,262	1%
41	334 Accessory Electric Equipment	14,907,291	12,795,150	-14%
42	335 Miscellaneous Power Plant Equipment	3,523,201	3,316,593	-6%
43	336 Roads, Railroads & Bridges	256,609	246,562	-4%
44				
45	TOTAL Hydraulic Production Plant	205,625,482	204,840,599	0%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2016

	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	522,937,700	528,830,975	1%
17				
18	Transmission Plant			
19				
20	350 Land & Land Rights	1,407,280	4,615,946	228%
21	352 Structures & Improvements	516,297	2,662,580	416%
22	353 Station Equipment	30,684,114	38,358,904	25%
23	354 Towers & Fixtures	16,071,333	16,072,399	0%
24	355 Poles & Fixtures	9,806,486	12,067,814	23%
25	356 Overhead Conductors & Devices	16,247,817	16,773,228	3%
26	357 Underground Conduit			
27	358 Underground Conductors & Devices			
28	359 Roads & Trails	384,411	384,411	
29				
30	TOTAL Transmission Plant	75,117,738	90,935,282	21%
31				
32	Distribution Plant			
33				
34	360 Land & Land Rights			
35	361 Structures & Improvements	15,881	15,881	0%
36	362 Station Equipment	663,042	663,042	0%
37	363 Storage Battery Equipment			
38	364 Poles, Towers & Fixtures	49,592	49,592	0%
39	365 Overhead Conductors & Devices	70,966	70,966	0%
40	366 Underground Conduit	32,118	34,399	7%
41	367 Underground Conductors & Devices	39,819	39,819	
42	368 Line Transformers	1,723	1,723	
43	369 Services	127	2,441	1822%
44	370 Meters	252	252	0%
45	371 Installations on Customers' Premises			
46	372 Leased Property on Customers' Premises			
47	373 Street Lighting & Signal Systems	467	1,836	293%
48				
49	TOTAL Distribution Plant	873,987	879,953	1%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2016

	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	254,319	346,662	36%
8	393 Stores Equipment			
9	394 Tools, Shop & Garage Equipment	189,951	189,951	
10	395 Laboratory Equipment			
11	396 Power Operated Equipment	56,238	56,238	
12	397 Communication Equipment	1,632,079	2,245,597	38%
13	398 Miscellaneous Equipment	8,576	8,576	
14	399 Other Tangible Property			
15				
16	TOTAL General Plant	2,141,163	2,847,024	33%
17				
18	TOTAL Electric Plant in Service	607,496,891	629,919,536	4%

MONTANA DEPRECIATION SUMMARY

Year: 2016

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Intangible Plant	6,426,302	7,311	8,696	
2	Steam Production	323,990,376	219,529,321	224,530,401	N/A
3	Nuclear Production				
4	Hydraulic Production	204,840,599	39,982,850	41,293,686	N/A
5	Other Production				
6	Transmission	90,935,282	24,062,984	28,395,327	N/A
7	Distribution	879,953	23,249	43,459	N/A
8	General	2,847,024	10,055	31,339	N/A
9	TOTAL	629,919,536	283,615,770	294,302,907	

MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)

SCHEDULE 21

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	2,237,527	2,260,786	1%
3	152 Fuel Stock Expenses Undistributed			
4	153 Residuals			
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)			
7	Assigned to Operations & Maintenance			
8	Production Plant (Estimated)	2,717,982	2,795,000	3%
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	4,955,509	5,055,786	2%

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: 2016

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	Cash Flows from Operating Activities:			
5	Net Income	123,227,041	137,228,107	11%
6	Depreciation	138,235,780	155,162,338	12%
7	Amortization	27,223,056	22,675,618	-17%
8	Deferred Income Taxes - Net	53,931,102	102,361,230	90%
9	Investment Tax Credit Adjustments - Net	481,680	18,862,744	3816%
10	Change in Operating Receivables - Net	(3,884,715)	(16,916,930)	-335%
11	Change in Materials, Supplies & Inventories - Net	12,267,853	980,885	-92%
12	Change in Operating Payables & Accrued Liabilities - Net	6,880,543	(26,152,468)	-480%
13	Allowance for Funds Used During Construction (AFUDC)	(7,961,552)	(7,298,983)	8%
14	Change in Other Assets & Liabilities - Net	(9,221,804)	(18,653,902)	-102%
15	Other Operating Activities (explained on attached page)	11,974,471	(30,491,757)	-355%
16	Net Cash Provided by/(Used in) Operating Activities	353,153,455	337,756,882	-4%
17				
18	Cash Inflows/Outflows From Investment Activities:			
19	Construction/Acquisition of Property, Plant and Equipment	(381,174,406)	(390,690,230)	-2%
20	(net of AFUDC & Capital Lease Related Acquisitions)			
21	Acquisition of Other Noncurrent Assets			
22	Proceeds from Disposal of Noncurrent Assets	272,897	1,288,524	372%
23	Investments In and Advances to Affiliates			
24	Contributions and Advances from Affiliates			
25	Disposition of Investments in and Advances to Affiliates	12,185,571	(16,517,110)	-236%
26	Other Investing Activities (explained on attached page)	(3,419,722)	(6,429,224)	-88%
27	Net Cash Provided by/(Used in) Investing Activities	(372,135,660)	(412,348,040)	-11%
28				
29	Cash Flows from Financing Activities:			
30	Proceeds from Issuance of:			
31	Long-Term Debt	100,000,000	245,000,000	145%
32	Preferred Stock			
33	Common Stock	1,559,840	66,952,672	4192%
34	Long-Term Debt to Affiliated Trusts			
35	Net Increase in Short-Term Debt		15,000,000	#DIV/0!
36	Other:			
37	Payment for Retirement of:			
38	Long-Term Debt	(734,802)	(160,871,667)	-21793%
39	Preferred Stock			
40	Common Stock	(2,919,781)		100%
41	Long-Term Debt to Affiliated Trusts			
42	Net (Decrease)/Increase in Short-Term Debt			
43	Dividends on Preferred Stock			
44	Dividends on Common Stock	(82,396,801)	(87,154,241)	-6%
45	Other Financing Activities (explained on attached page)	(11,571,217)	(4,770,478)	59%
46	Net Cash Provided by (Used in) Financing Activities	3,937,239	74,156,286	1783%
47				
48	Net Increase/(Decrease) in Cash and Cash Equivalents	(15,044,966)	(434,872)	97%
49	Cash and Cash Equivalents at Beginning of Year	18,015,242	2,970,276	-84%
50	Cash and Cash Equivalents at End of Year	2,970,276	2,535,404	-15%

STATEMENT OF CASH FLOWS

Year: 2016

	Description	Last Year	This Year	% Change
1	Detail of Lines 15, 26 and 45			
2	Line 15: Other Operating Activities			
3	Cash paid for settlement of interest rate swaps	-	(53,966,197)	#DIV/0!
4	Amortization of Spokane Energy contract	9,499,494	14,694,374	
5	Change in allowance for uncollectible receivables	5,749,995	6,000,000	4%
6	Regulatory Gas Cost and Power Cost Adjustment	1,121,287	1,408,987	26%
7	Non-cash stock compensation	6,913,619	7,890,705	14%
8	Subsidiary earnings	(11,164,785)	(6,288,876)	44%
9	Gain on sale of property and equipment	(142,552)	(240,297)	-69%
10	Other	(2,587)	9,547	
11				
12	Total Line 15	11,974,471	(30,491,757)	-355%
13	Line 26: Other Investing Activities			
14	Federal grant payments received	2,730,166	512,000	-81%
15	Changes in other property and investments	(7,992,961)	(8,915,799)	-12%
16	Restricted cash	(62,284)	(25,425)	59%
17	Cash paid for acquisition	(94,643)	-	100%
18	Dividends received from subsidiaries	2,000,000	2,000,000	0%
19	Total Line 26	(3,419,722)	(6,429,224)	-88%
20	Line 45: Other Financing Activities			
21	Cash paid for settlement of interest rate swaps	(9,326,000)	-	100%
22	Excess tax benefits from stock compensation	180,431	-	-100%
23	Debt Issuance costs	(593,969)	(1,698,045)	-186%
	Payment of minimum withholding for share based payment awards	(1,831,679)	(3,072,433)	
24	Total Line 45	(11,571,217)	(4,770,478)	59%

LONG TERM DEBT

Year: 2016

	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%	5,047,001	5.61%
20	6.25% Issued Nov/Dec 2005	11/17/05	12/1/35	150,000,000	152,264,565	150,000,000	6.14%	9,208,605	6.14%
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%	17,585,926	7.03%
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%	4,538,871	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%	4,694,533	5.87%
28	4.11% Issued Dec. 2014	12/18/14	12/1/44	60,000,000	65,000,795	60,000,000	3.65%	2,190,040	3.65%
29	4.37% Issued Dec. 2015	12/16/15	12/1/45	100,000,000	90,025,940	100,000,000	5.02%	5,016,889	5.02%
30	3.54% Issued Dec. 2016	12/15/16	12/1/51	175,000,000	120,032,421	175,000,000	5.60%	9,793,454	5.60%
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	TOTAL			1,589,547,000	1,459,816,066	1,589,547,000		90,186,233	5.67%

PREFERRED STOCK

Year: 2016

	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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18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32	TOTAL									

COMMON STOCK

Year: 2016

		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	62,605,000	25.15	0.92	0.3425		41.12	34.67	
9									
10	April								
11									
12	May								
13									
14	June	63,386,000	25.38	0.43	0.3425		44.80	38.70	
15									
16	July								
17									
18	August								
19									
20	September	63,857,000	25.38	0.19	0.3425		44.97	40.43	
21									
22	October								
23									
24	November								
25									
26	December	64,185,000	25.69	0.62	0.3425		42.63	39.11	
27									
28									
29									
30									
31									
32	TOTAL Year End	64,188,000	25.69	2.15	1.37	36.28%	39.99		18.6

MONTANA EARNED RATE OF RETURN

Year: 2016

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

MONTANA COMPOSITE STATISTICS

Year: 2016

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	629,920
5	107 Construction Work in Progress	
6	114 Plant Acquisition Adjustments	
7	105 Plant Held for Future Use	
8	154, 156 Materials & Supplies	5,056
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(294,303)
11	252 Contributions in Aid of Construction	
12		
13	NET BOOK COSTS	340,672
14	Revenues & Expenses (000 Omitted)	
15		
16		
17	400 Operating Revenues	74
18		
19	403 - 407 Depreciation & Amortization Expenses	11,115
20	Federal & State Income Taxes	341
21	Other Taxes	10,403
22	Other Operating Expenses	43,733
23	TOTAL Operating Expenses	65,593
24		
25	Net Operating Income	(65,519)
26		
27	415-421.1 Other Income	
28	421.2-426.5 Other Deductions	
29		
30	NET INCOME	(65,519)
31	Customers (Intrastate Only)	
32		
33		
34	Year End Average:	
35	Residential	9
36	Commercial	8
37	Industrial	
38	Other	13
39		
40	TOTAL NUMBER OF CUSTOMERS	30
41	Other Statistics (Intrastate Only)	
42		
43		
44	Average Annual Residential Use (Kwh)	22,111
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	160.15
48	Gross Plant per Customer	69,991

MONTANA CUSTOMER INFORMATION

Year: 2016

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1						
2	Noxon, Montana		9	8	13	30
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
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24						
25						
26						
27						
28						
29						
30						
31						
32	TOTAL Montana Customers		9	8	13	30

MONTANA EMPLOYEE COUNTS

Year: 2016

	Department	Year Beginning	Year End	Average
1				
2	Noxon Generating Station	45	41	43
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
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20				
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31				
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34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL Montana Employees	45	41	43

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2016

	Project Description	Total Company	Total Montana
1			
2	Noxon Rapids Capital Projects Upgrades	6,246,678	5,509,128
3			
4	Clark Fork Improvement	17,725,511	2,920,082
5			
6	Regulating Hydro Project	3,533,000	1,519,190
7			
8	Colstrip Capital Projects	9,825,118	9,825,118
9			
10	Information Technology Refresh	5,521,502	328,119
11			
12	Security Systems	3,200,000	1,144,000
13			
14	Other	400,000	100,000
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
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35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50	TOTAL	46,451,809	21,345,637

TOTAL SYSTEM & MONTANA PEAK AND ENERGY

Year: 2016

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	1900	1511	1,158,940	273,890
2	Feb.	3	800	1427	1,066,834	306,567
3	Mar.	16	800	1275	1,061,538	301,737
4	Apr.	5	800	1141	963,340	301,281
5	May	3	1600	1165	1,002,992	326,304
6	Jun.	6	1800	1541	981,870	276,554
7	Jul.	28	1700	1587	946,212	188,730
8	Aug.	16	1800	1546	989,200	198,317
9	Sep.	27	1700	1180	875,738	214,089
10	Oct.	12	800	1238	933,263	222,908
11	Nov.	29	1800	1377	1,080,771	343,851
12	Dec.	17	1800	1655	1,227,608	270,068
13	TOTAL				12,288,306	3,224,296

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

TOTAL SYSTEM Sources & Disposition of Energy

SCHEDULE 33

	Sources	Megawatthours	Disposition	Megawatthours
1	Generation (Net of Station Use)			
2	Steam	1,797,206	Sales to Ultimate Consumers (Include Interdepartmental)	8,509,330
3	Nuclear			
4	Hydro - Conventional	3,836,116		
5	Hydro - Pumped Storage		Requirements Sales for Resale	
6	Other	1,828,934		
7	(Less) Energy for Pumping			
8	NET Generation	7,462,256	Non-Requirements Sales for Resale	3,224,296
9	Purchases	4,823,114		
10	Power Exchanges			
11	Received	528,878	Energy Furnished Without Charge	
12	Delivered	(525,942)		
13	NET Exchanges	2,936		
14	Transmission Wheeling for Others		Energy Used Within Electric Utility	11,494
15	Received	3,149,076		
16	Delivered	(3,149,076)		
17	NET Transmission Wheeling		Total Energy Losses	543,186
18	Transmission by Others Losses			
19	TOTAL	12,288,306	TOTAL	12,288,306

SOURCES OF ELECTRIC SUPPLY

Year: 2016

	Type	Plant Name	Location	Annual Peak (MW)	Annual Energy (Mwh)
1					
2	Washington:				
3					
4	Thermal	Kettle Falls	Kettle Falls, WA	51	341,370
5	Hydro	Little Falls	Ford, WA	37	182,385
6	Hydro	Long Lake	Ford, WA	90	525,331
7	Hydro	Monroe Street	Spokane, WA	19	96,851
8	Hydro	Nine Mile	Spokane, WA	31	108,780
9	Hydro	Upper Falls	Spokane, WA	12	62,708
10	Combustion -				
11	Turbine	Northeast	Spokane, WA	62	1,087
12	Combustion -				
13	Turbine	Kettle Falls Bi-fuel	Kettle Falls, WA	8	3,468
14	Combustion -				
15	Turbine	Boulder Park	Spokane, WA	25	18,358
16					
17					
18	Idaho:				
19	Hydro	Cabinet Gorge	Clark Fork, ID	265	1,075,975
20	Hydro	Post Falls	Post Falls, ID	20	88,444
21	Combustion -				
22	Turbine	Rathdrum	Rathdrum, ID	161	40,615
23					
24					
25					
26	Montana:				
27	Thermal	Colstrip #3 and #4	Colstrip, MT	229	1,455,836
28	Hydro	Noxon	Thompson Falls, MT	539	1,695,642
29					
30	Oregon:				
31	Combustion -				
32	Turbine	Coyote Springs 2	Boardman, OR	319	1,765,406
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49	Total			1,868	7,462,256

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS

Year: 2016

	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: 2016

	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	\$17,296	\$14,514	199	167	9	9
2	Commercial - Small	31,278	24,596	314	252	8	8
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	25,447	24,897	272	270	13	12
12							
13	TOTAL	\$74,021	\$64,007	785	689	30	29