THIS FILiNG IS	
Item 1: [X] An Initial (Original) Submission	OR [ ] Resubmission No. ____

Form 2 Approved
OMB No. 1902-0028
(Expires 6/30/2007)
Form 3-Q: Approved
OMB No.1902-0205
(Expires 6/30/2007)

AVU-G

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FERC FINANCIAL REPORT
FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)	Year/Period of Report
Avista Corporation	End of 2007/Q4

FERC FORM NO. 2/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Avista Corporation	02 Year/Period of Report End of 2007/Q4
03 Previous Name and Date of Change *(if name changed during year)* / /	
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1411 East Mission Avenue, Spokane, WA, 99202	
05 Name of Contact Person M. K. Malquist	06 Title of Contact Person Executive VP and CFO
07 Address of Contact Person *(Street, City, State, Zip Code)* 1411 East Mission Avenue, Spokane, WA, 99202	

08 Telephone of Contact Person, *Including Area Code*	09 This Report Is	10 Date of Report *(Mo, Da, Yr)*
(509) 495-8000	(1) ☒ An Original (2) ☐ A Resubmission	04/17/2008

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
M. K. Malquist	M. K. Malquist	04/17/2008
02 Title Executive VP and CFO		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

List of Schedules (Natural Gas Company)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
	GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
1	General Information	101		
2	Control Over Respondent	102		N/A
3	Corporations Controlled by Respondent	103		
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108-109		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Accumulated Comprehensive Income and Hedging Activities	117		shown as 122a/b
9	Statement of Retained Earnings for the Year	118-119		
10	Statements of Cash Flows	120-121		
11	Notes to Financial Statements	122-123		
	BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
13	Gas Plant in Service	204-209		
14	Gas Property and Capacity Leased from Others	212		N/A
15	Gas Property and Capacity Leased to Others	213		N/A
16	Gas Plant Held for Future Use	214		
17	Construction Work in Progress-Gas	216		
18	General Description of Construction Overhead Procedure	218		N/A
19	Accumulated Provision for Depreciation of Gas Utility Plant	219		
20	Gas Stored	220		
21	Investments	222-223		N/A
22	Investments in Subsidiary Companies	224-225		
23	Prepayments	230		
24	Extraordinary Property Losses	230		N/A
25	Unrecovered Plant and Regulatory Study Costs	230		N/A
26	Other Regulatory Assets	232		
27	Miscellaneous Deferred Debits	233		
28	Accumulated Deferred Income Taxes	234-235		
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
29	Capital Stock	250-251		
30	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		N/A
31	Other Paid-in Capital	253		N/A
32	Discount on Capital Stock	254		N/A
33	Capital Stock Expense	254(b)		
34	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		N/A
35	Long-Term Debt	256-257		
36	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		N/A
37	Unamortized Loss and Gain on Reacquired Debt	260		N/A

Name of Respondent Avista Corp.	This report is: [X] An Original [ ] A Resubmission	Date of Report (Mo, Da, Yr) April 18, 2008	Year Ending Dec. 31, 2007

List of Schedules (Natural Gas Company)

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

M. K. Malquist, Executive Vice President and Chief Financial Officer
1411 E. Mission Avenue
Spokane, WA 99202

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Washington, Incorporated March 15, 1889

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric service in the states of Washington, Idaho and Montana

Natural gas service in the states of Washington, Idaho and Oregon

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions
1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Avista Capital, Inc.	Parent company to the	100	
2		Company's subsidiaries.		
3				
4	Advantage IQ, Inc.	Provider of utility bill	93.3	Subsidiary of
5		processing, payment and		Avista Capital
6		information services to multi		
7		site customers in North Amer.		
8				
9	Avista Communications, Inc.	Inactive	100	Inactive
10				Subsidiary of
11				Avista Capital
12				
13				
14				
15				
16	Avista Development, Inc.	Maintains an investment	100	Subsidiary of
17		portfolio of real estate and		Avista Capital
18		other investments.		
19				
20				
21	Avista Energy, Inc.	Wholesale electricity and	100	Subsidiary of
22		natural gas trading,marketing		Avista Capital
23		and resource management.		
24		Majority of operations sold		
25		effective June 30, 2007.		
26				
27	Avista Laboratories, Inc.	Held a cost based investment	100	Inactive subsidiary

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

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1		in a fuel cell technology		or Avista Capital.
2		company. Inactive.		
3				
4	Avista Power, LLC	Owns non-regulated generation	100	Affiliate of
5		assets.		Avista Capital
6				
7	Avista Turbine Power, Inc.	Receives assignments of	100	Subsidiary of
8		purchase power agreements.		Avista Capital
9				
10	Avista Rathdrum, LLC	Owned 49 percent of Rathdrum	100	Inactive affiliate
11		Power, LLC (sold 10/2006)		of Avista Power.
12				
13	Avista Ventures, Inc.	Invests in emerging business.	100	Subsidiary of
14				Avista Capital
15				
16				
17	Pentzer Corporation	Parent company of Bay Area	100	Subsidiary of
18		Manufacturing and Pentzer		Avista Capital
19		Venture Holdings.		
20				
21	Advanced Manufacturing and Development, Inc.	Performs custom sheet metal	83	Subsidiary of
22	dba Metalfx	manufacturing of electronic		Bay Area
23		enclosures, parts and systems		Manufacturing.
24		for the computer, telecom and		
25		medical industries. AM&D		
26		also has a wood products		
27		division.		

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1				
2	Avista Receivables Corporation	Acquires and sells accounts	100	Subsidiary of
3		receivable of Avista Corp.		Avista Corp.
4				
5	Avista Energy Canada, Ltd.	A wholly owned subsidiary of	100	Subsidiary of
6		Avista Energy, Inc. that		Avista Energy
7		provided natural gas service		
8		to commercial and industrial		
9		customers in		
10		British Columbia, Canada.		
11		Majority of operations sold		
12		effective June 30, 2007.		
13				
14	Coyote Springs 2, LLC	Owned an interest in a	100	Inactive
15		generation plant.		
16				
17				
18	Spokane Energy, LLC	Marketing of energy.	100	Affiliate of
19				Avista Corp.
20				
21				
22	Avista Capital II	An affiliated business trust	100	Affiliate of
23		formed by the Company.		Avista Corp.
24		Issued Pref. Trust Securities		
25				
26	AVA Capital Trust III	An affiliated business trust	100	Affiliate of
27		formed by the Company.		Avista Corp.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1		Issued Pref. Trust Securities		
2				
3	Steam Plant Square, LLC	Commercial office and retail	90	Subsidiary of
4		leasing.		Avista Development
5				
6	Courtyard Office Center	Commercial office and retail	100	Subsidiary of
7		leasing.		Avista Development
8				
9	AVA Formation Corp.	Holding Company	100	Formed in 2006 for th
10				purpose of completing
11				proposed statutory
12				share exchange and
13				holding company
14				structure. Currently
15				a subsidiary of
16				Avista Corp.
17				
18	Bay Area Manufacturing	Holding Company	100	Subsidiary of
19				Pentzer Corporation
20				
21	Pentzer Venture Holdings	Inactive	100	Subsidiary of
22				Pentzer Corporation
23				
24				
25				
26				
27				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	04/18/2008	Dec. 31, 2007

Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other

1. Give date of the latest closing of the stock book prior to end of year, and in a footnote, state the purpose of such closing:	2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.	3. Give the date and place of such meeting:
November 29, 2007 to pay the December 14, 2007 dividend	Total: 48,001,005 By Proxy: 48,001,005	May 10, 2007 Spokane, Washington

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES 4. Number of votes as of (date): 11/29/2007 Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	52,724,612	52,724,612		
6	TOTAL number of security holders	13,421	13,421		
7	TOTAL votes of security holders listed below	382,251	382,251		
8					
9	DBH Properties LP, Coeur d'Alene, ID	77,646	77,646		
10	Gary Gail Ely, Liberty Lake, WA	65,218	65,218		
11	Gary Ely, Liberty Lake, WA	59,706	59,706		
12	Margaret Anne Brosnan, Akron, OH	55,000	55,000		
13	Alfred C. Glassell, Jr., Houston, TX	30,028	30,028		
14	Kay Kobayashi, Los Angeles, CA	22,092	22,092		
15	Ernest C. Gosnay, Jr. & Marie K Gosnay TR, Spokane, WA	20,011	20,011		
16	Robert Eugene Young, Washougal, WA	20,000	20,000		
17	Jack W. Gustavel, Coeur d'Alene, ID	16,588	16,588		
18	Edmund M. Reek TR UA JUN 16 98, Salem, OR	15,962	15,962		
19					
20					

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

1. None
2. None
3. On June 30, 2007, Avista Energy, Inc. (a subisidiary of Avista Capital, which is a subsidiary of Avista Corp.) and Avista Energy Canada, Ltd. (a subsidiary of Avista Energy, Inc.) completed the sale of substantially all of their contracts and ongoing operations to Shell Energy North America (U.S.), L.P. (Shell Energy), formerly known as Coral Energy Holding, L.P., as well as to certain other subsidiaries of Shell Energy.
4. None
5. None
6. Avista Receivables Corporation (ARC) is a wholly owned, bankruptcy-remote subsidiary of Avista Corp., formed for the purpose of acquiring or purchasing interests in certain accounts receivable, both billed and unbilled, of the Company. On March 19, 2007, Avista Corp., ARC and a third-party financial institution amended a Receivables Purchase Agreement. The most significant amendment was to extend the termination date from March 20, 2007 to March 17, 2008. Under the Receivables Purchase Agreement, ARC can sell without recourse, on a revolving basis, up to $85.0 million of those receivables. ARC is obligated to pay fees that approximate the purchaser's cost of issuing commercial paper equal in value to the interests in receivables sold. The amount of such fees is included in other operating expenses of Avista Corp. The Receivables Purchase Agreement has financial covenants, which are substantially the same as those of Avista Corp.'s $320.0 million committed line of credit. As of December 31, 2007, there were $85 million of accounts receivables sold under this revolving agreement.
7. No changes in articles of incorporation or amendments to charter. On May 11, 2007, the Bylaws of Avista Corp. were amended. Specifically, section 4 of Article III of the Bylaws of Avista Corp. was changed to allow special meetings of the Board of Directors to be called by the Lead Director as well as by the Chairman, President, Executive Vice President or any three directors. Section 4 of Article III, which previously stated: "Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President, the Executive Vice President or any three (3) directors. Notice of any special meeting shall be given to each director at least two (2) days in advance of the meeting." has been amended to state: "Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President, the Executive Vice President, the Lead Director or any three (3) directors. Notice of any special meeting shall be given to each director at least two (2) days in advance of the meeting."
8. Average annual wage increases were 2.6% for non-exempt employees effective March 1, 2007. Average annual wage increases were 3.5% for exempt employees effective March 1, 2007. Average annual wage increases were 4.5% for officers effective March 1, 2007. Certain bargaining unit employees received increases ranging from 2.0% to 3.5% effective in March and April 2007.
9. Reference is made to Note 24 of the Notes to Financial Statements, page 123 of this Report.
10. None
11. Reserved
12. See page 123 of this Report.
13. Gary G. Ely, Chairman of the Board and Chief Executive Officer of Avista Corp., retired from the Company and the board, effective December 31, 2007. The Company's board of directors appointed Scott L. Morris, President and Chief Operating Officer of Avista Corp., to serve as a director on the board effective February 2007. The Company's board of directors also elected Mr. Morris to the positions of Chairman of the Board and Chief Executive Officer of Avista Corp., effective January 1, 2008.

In January 2007, James M. Kensok was appointed Vice President and Chief Information Officer.

Ronald R. Peterson, Vice President of Avista Corp. and Vice President of Energy Resources and Optimization of Avista Utilities retired from the Company on August 1, 2007. Dennis Vermillion, President and Chief Operating Officer of Avista Energy, was named Vice President of Energy Resources and Optimization of Avista Utilities effective upon the closing of the sale of the contracts and ongoing operations of Avista Energy to Coral Energy (June 30, 2007).

On May 11, 2007, the Board of Directors of Avista Corp. appointed Ann Wilson as Vice President and Treasurer and Christy Burmeister-Smith as Vice President, Controller and Principal Accounting Officer. Ann Wilson previously was Vice President and Controller of the Company since January 2006 and Vice President and Controller of Avista

Energy, Inc., from January 2000 to January 2006. Christy Burmeister-Smith previously was Vice President and Treasurer of the Company since January 2006 and Vice President and Controller of the Company from June 1999 to January 2006.

On February 15, 2008, Ann Wilson was appointed Vice President of Finance and Treasurer.

On February 15, 2008, the Board of Directors appointed Brian W. Dunham to serve as a director on the board effective March 1, 2008. Mr. Dunham is the president and chief executive officer of Northwest Pipe Company, which manufactures welded steel water transmission lines. Mr. Dunham will stand for election to the board at the annual meeting of shareholders on May 8, 2008.

On February 15, 2008, Lura J. Powell provided notification to Avista Corp. that she will not stand for re-election to the board when her term expires in May 2008 to focus on her professional commitments in technology and healthcare.

14. Proprietary capital is not less than 30 percent.

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	3,131,916,272	2,938,456,395
3	Construction Work in Progress (107)	200-201	75,679,838	89,177,799
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,207,596,110	3,027,634,194
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,090,037,407	1,024,356,307
6	Net Utility Plant (Enter Total of line 4 less 5)		2,117,558,703	2,003,277,887
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,117,558,703	2,003,277,887
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		4,670,595	4,670,391
19	(Less) Accum. Prov. for Depr. and Amort. (122)		897,192	878,680
20	Investments in Associated Companies (123)		13,903,000	13,903,000
21	Investment in Subsidiary Companies (123.1)	224-225	71,371,272	247,190,561
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		28,691,550	31,166,335
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		15,878,558	13,360,954
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		55,312,881	25,574,531
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		188,930,664	334,987,092
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		5,264,119	-3,021,873
36	Special Deposits (132-134)		5,668,267	4,042,325
37	Working Fund (135)		679,537	684,345
38	Temporary Cash Investments (136)		2,608,103	667,445
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		87,238,080	89,325,500
41	Other Accounts Receivable (143)		9,920,307	9,714,601
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		2,965,676	2,730,352
43	Notes Receivable from Associated Companies (145)		0	7,198,865
44	Accounts Receivable from Assoc. Companies (146)		502,535	1,465,217
45	Fuel Stock (151)	227	2,213,923	2,121,931
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	17,365,306	14,019,070
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		13,414,238	11,905,320
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	1,006,819
57	Prepayments (165)		6,438,702	6,467,948
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	4,259
60	Rents Receivable (172)		509,924	327,042
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		6,153,636	162,032
63	Derivative Instrument Assets (175)		67,390,448	36,402,843
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		55,312,881	25,574,531
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		167,088,568	154,188,806
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		11,576,174	17,931,388
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	281,620,776	323,816,436
73	Prelim. Survey and Investigation Charges (Electric) (183)		234,518	8,645,616
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	8,046
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	40,642,265	31,297,127
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		20,965,705	28,622,766
82	Accumulated Deferred Income Taxes (190)	234	90,823,103	55,602,315
83	Unrecovered Purchased Gas Costs (191)		2,374,110	18,275,674
84	Total Deferred Debits (lines 69 through 83)		448,236,651	484,199,368
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		2,921,814,586	2,976,653,153

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Rresubmission	04/17/2008	end of 2007/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	727,945,794	722,039,406
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	2,281,868	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	3,294,916	6,419,099
11	Retained Earnings (215, 215.1, 216)	118-119	221,313,566	168,082,338
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	-14,672,673	51,109,032
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-19,607,486	-17,965,585
16	Total Proprietary Capital (lines 2 through 15)		913,966,153	916,846,092
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	671,733,175	685,196,931
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	114,603,000	115,203,000
21	Other Long-Term Debt (224)	256-257	273,010,231	311,600,402
22	Unamortized Premium on Long-Term Debt (225)		248,733	257,617
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		1,328,472	1,709,479
24	Total Long-Term Debt (lines 18 through 23)		1,058,266,667	1,110,548,471
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		75,206	394,921
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		344,000	954,409
29	Accumulated Provision for Pensions and Benefits (228.3)		90,554,881	102,083,620
30	Accumulated Miscellaneous Operating Provisions (228.4)		1,826,000	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		1,899,098	10,174,378
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		10,501,880	5,144,457
34	Asset Retirement Obligations (230)		3,990,011	4,809,738
35	Total Other Noncurrent Liabilities (lines 26 through 34)		109,191,076	123,561,523
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	4,000,000
38	Accounts Payable (232)		114,760,498	112,367,144
39	Notes Payable to Associated Companies (233)		2,182,637	0
40	Accounts Payable to Associated Companies (234)		600,647	980,544
41	Customer Deposits (235)		6,331,722	6,463,634
42	Taxes Accrued (236)	262-263	-4,717,808	-4,887,161
43	Interest Accrued (237)		12,577,801	11,594,861
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Rresubmission	04/17/2008	end of 2007/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		252	2,651
48	Miscellaneous Current and Accrued Liabilities (242)		41,016,254	63,245,923
49	Obligations Under Capital Leases-Current (243)		295,029	281,894
50	Derivative Instrument Liabilities (244)		21,148,085	83,652,834
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		1,899,098	10,174,378
52	Derivative Instrument Liabilities - Hedges (245)		10,501,880	5,144,457
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		10,501,880	5,144,457
54	Total Current and Accrued Liabilities (lines 37 through 53)		192,296,019	267,527,946
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		1,265,933	1,087,069
57	Accumulated Deferred Investment Tax Credits (255)	266-267	423,036	472,344
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	18,072,332	17,616,522
60	Other Regulatory Liabilities (254)	278	65,481,339	18,246,960
61	Unamortized Gain on Reaquired Debt (257)		3,528,194	3,282,969
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		320,049,323	305,474,214
64	Accum. Deferred Income Taxes-Other (283)		239,274,514	211,989,043
65	Total Deferred Credits (lines 56 through 64)		648,094,671	558,169,121
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		2,921,814,586	2,976,653,153

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

STATEMENT OF INCOME

Quarterly
1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	1,321,662,326	1,319,860,703		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	965,325,057	957,162,716		
5	Maintenance Expenses (402)	320-323	45,512,775	41,805,328		
6	Depreciation Expense (403)	336-337	81,802,514	77,637,110		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	6,738,444	6,717,177		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	99,047	99,047		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		2,979,998	1,637,368		
13	(Less) Regulatory Credits (407.4)		8,618,156	17,989,452		
14	Taxes Other Than Income Taxes (408.1)	262-263	72,443,295	69,881,930		
15	Income Taxes - Federal (409.1)	262-263	22,447,987	39,535,123		
16	- Other (409.1)	262-263	520,211	1,155,970		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	12,026,706	4,330,636		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	4,122,957	11,112,169		
19	Investment Tax Credit Adj. - Net (411.4)	266	-49,308	-49,308		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		1,197,105,613	1,170,811,476		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		124,556,713	149,049,227		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
744,131,553	797,555,083	577,530,773	522,305,620			2
						3
467,293,942	514,013,824	498,031,115	443,148,892			4
37,501,902	34,489,049	8,010,873	7,316,279			5
64,517,110	61,477,791	17,285,404	16,159,319			6
						7
5,686,773	5,912,961	1,051,671	804,216			8
99,047	99,047					9
						10
						11
337,368	337,368	2,642,630	1,300,000			12
7,499,030	17,989,452	1,119,126				13
46,412,373	45,176,981	26,030,922	24,704,949			14
14,193,471	28,758,428	8,254,516	10,776,695			15
378,906	847,436	141,305	308,534			16
13,472,601	9,067,991	-1,445,895	-4,737,355			17
3,382,861	9,689,311	740,096	1,422,858			18
		-49,308	-49,308			19
						20
						21
						22
						23
						24
639,011,602	672,502,113	558,094,011	498,309,363			25
105,119,951	125,052,970	19,436,762	23,996,257			26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		124,556,713	149,049,227		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)		4,477,623	8,756,573		
35	Nonoperating Rental Income (418)		-18,512	-19,127		
36	Equity in Earnings of Subsidiary Companies (418.1)	119	-4,595,749	16,839,461		
37	Interest and Dividend Income (419)		7,743,889	11,267,952		
38	Allowance for Other Funds Used During Construction (419.1)		4,736,330	2,429,542		
39	Miscellaneous Nonoperating Income (421)					
40	Gain on Disposition of Property (421.1)		257,380	237,712		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		3,645,715	21,998,967		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		2,289,978	138,153		
44	Miscellaneous Amortization (425)	340	1,110,572	1,120,288		
45	Donations (426.1)	340	622,859	1,368,086		
46	Life Insurance (426.2)		2,557,490	1,972,456		
47	Penalties (426.3)		37,600	5,500		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		1,097,891	1,052,120		
49	Other Deductions (426.5)		3,799,017	1,059,980		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		11,515,407	6,716,583		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	251,464	153,385		
53	Income Taxes-Federal (409.2)	262-263	149,939	584,900		
54	Income Taxes-Other (409.2)	262-263	-404,584	-912,325		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-257,145	1,874,146		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	4,052,315	3,087,684		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-4,312,641	-1,387,578		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-3,557,051	16,669,962		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		69,538,504	77,938,550		
63	Amort. of Debt Disc. and Expense (428)		1,063,487	1,020,316		
64	Amortization of Loss on Reaquired Debt (428.1)		5,290,891	6,729,883		
65	(Less) Amort. of Premium on Debt-Credit (429)		8,885	8,884		
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	7,605,326	7,116,429		
68	Other Interest Expense (431)	340	2,899,617	2,724,805		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		3,864,363	2,934,769		
70	Net Interest Charges (Total of lines 62 thru 69)		82,524,577	92,586,330		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		38,475,085	73,132,859		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		38,475,085	73,132,859		

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Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		166,534,217	130,475,915
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5	Tax Benefit Received from 401(k) Dividend Reinvestment Plan		-14,870	415,237
6	Dividends Received from Subsidiaries		48,260,105	5,989,256
7	Prior Period Adjustment for Benefit Plan Restatement		-2,471,138	
8	Stock Compensation Dividend Adjustment		15,913	
9	TOTAL Credits to Retained Earnings (Acct. 439)		45,790,010	6,404,493
10				
11	Stock Options Exercised			(160,637)
12	Preferred Series K Reclass		-1,334,004	
13	Debt Repurchase Adjustment		-4,392,647	
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)		-5,726,651	(160,637)
16	Balance Transferred from Income (Account 433 less Account 418.1)		43,070,834	56,293,398
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31			-31,450,517	(27,924,168)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-31,450,517	(27,924,168)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		1,547,552	1,445,216
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		219,765,445	166,534,217

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39			1,548,121	1,548,121
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)		1,548,121	1,548,121
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)		1,548,121	1,548,121
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		221,313,566	168,082,338
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)		51,109,032	41,804,777
50	Equity in Earnings for Year (Credit) (Account 418.1)		-4,595,749	16,839,461
51	(Less) Dividends Received (Debit)		48,260,105	5,989,256
52	Subsidiary Expense & Misc Subs Equity Comp		-12,925,851	(1,545,950)
53	Balance-End of Year (Total lines 49 thru 52)		-14,672,673	51,109,032

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	38,475,085	73,132,859
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	88,540,958	84,354,287
5	Amortization of deferred power and natural gas costs	19,629,891	56,326,822
6	Amortization of debt expense	6,345,495	7,741,314
7	Amortization of investment in exchange power	2,450,030	2,450,031
8	Deferred Income Taxes (Net)	4,003,423	-16,465,046
9	Investment Tax Credit Adjustment (Net)	-49,308	-49,308
10	Net (Increase) Decrease in Receivables	1,881,714	11,519,009
11	Net (Increase) Decrease in Inventory	-3,940,327	203,045
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-28,529,359	-8,118,183
14	Net (Increase) Decrease in Other Regulatory Assets	-8,395,908	-6,061,549
15	Net Increase (Decrease) in Other Regulatory Liabilities	1,888,830	-1,175,736
16	(Less) Allowance for Other Funds Used During Construction	4,736,330	2,429,542
17	(Less) Undistributed Earnings from Subsidiary Companies	-4,595,749	16,839,461
18	Other (provide details in footnote):	696,571	-2,476,259
19	Write-down of asset	2,289,978	
20	Change in other noncurrent assets and liabilities	-2,782,552	-8,672,181
21	Net change in receivables allowance	235,324	-497,564
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	122,599,264	172,942,538
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-196,772,585	-156,952,633
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction		
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-196,772,585	-156,952,633
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		657,770
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies	170,364,287	36,646,304
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans	17,967	15,263
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54	Changes in other property and investments	-2,942,625	-763,324
55	Proceeds from sale of utility property claim		5,483,780
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-29,332,956	-114,912,840
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		149,778,000
62	Preferred Stock		
63	Common Stock	4,977,331	88,393,784
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	4,977,331	238,171,784
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-26,156,580	-197,231,550
74	Preferred Stock	-26,250,000	-1,750,000
75	Common Stock		
76	Premiums paid for the redemption of long-term debt		-425,996
77	Long-term debt and short-term borrowing issuance costs	-164,700	-5,435,618
78	Net Decrease in Short-Term Debt (c)	-4,000,000	-59,000,000
79	Cash paid in interest rate swap agreement		-3,738,000
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-31,450,517	-27,927,206
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-83,044,466	-57,336,586
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	10,221,842	693,112
87			
88	Cash and Cash Equivalents at Beginning of Period	-1,670,083	-2,363,195
89			
90	Cash and Cash Equivalents at End of period	8,551,759	-1,670,083

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

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SEE PAGE 123 FOR REQUIRED INFORMATION.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Avista Corporation (Avista Corp. or the Company) is an energy company engaged in the generation, transmission and distribution of energy as well as other energy-related businesses. Avista Corp. generates, transmits and distributes electricity in parts of eastern Washington and northern Idaho. In addition, Avista Corp. has electric generating facilities in western Montana and northern Oregon. Avista Corp. also provides natural gas distribution service in parts of eastern Washington and northern Idaho, as well as parts of northeast and southwest Oregon. Avista Capital, Inc. (Avista Capital), a wholly owned subsidiary of Avista Corp., is the parent company of all of the subsidiary companies in the non-utility business segments including Avista Energy, Inc. (Avista Energy) and Advantage IQ, Inc. (Advantage IQ). Avista Energy was an electricity and natural gas marketing, trading and resource management business. On June 30, 2007, Avista Energy completed the sale of substantially all of its contracts and ongoing operations. Advantage IQ is a provider of facility information and cost management services for multi-site customers throughout North America.

The Company's operations are exposed to risks including, but not limited to:

- streamflow and weather conditions that impact hydroelectric generation, utility operations and customer demand,
- market prices and supply of wholesale energy, which the Company purchases and sells, including power, fuel and natural gas,
- regulatory disallowance of the recovery of power and natural gas costs, operating costs and capital investments,
- the effects of changes in legislative and governmental regulations, including restrictions on emissions from generating plants and requirements for the acquisition of new resources,
- changes in regulatory requirements,
- availability of generation facilities,
- competition, and
- availability of funding at a reasonable cost.

Also, like other utilities, the Company's facilities and operations are exposed to terrorism risks or other malicious acts. In addition, the energy business exposes the Company to the financial, liquidity, credit and price risks associated with wholesale purchases and sales of energy commodities.

Basis of Reporting

The financial statements include the assets, liabilities, revenues and expenses of the Company. As required by the Federal Energy Regulatory Commission (FERC), the Company accounts for its investment in majority-owned subsidiaries on the equity method rather than consolidating the assets, liabilities, revenues, and expenses of these subsidiaries, as required by accounting principles generally accepted in the United States of America. The accompanying financial statements include the Company's proportionate share of utility plant and related operations resulting from its interests in jointly owned plants. In addition, under the requirements of the FERC, there are differences from accounting principles generally accepted in the United States of America in the presentation of (1) current portions of long-term debt, short-term borrowings, and preferred stock, (2) assets and liabilities for cost of removal of assets, (3) assets held for sale, (4) regulatory assets and liabilities, (5) retained earnings, and (6) comprehensive income.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. Significant estimates include:

- determining the market value of energy commodity derivative assets and liabilities,
- pension and other postretirement benefit plan obligations,
- contingent liabilities,
- recoverability of regulatory assets,
- stock-based compensation, and
- unbilled revenues.

Changes in these estimates and assumptions are considered reasonably possible and may have a material effect on the financial statements and thus actual results could differ from the amounts reported and disclosed herein.

System of Accounts
The accounting records of the Company's utility operations are maintained in accordance with the uniform system of accounts prescribed by the FERC and adopted by the state regulatory commissions in Washington, Idaho, Montana and Oregon.

Regulation
The Company is subject to state regulation in Washington, Idaho, Montana and Oregon. The Company is also subject to federal regulation by the FERC.

Operating Revenues
Revenues related to the sale of energy are generally recorded when service is rendered or energy is delivered to customers. The determination of the energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, the amount of energy delivered to customers since the date of the last meter reading is estimated and the corresponding unbilled revenue is estimated and recorded. Accounts receivable includes unbilled energy revenues of $16.1 million (net of $57.2 million of unbilled receivables sold) as of December 31, 2007 and $21.7 million (net of $51.6 million of unbilled receivables sold) as of December 31, 2006. See Note 5 for information related to the sale of accounts receivable.

Advertising Expenses
The Company expenses advertising costs as incurred. Advertising expenses were not a material portion of the Company's operating expenses in 2007, 2006 and 2005.

Taxes Other Than Income Taxes
Taxes other than income taxes include state excise taxes, city occupational and franchise taxes, real and personal property taxes and certain other taxes not based on net income. These taxes are generally based on revenues or the value of property. Utility related taxes collected from customers (primarily state excise taxes and city utility taxes) are recorded as operating revenue and expense and totaled $51.0 million in 2007, $48.3 million in 2006 and $43.1 million in 2005.

Income Taxes
The Company accounts for income taxes under Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." Under SFAS No. 109, a deferred tax asset or liability is determined based on the enacted tax rates that will be in effect when the differences between the financial statement carrying amounts and tax basis of existing assets and liabilities are expected to be reported in the Company's consolidated income tax returns. The deferred tax expense for the period is equal to the net change in the deferred tax asset and liability accounts from the beginning to the end of the period. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax liabilities and regulatory assets are established for tax benefits flowed through to customers as prescribed by the respective regulatory commissions.

Stock-Based Compensation
Prior to January 1, 2006, the Company followed the disclosure only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, employee stock options were accounted for under Accounting Principle Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees." Stock options were granted at exercise prices not less than the fair value of common stock on the date of grant. Avista Corp. has not granted any stock options since 2003. Under APB No. 25, no compensation expense was recognized pursuant to the Company's stock option plans. However, the Company recognized compensation expense related to performance-based share awards. The Company adopted SFAS No. 123R, "Share-Based Payment," on January 1, 2006, which resulted in changes to stock compensation expense recognition. See Note 23 for further information. The Company adopted SFAS No. 123R using the modified prospective method and, accordingly, the financial statements for prior periods presented were not restated to reflect the fair value method of recognizing compensation expense relating to share-based payments.

If compensation expense for the Company's stock-based employee compensation plans were determined consistent with SFAS No. 123, net income and earnings per common share would be the following pro forma amounts for the year ended December 31, 2005 (prior to the adoption of SFAS No. 123R):

	2005
Net income (dollars in thousands):	
As reported	$44,988
Add: Total stock-based employee compensation expense included in net income, net of tax	2,211
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of tax	(2,911)
Pro forma	$44,288
Basic and diluted earnings per common share:	
Basic as reported	$0.93
Diluted as reported	$0.92
Basic pro forma	$0.91
Diluted pro forma	$0.90

Earnings Per Common Share

Basic earnings per common share is computed by dividing income available for common stock by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing income available for common stock by diluted weighted average common shares outstanding during the period, including common stock equivalent shares outstanding using the treasury stock method, unless such shares are anti-dilutive. Common stock equivalent shares include shares issuable upon exercise of stock options and contingent stock awards. See Note 22 for earnings per common share calculations.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Company considers all temporary investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash deposits from counterparties. See Note 7 for further information related to cash deposits from counterparties.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts to provide for estimated and potential losses on accounts receivable. The Company determines the allowance for utility and other customer accounts receivable based on historical write-offs as compared to accounts receivable and operating revenues. Additionally, the Company establishes specific allowances for certain individual accounts. The following table presents the activity in the allowance for doubtful accounts during the years ended December 31 (dollars in thousands):

	2007	2006	2005
Allowance as of the beginning of the year	$2,730	$3,228	$2,810
Additions expensed during the year	3,078	2,888	2,752
Net deductions	(2,842)	(3,386)	(2,334)
Allowance as of the end of the year	$2,966	$2,730	$3,228

Materials and Supplies, Fuel Stock and Natural Gas Stored

Inventories of materials and supplies, fuel stock and natural gas stored are recorded at the lower of cost or market, primarily using the average cost method.

Utility Plant in Service

The cost of additions to utility plant in service, including an allowance for funds used during construction and replacements of units of property and improvements, is capitalized. Costs of depreciable units of property retired plus costs of removal less salvage are charged to accumulated depreciation.

Allowance for Funds Used During Construction

The Allowance for Funds Used During Construction (AFUDC) represents the cost of both the debt and equity funds used to finance utility plant additions during the construction period. In accordance with the uniform system of accounts prescribed by regulatory authorities, AFUDC is capitalized as a part of the cost of utility plant and the debt related portion is credited currently against total interest expense in the Statements of Income. The Company generally is permitted, under established regulatory rate practices, to recover the capitalized AFUDC, and a fair return thereon, through its inclusion in rate base and the provision for depreciation after the related utility plant is placed in service. Cash inflow related to AFUDC generally does not occur until the related utility plant is placed in service and included in rate base. The effective AFUDC rate was 9.11 percent in 2007 and 2006 and 9.72 percent for 2005. The Company's AFUDC rates do not exceed the maximum allowable rates as determined in accordance with the requirements of regulatory authorities.

Depreciation
For utility operations, depreciation expense is estimated by a method of depreciation accounting utilizing unit rates for generation plants and composite rates for other utility plant. Such rates are designed to provide for retirements of properties at the expiration of their service lives. The rates for hydroelectric plants include annuity and interest components, in which the interest component is 9 percent. For utility operations, the ratio of depreciation provisions to average depreciable property was 2.89 percent in 2007, 2.89 percent in 2006 and 2.93 percent in 2005.

The average service lives for the following broad categories of utility property are:

- electric thermal production - 28 years,
- hydroelectric production - 77 years,
- electric transmission - 45 years,
- electric distribution - 48 years, and
- natural gas distribution property - 37 years.

Regulatory Deferred Charges and Credits
The Company prepares its financial statements in accordance with the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." The Company prepares its financial statements in accordance with SFAS No. 71 because:

- rates for regulated services are established by or subject to approval by independent third-party regulators,
- the regulated rates are designed to recover the cost of providing the regulated services, and
- in view of demand for the regulated services and the level of competition, it is reasonable to assume that rates can be charged to and collected from customers at levels that will recover costs.

SFAS No. 71 requires the Company to reflect the impact of regulatory decisions in its financial statements. SFAS No. 71 requires that certain costs and/or obligations (such as incurred power and natural gas costs not currently recovered through rates, but expected to be recovered in the future) are reflected as deferred charges or credits on the Balance Sheets. These costs and/or obligations are not reflected in the statement of income until the period during which matching revenues are recognized.

If at some point in the future the Company determines that it no longer meets the criteria for continued application of SFAS No. 71 for all or a portion of its regulated operations, the Company could be:

- required to write off its regulatory assets, and
- precluded from the future deferral of costs not recovered through rates at the time such costs are incurred, even if the Company expected to recover such costs in the future.

The Company's primary regulatory assets include:

- power and natural gas deferrals,
- investment in exchange power,
- regulatory asset for deferred income taxes,
- unamortized debt expense,
- assets offsetting net utility energy commodity derivative liabilities (see Note 6 for further information),
- expenditures for demand side management programs,
- expenditures for conservation programs, and
- unfunded pensions and other postretirement benefits.

Regulatory liabilities include:

- liabilities created when the Centralia Power Plant was sold,
- liabilities offsetting net utility energy commodity derivative assets (see Note 6 for further information), and
- the gain on the general office building sale/leaseback.

Investment in Exchange Power-Net

The investment in exchange power represents the Company's previous investment in Washington Public Power Supply System Project 3 (WNP-3), a nuclear project that was terminated prior to completion. Under a settlement agreement with the Bonneville Power Administration in 1985, Avista Corp. began receiving power in 1987, for a 32.5-year period, related to its investment in WNP-3. Through a settlement agreement with the Washington Utilities and Transportation Commission (WUTC) in the Washington jurisdiction, Avista Corp. is amortizing the recoverable portion of its investment in WNP-3 (recorded as investment in exchange power) over a 32.5 year period beginning in 1987. For the Idaho jurisdiction, Avista Corp. fully amortized the recoverable portion of its investment in exchange power.

Unamortized Debt Expense

Unamortized debt expense includes debt issuance costs that are amortized over the life of the related debt, as well as premiums paid to repurchase debt, which are amortized over the remaining life of the original debt that was repurchased or, if new debt is issued in connection with the repurchase, these costs are amortized over the life of the new debt. These costs are recovered through retail rates as a component of interest expense. Pursuant to a settlement agreement in its Washington general rate case in 2007, Avista Corp. agreed to write off $3.8 million of unamortized debt repurchase costs. See Note 4 for further details.

Power Cost Deferrals and Recovery Mechanisms

Deferred power supply costs are recorded as a deferred charge on the Balance Sheets for future review and recovery through retail rates. The power supply costs deferred include certain differences between actual power supply costs incurred by Avista Corp. and the costs included in base retail rates. This difference in power supply costs primarily results from changes in:

- short-term wholesale market prices,
- the level of hydroelectric generation,
- the level of thermal generation (including changes in fuel prices), and
- retail loads.

In Washington, the Energy Recovery Mechanism (ERM) allows Avista Corp. to increase or decrease electric rates periodically with WUTC approval to reflect changes in power supply costs. The ERM is an accounting method used to track certain differences between actual power supply costs and the amount included in base retail rates for Washington customers. Avista Corp. accrues interest on deferred power costs in the Washington jurisdiction at a rate, which is adjusted semi-annually, of 7.8 percent as of December 31, 2007. Total deferred power costs for Washington customers were $58.5 million as of December 31, 2007 and $70.2 million as of December 31, 2006.

The initial amount of power supply costs in excess or below the level in retail rates, which the Company either incurs the cost of, or receives the benefit from, is referred to as the deadband. The annual (calendar year) deadband amount is currently $4.0 million. The Company will incur the cost of, or receive the benefit from, 100 percent of this initial power supply cost variance. The Company shares annual power supply cost variances between $4.0 million and $10.0 million with its customers. As such, 50 percent of the annual power supply cost variance in this range is deferred for future surcharge or rebate to customers and the Company incurs the cost of, or receives the benefit from, the remaining 50 percent. To the extent that the annual power supply cost variance from the amount included in base rates exceeds $10.0 million, 90 percent of the cost variance is deferred for future surcharge or rebate. The Company incurs the cost of, or receives the benefit from, the remaining 10 percent of the annual variance beyond $10.0 million without affecting current or future customer rates. The following is a summary of the ERM:

Annual Power Supply Cost Variability	Deferred for Future Surcharge or Rebate to Customers	Expense or Benefit to the Company
+/- $0 - $4 million	0%	100%
+/- between $4 million - $10 million	50%	50%
+/- excess over $10 million	90%	10%

Avista Corp. has a power cost adjustment (PCA) mechanism in Idaho that allows it to modify electric rates periodically with Idaho Public Utilities Commission (IPUC) approval. Under the PCA mechanism, Avista Corp. defers 90 percent of the difference between certain actual net power supply expenses and the amount included in base retail rates for its Idaho customers. In June 2007, the IPUC approved continuation of the PCA mechanism with the annual rate adjustment provision. The October 1 rate adjustments recover or rebate power costs deferred during the preceding, July-June, twelve-month period. Avista Corp. accrues interest on deferred power costs in the Idaho jurisdiction at a rate, which is adjusted annually, of 5.0 percent as of December 31, 2007. Total deferred power costs for Idaho customers were $21.2 million as of December 31, 2007 and $9.4 million as of December 31, 2006.

Natural Gas Cost Deferrals and Recovery Mechanisms
In the fall of each year, Avista Corp. files a purchased gas cost adjustment (PGA) in all three states it serves to adjust natural gas rates for: 1) estimated commodity and pipeline transportation costs to serve natural gas customers for the coming year, and 2) the difference between actual and estimated commodity and transportation costs for the prior year. These annual PGA filings in Washington and Idaho provide for the deferral, and recovery or refund, of 100 percent of the difference between actual and estimated commodity and pipeline transportation costs for the prior year, subject to applicable regulatory review. The annual PGA filing in Oregon provides for deferral, and recovery or refund, of 100 percent of the difference between actual and estimated pipeline transportation costs and commodity costs that are fixed through hedge transactions. Commodity costs that are not hedged for Oregon customers are subject to a sharing mechanism whereby Avista Corp. defers, and recovers or refunds, 90 percent of the difference between these actual and estimated costs. Total net deferred natural gas costs were $2.4 million (an asset of $6.2 million and a liability of $3.8 million) as of December 31, 2007 and $18.3 million as of December 31, 2006.

NOTE 2. NEW ACCOUNTING STANDARDS

Effective January 1, 2006, the Company adopted SFAS No. 123R, "Share-Based Payment," which supersedes APB No. 25 and SFAS No. 123 and their related implementation guidance. This statement established revised standards for the accounting for transactions in which the Company exchanges its equity instruments for goods or services with a primary focus on transactions in which the Company obtains employee services in share-based payment transactions. The statement requires that the compensation cost relating to share-based payment transactions be recognized in financial statements based on the fair value of the equity or liability instruments issued. The Company implemented the provisions of this statement using the modified prospective method and, accordingly, financial statements for prior periods presented were not restated to reflect the fair value method of recognizing compensation expense relating to share-based payments. Under the modified prospective approach, SFAS 123R applied to all of the Company's unvested stock-based payment awards beginning January 1, 2006 and all prospective awards. In addition, SFAS No. 123R requires the Company to classify tax benefits resulting from tax deductions in excess of stock-based compensation expense recognized as a financing activity. This amount is not significant to cash flows and is included in the line item proceeds from issuance of common stock on the Statement of Cash Flows. See Note 23 for further information related to stock compensation plans.

Effective January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109," (FIN 48) which provides guidance for the recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires the evaluation of a tax position as a two-step process. First, the Company is required to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the tax position meets the "more likely than not" recognition threshold, it is then measured and recorded at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The adoption of FIN 48 did not have a cumulative effect on the Company's financial statements. See Note 11 for further information.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which provides enhanced guidance for using fair value to measure assets and liabilities. This statement also expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements. However, the statement does not require any new fair value measurements. This statement emphasizes that fair value is a market-based measurement and not an entity-specific measurement. Therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability. The statement establishes a fair value hierarchy that prioritizes the information used to develop those assumptions giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The Company will be required to adopt SFAS No. 157 in 2008. The Company does not expect SFAS No. 157 to have a material impact on its financial condition and results of operations. However, the Company will have expanded disclosures with respect to fair value measurements.

Effective December 31, 2006, SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132 (R)" required the Company to recognize the overfunded or underfunded status of defined benefit postretirement plans in the Company's Balance Sheet measured as the difference between the fair value of plan assets and the benefit obligation. For a pension plan, the benefit obligation is the projected benefit obligation; for any other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation. Previously, the Company only recognized the underfunded status of defined benefit pension plans as the difference between the fair value of plan assets and the accumulated benefit obligation. As the Company has historically recovered and currently recovers its pension and other postretirement benefit costs related to its regulated operations in retail rates, the Company records a regulatory asset for that portion of its pension and other postretirement benefit funding deficiency. As such, the underfunded status of the Company's pension and other postretirement benefit plans under SFAS No. 158 resulted in the recognition as of December 31, 2006 of:

- a liability of $60.1 million (associated deferred taxes of $21.0 million) for pensions and other postretirement benefits,
- a regulatory asset of $54.2 million (associated deferred taxes of $19.0 million) for pensions and other postretirement benefits,
- an increase to accumulated other comprehensive loss of $3.7 million (net of taxes of $2.1 million), and
- the removal of the intangible pension asset of $3.7 million (was included in other deferred charges).

As such, the total effect on the deferred income tax liability for the adoption of SFAS No. 158 was a net decrease of $2.1 million. The adoption of this statement did not have any effect on the Company's net income.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option is elected would be reported in net income. The Company will be required to adopt SFAS No. 159 in 2008. The Company does not plan to use the fair value option under SFAS No. 159 and as such does not expect SFAS No. 159 to impact its financial condition and results of operations.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." This statement replaces SFAS No. 141 and addresses the accounting for all transactions or other events in which an entity obtains control of one or more businesses. This statement requires the acquiring entity in a business combination to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the transaction at the acquisition date, measured at their fair values as of that date, with limited exceptions. The Company will be required to begin applying this statement to any business combinations in 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements." This statement amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements" to establish accounting and reporting standards from noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. This statement clarifies that a noncontrolling interest in a subsidiary is an ownership in the consolidated entity that should be reported as equity in the consolidated financial statements. The Company will be required to adopt SFAS No. 160 in 2009. The Company is evaluating the impact SFAS No. 160 will have on its financial condition and results of operations.

NOTE 3. DISPOSITION OF AVISTA ENERGY

On June 30, 2007, Avista Energy and Avista Energy Canada completed the sale of substantially all of their contracts and ongoing operations to Shell Energy North America (U.S.), L.P. (Shell Energy), formerly known as Coral Energy Holding, L.P., as well as to certain other subsidiaries of Shell Energy.

As consideration for the assets acquired (net of liabilities assumed), the purchase price paid by Shell Energy was calculated on the closing date as the sum of the following:

- the net trade book value of contracts acquired,
- the market value of the natural gas inventory, and
- the net book value of the tangible fixed assets acquired.

Proceeds from the transaction included cash consideration for the net assets acquired by Shell Energy and the liquidation of the remaining net current assets of Avista Energy not sold to Shell Energy (primarily receivables, restricted cash and deposits with counterparties).

Assets and liabilities excluded from the sale and retained or liquidated by Avista Energy include:

- cash,
- certain agreements, including electric transmission, natural gas transportation and a power purchase agreement, related to a 270 MW natural gas-fired combined cycle combustion turbine plant located in Idaho (Lancaster Plant), for periods after December 31, 2009 through 2026,
- storage rights at a natural gas facility located in Washington (Jackson Prairie) for periods after April 30, 2011,
- accounts receivable,
- accounts payable,

- tax obligations,
- cash deposits with and from counterparties,
- litigation matters (including matters related to western energy markets), and
- certain employment agreements and employee related obligations.

Certain assets of Avista Energy with a net book value of approximately $30 million have not been liquidated. These primarily include natural gas storage and deferred tax assets. The Company expects that the natural gas storage will ultimately be transferred to Avista Corp., subject to future regulatory approval. The Company also expects that the power purchase agreement for the Lancaster Plant for the period 2010 through 2026 will be transferred to Avista Corp., subject to future regulatory approval.

In connection with the transaction, on June 30, 2007, Avista Energy and its affiliates entered into an Indemnification Agreement with Shell Energy and its affiliates. Under the Indemnification Agreement, Avista Energy and Shell Energy each agree to provide indemnification of the other and the other's affiliates for certain events and matters described in the purchase and sale agreement entered into on April 16, 2007 and certain other transaction agreements. Such events and matters include, but are not limited to, the refund proceedings arising out of the western energy markets in 2000 and 2001 (see Note 24), existing litigation, tax liabilities, matters with respect to storage rights at Jackson Prairie, and any potential issues associated with the power purchase agreement for the Lancaster Plant. In general, such indemnification is not required unless and until a party's claims exceed $150,000 and is limited to an aggregate amount of $30 million and a term of three years (except for agreements or transactions with terms longer than three years). These limitations do not apply to certain third party claims.

Avista Energy's obligations under the Indemnification Agreement are guaranteed by Avista Capital pursuant to a Guaranty dated June 30, 2007. This Guaranty is limited to an aggregate amount of $30 million plus certain fees and expenses. Avista Capital granted Shell Energy a security interest in 50 percent of Avista Capital's common shares of Advantage IQ as collateral for its Guaranty. The aggregate obligations secured by this security interest will in no event exceed $25 million. Avista Capital may substitute collateral, such as cash or letters of credit, in place of the security interest in Advantage IQ's common shares. This security interest in Advantage IQ's common shares will terminate in 18 months (December 31, 2008) except to the extent of claims actually made prior to expiration of the 18-month period. The Guaranty will terminate April 30, 2011 except with respect to claims made prior to termination.

As of February 25, 2008, there have not been any claims under the Indemnification Agreement or Guaranty.

Avista Energy made customary representations, warranties and covenants in the purchase and sale agreement. Avista Corp. and its subsidiaries agreed that for a period of 60 calendar months beginning on the closing of the transaction (June 30, 2007), neither Avista Corp. nor any of its subsidiaries will form or participate through ownership or any alliance, or internally, develop capabilities to replicate the business activities of Avista Energy within the region of the Western Electric Coordinating Council. This restriction has certain exceptions primarily related to any assets or contracts retained by Avista Energy and any current corporate activities outside of Avista Energy, including any resource optimization or associated trading or hedging activities of the character currently being conducted by Avista Corp. in the ordinary course of its regulated utility business (see Note 6).

NOTE 4. IMPAIRMENT OF ASSETS

During the third quarter of 2007, the Company recorded an impairment charge of $2.3 million for a turbine and related equipment. The Company originally planned to use the turbine in a regulated utility generation project. At the end of the third quarter of 2007, the Company reached a conclusion to sell the turbine and related equipment, which were classified as assets held for sale as of December 31, 2007. The impairment charge reduced the carrying value of the assets to the estimated fair value.

Pursuant to a settlement agreement in its Washington general rate case entered into in October 2007 and approved by the WUTC in December 2007, Avista Corp. agreed to write off $3.8 million of unamortized debt repurchase costs. These costs were for premiums paid to repurchase debt prior to its scheduled maturity. In accordance with regulatory accounting practices, these premiums were recorded as a regulatory asset in unamortized debt expense on the Balance Sheet and were being amortized over the average remaining maturity of outstanding debt.

NOTE 5. ACCOUNTS RECEIVABLE SALE

Avista Receivables Corporation (ARC) is a wholly owned, bankruptcy-remote subsidiary of Avista Corp. formed for the purpose of acquiring or purchasing interests in certain accounts receivable, both billed and unbilled, of the Company. On March 19, 2007, Avista Corp., ARC and a third-party financial institution amended a Receivables Purchase Agreement. The most significant amendment extended the termination date from March 20, 2007 to March 17, 2008. Under the Receivables Purchase Agreement, ARC can sell without recourse, on a revolving basis, up to $85.0 million of those receivables. ARC is obligated to pay fees that approximate the purchaser's cost of issuing commercial paper equal in value to the interests in receivables sold. The amount of such fees is included in other operating expenses of Avista Corp. The Receivables Purchase Agreement has financial covenants, which are substantially the same as those of Avista Corp.'s $320.0 million committed line of credit (see Note 13). At each of December 31, 2007 and 2006, $85.0 million in accounts receivables were sold under this revolving agreement.

NOTE 6. ENERGY COMMODITY TRADING

The Company is exposed to risks relating to, but not limited to:

- changes in certain commodity prices, and
- counterparty performance.

Avista Corp. utilizes derivative instruments, such as forwards, futures, swaps and options in order to manage the various risks relating to these exposures. The Company uses a variety of techniques to manage risks for their energy resources and wholesale energy market activities. The Company has a risk management policy and control procedures to manage these risks, both qualitative and quantitative. The Company's Risk Management Committee establishes the Company's risk management policy and control procedures and monitors compliance. The Risk Management Committee is comprised of certain Company officers and other individuals and is overseen by the Audit Committee of the Company's Board of Directors.

Avista Corp. engages in an ongoing process of resource optimization, which involves the economic selection from available resources to serve Avista Corp.'s load obligations and uses its existing resources to capture available economic value. Avista Corp. sells and purchases wholesale electric capacity and energy and fuel as part of the process of acquiring resources to serve its load obligations. These transactions range from terms of one hour up to multiple years. Avista Corp. makes continuing projections of:

- loads at various points in time (ranging from one hour to multiple years) based on, among other things, estimates of factors such as customer usage and weather, as well as historical data and contract terms, and
- resource availability at these points in time based on, among other things, estimates of streamflows, availability of generating units, historic and forward market information and experience.

On the basis of these projections, Avista Corp. makes purchases and sales of energy to match expected resources to expected electric load requirements. Resource optimization involves generating plant dispatch and scheduling available resources and also includes transactions such as:

- purchasing fuel for generation,
- when economic, selling fuel and substituting wholesale purchases for the operation of Avista Corp.'s resources, and
- other wholesale transactions to capture the value of generation and transmission resources.

Avista Corp.'s optimization process includes entering into hedging transactions to manage risks.

As part of its resource optimization process described above, Avista Corp. manages the impact of fluctuations in electric energy prices by measuring and controlling the volume of energy imbalance between projected loads and resources and through the use of derivative commodity instruments for hedging purposes. Load/resource imbalances within a rolling 18-month planning horizon are compared against established volumetric guidelines and management determines the timing and specific actions to manage the imbalances. Management also assesses available resource decisions and actions that are appropriate for longer-term planning periods.

SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires the recording of all derivatives as either assets or liabilities on the balance sheet measured at estimated fair value and the recognition of the unrealized gains and losses. In certain defined conditions, a derivative may be specifically designated as a hedge for a particular exposure. The accounting for derivatives depends on the intended use of the derivatives and the resulting designation.

Avista Corp. enters into forward contracts to purchase or sell electricity and natural gas. Under these forward contracts, Avista Corp. commits to purchase or sell a specified amount of energy at a specified time, or during a specified period, in the future. Certain of these forward contracts are considered derivative instruments. Avista Corp. also records derivative commodity assets and liabilities for over-the-counter and exchange-traded derivative instruments as well as certain long-term contracts. These contracts are entered into as part of Avista Corp.'s management of its loads and resources as discussed above. In conjunction with the issuance of SFAS No. 133, the WUTC and the IPUC issued accounting orders authorizing Avista Corp. to offset any derivative assets or liabilities with a regulatory asset or liability. This accounting treatment is intended to defer the recognition of mark-to-market gains and losses on energy commodity transactions until the period of settlement. The orders provide for Avista Corp. to not recognize the unrealized gain or loss on utility derivative commodity instruments in the Statements of Income. Realized gains or losses are recognized in the period of settlement, subject to approval for recovery through retail rates. Realized gains and losses, subject to regulatory approval, result in adjustments to retail rates through purchased gas cost adjustments, the ERM and the PCA mechanism.

Substantially all forward contracts to purchase or sell power and natural gas are recorded as assets or liabilities at market value with an offsetting regulatory asset or liability. Contracts that are not considered derivatives under SFAS No. 133 are generally accounted for at cost until they are settled or realized, unless there is a decline in the fair value of the contract that is determined to be other than temporary.

Market Risk
Market risk is, in general, the risk of fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Market risk includes the fluctuation in the market price of associated derivative commodity instruments. Market risk is influenced to the extent that the performance or nonperformance by market participants of their contractual obligations and commitments affect the supply of, or demand for, the commodity. The Company manages the market risks inherent in their activities according to the risk management policy established by the Company's Risk Management Committee.

Credit Risk
Credit risk relates to the risk of loss that the Company would incur as a result of non-performance by counterparties of their contractual obligations to deliver energy or make financial settlements. The Company often extends credit to counterparties and customers and is exposed to the risk that they may not be able to collect amounts owed to them. Changes in market prices may dramatically alter the size of credit risk with counterparties, even when conservative credit limits are established. Credit risk includes the risk that a counterparty may default due to circumstances:

- relating directly to it,
- caused by market price changes, and
- relating to other market participants that have a direct or indirect relationship with such counterparty.

Should a counterparty, customer or supplier fail to perform, the Company may be required to honor the underlying commitment or to replace existing contracts with contracts at then-current market prices. The Company seeks to mitigate credit risk by:

- entering into bilateral contracts that specify credit terms and protections against default,
- applying specific eligibility criteria to existing and prospective counterparties, and
- actively monitoring current credit exposures.

These credit policies include an evaluation of the financial condition and credit ratings of counterparties, collateral requirements or other credit enhancements, such as letters of credit or parent company guarantees. The Company also uses standardized agreements that allow for the netting or offsetting of positive and negative exposures associated with a single counterparty.

The Company has concentrations of suppliers and customers in the electric and natural gas industries including:

- electric utilities,
- electric generators and transmission providers,
- natural gas producers and pipelines, and
- energy marketing and trading companies.

In addition, the Company has concentrations of credit risk related to geographic location as it operates in the western United States and western Canada. These concentrations of counterparties and concentrations of geographic location may impact the Company's overall exposure to credit risk, either positively or negatively, because the counterparties may be similarly affected by changes in conditions.

Credit risk also involves the exposure that counterparties perceive related to the ability of the Company to perform deliveries and settlement under physical and financial energy contracts. These counterparties may seek assurances of performance in the form of letters of credit, prepayment, or cash deposits.

In periods of price volatility, the level of exposure can change significantly. As a result, sudden and significant demands may be made against the Company's credit facilities and cash. The Company actively monitors the exposure to possible collateral calls and takes steps to minimize capital requirements.

Other Operational and Event Risks

In addition to market and credit risk, the Company is subject to operational and event risks including, among others:

- blackouts or disruptions to transmission or transportation systems,
- forced outages at generating plants,
- fuel quality and availability,
- disruptions to information systems and other administrative resources required for normal operations, and
- weather conditions and natural disasters that can cause physical damage to property, requiring repairs to restore utility service.

Terrorism and other malicious threats are a risk to the entire utility industry. Potential disruptions to operations or destruction of facilities from terrorism or other malicious acts are not readily determinable. The Company has taken various steps to mitigate terrorism risks and prepare contingency plans in the event that its facilities are targeted.

NOTE 7. CASH DEPOSITS WITH AND FROM COUNTERPARTIES

Cash deposits from counterparties totaled $12.5 million as of December 31, 2007 and $39.4 million as of December 31, 2006. These funds were held by Avista Corp. to mitigate the potential impact of counterparty default risk. These amounts are subject to return if conditions warrant because of continuing portfolio value fluctuations with those parties or substitution of non-cash collateral.

As is common industry practice, Avista Corp. maintains margin agreements with certain counterparties. Margin calls are triggered when exposures exceed predetermined contractual limits or when there are changes in a counterparty's creditworthiness. Price movements in electricity and natural gas can generate exposure levels in excess of these contractual limits. From time to time, margin calls are made and/or received by Avista Corp. Negotiating for collateral in the form of cash, letters of credit, or performance guarantees is common industry practice.

NOTE 8. JOINTLY OWNED ELECTRIC FACILITIES

The Company has a 15 percent ownership interest in a twin-unit coal-fired generating facility, the Colstrip Generating Project (Colstrip) located in southeastern Montana, and provides financing for its ownership interest in the project. The Company's share of related fuel costs as well as operating expenses for plant in service are included in the corresponding accounts in the Statements of Income. The Company's share of utility plant in service for Colstrip was $329.6 million and accumulated depreciation was $197.7 million as of December 31, 2007.

NOTE 9. ASSET RETIREMENT OBLIGATIONS

The Company follows SFAS No. 143, "Accounting for Asset Retirement Obligations," and records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the associated costs of the asset retirement obligation are capitalized as part of the carrying amount of the related long-lived asset. The liability is accreted to its present value each period and the related capitalized costs are depreciated over the useful life of the related asset. Upon retirement of the asset, the Company either settles the retirement obligation for its recorded amount or incurs a gain or loss. The Company records regulatory assets and liabilities for the difference between asset retirement costs currently recovered in rates and asset retirement obligations recorded since asset retirement costs are recovered through rates charged to customers. The regulatory assets do not earn a return.

Specifically, the Company has recorded liabilities for future asset retirement obligations to:

- restore ponds at Colstrip,
- cap a landfill at the Kettle Falls Plant,
- remove plant and restore the land at the Coyote Springs 2 site at the termination of the land lease,
- remove asbestos at the corporate office building, and
- dispose of PCBs in certain transformers.

Due to an inability to estimate a range of settlement dates, the Company cannot estimate a liability for the:

- removal and disposal of certain transmission and distribution assets, and
- abandonment and decommissioning of certain hydroelectric generation and natural gas storage facilities.

The following table documents the changes in the Company's asset retirement obligation during the years ended December 31 (dollars in thousands):

	2007	2006	2005
Asset retirement obligation at beginning of year	$4,810	$4,529	$1,191
New liability recognized	-	-	3,243
Liability adjustment due to revision in estimated cash flows	(1,063)	-	-
Liability settled	(71)	(51)	(28)
Accretion expense	314	332	123
Asset retirement obligation at end of year	$3,990	$4,810	$4,529

NOTE 10. PENSION PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has a defined benefit pension plan covering substantially all regular full-time employees. Individual benefits under this plan are based upon the employee's years of service and average compensation as specified in the plan. The Company's funding policy is to contribute at least the minimum amounts that are required to be funded under the Employee Retirement Income Security Act, but not more than the maximum amounts that are currently deductible for income tax purposes. The Company contributed $15 million in cash to the pension plan in each of 2007, 2006 and 2005. The Company expects to contribute at least $15 million to the pension plan in 2008.

The Company also has a Supplemental Executive Retirement Plan (SERP) that provides additional pension benefits to executive officers of the Company. The SERP is intended to provide benefits to executive officers whose benefits under the pension plan are reduced due to the application of Section 415 of the Internal Revenue Code of 1986 and the deferral of salary under deferred compensation plans. The liability and expense for this plan are included as pension benefits in the tables included in this Note.

The Company expects that benefit payments under the pension plan and the SERP will total $15.2 million in 2008, $15.5 million in 2009, $16.2 million in 2010, $16.7 million in 2011 and $17.8 million in 2012. For the ensuing five years (2013 through 2017), the Company expects that benefit payments under the pension plan and the SERP will total $110.0 million.

The Finance Committee of the Company's Board of Directors:

- establishes investment policies, objectives and strategies that seek an appropriate return for the pension plan, and
- reviews and approves changes to the investment and funding policies.

The Company has contracted with an investment consultant who is responsible for managing/monitoring the individual investment managers. The investment managers' performance and related individual fund performance is periodically reviewed by the Finance Committee to ensure compliance with investment policy objectives and strategies. Pension plan assets are invested primarily in marketable debt and equity securities. Pension plan assets may also be invested in real estate, absolute return, venture capital/private equity and commodity funds. In seeking to obtain the desired return to fund the pension plan, the Finance Committee has established investment allocation percentages by asset classes as indicated in the table in this Note.

The expected long-term rate of return on plan assets is based on past performance and economic forecasts for the types of investments held by the plan. The market-related value of pension plan assets invested in debt and equity securities was based primarily on fair value (market prices).

The market-related value of pension plan assets invested in real estate was determined based on three basic approaches:

- current cost of reproducing a property less deterioration and functional economic obsolescence,
- capitalization of the property's net earnings power, and
- value indicated by recent sales of comparable properties in the market.

The market-related value of plan assets was determined as of December 31, 2007 and 2006.

In selecting a discount rate, the Company considers yield rates for highly rated corporate bond portfolios with maturities similar to that of the expected term of pension benefits.

In 2006, the form of payment election assumption was analyzed based upon historical trends and future projections. The Company revised the form of payment election to assume that 5 percent of retirees and 50 percent of vested terminated participants will elect a lump sum payment, based upon the analysis. The form of payment election assumption previously assumed that 50 percent of retirees and vested terminated participants would elect a lump sum payment. The change resulted in an increase of $13.2 million to the pension benefit obligation as of December 31, 2006. The change also increases future years' pension costs.

The Company provides certain health care and life insurance benefits for substantially all of its retired employees. The Company accrues the estimated cost of postretirement benefit obligations during the years that employees provide services. The Company elected to amortize the transition obligation of $34.5 million over a period of twenty years, beginning in 1993. The Company expects that benefit payments under the postretirement benefit plan will be $3.1 million in 2008, $3.0 million in 2009, $2.9 million in 2010, $2.8 million in 2011 and $2.7 million in 2012. For the ensuing five years (2013 through 2017), the Company expects that benefit payments under the postretirement benefit plan will total $12.3 million. The Company expects to contribute $3.1 million to the postretirement benefit plan in 2008, representing expected benefit payments to be paid during the year.

The Company established a Health Reimbursement Arrangement to provide employees with tax-advantaged funds to pay for allowable medical expenses upon retirement. The amount earned by the employee is fixed on the retirement date based on employees' years of service and the ending salary. The liability and expense of this plan are included as other postretirement benefits.

The Company provides death benefits to beneficiaries of executive officers who die during their term of office or after retirement. Under the plan, an executive officer's designated beneficiary will receive a payment equal to twice the executive officer's annual base salary at the time of death (or if death occurs after retirement, a payment equal to twice the executive officer's total annual pension benefit). The liability and expense for this plan are included as other postretirement benefits. Effective December 31, 2007, this plan was amended to eliminate a provision that allowed an executive officer to elect for their beneficiaries to receive one quarter of such payment each year over a ten-year period commencing within 30 days of the executive officer's death. The plan was also amended to provide that those who become executive officers after December 31, 2007 will no longer be eligible to receive benefits after retirement. The amendments to the plan reduced the benefit obligation by $1.6 million.

The Company uses a December 31 measurement date for its pension and postretirement plans. The following table sets forth the pension and other postretirement plan disclosures as of December 31, 2007 and 2006 and the components of net periodic benefit costs for the years ended December 31, 2007, 2006 and 2005 (dollars in thousands):

	Pension		Other Postretirement	
	2007	2006	2007	2006
Change in benefit obligation:				
Benefit obligation as of beginning of year	$315,691	$301,746	$33,632	$32,710
Service cost	10,694	9,963	672	639
Interest cost	19,161	17,158	2,159	1,956
Plan amendment	-	-	(1,601)	-
Actuarial loss (gain)	(5,245)	2,524	2,612	1,914
Transfer of accrued vacation	-	-	585	-
Benefits paid	(16,912)	(15,521)	(3,707)	(3,557)
Expenses paid	(299)	(179)	-	(30)
Benefit obligation as of end of year	$323,090	$315,691	$34,352	$33,632
Change in plan assets:				
Fair value of plan assets as of beginning of year	$225,079	$199,163	$20,878	$18,378
Actual return on plan assets	18,799	25,737	1,840	2,530
Employer contributions	15,000	15,000	-	-
Benefits paid	(16,018)	(14,642)	-	-
Expenses paid	(299)	(179)	-	(30)
Fair value of plan assets as of end of year	$242,561	$225,079	$22,718	$20,878
Funded status	$(80,529)	$(90,612)	$(11,634)	$(12,754)
Unrecognized net actuarial loss	62,174	69,679	4,472	2,084
Unrecognized prior service cost	3,098	3,751	(1,600)	-
Unrecognized net transition obligation	-	-	2,526	3,031
Accrued benefit cost	(15,257)	(17,182)	(6,236)	(7,639)
Additional liability	(65,272)	(73,430)	(5,398)	(5,115)
Accrued benefit liability	$(80,529)	$(90,612)	$(11,634)	$(12,754)

Accumulated pension benefit obligation	$275,159	$264,647	-	-
Accumulated postretirement benefit obligation:				
For retirees			$18,572	$20,351
For fully eligible employees			$9,675	$7,169
For other participants			$6,105	$6,112
Included in accumulated comprehensive loss (income) (net of tax):				
Unrecognized net transition obligation	$ -	$ -	$1,642	$1,970
Unrecognized prior service cost	2,013	2,438	(1,040)	-
Unrecognized net of net actuarial loss	40,414	45,291	2,907	1,358
Total	42,427	47,729	3,509	3,328
Less regulatory asset	(28,560)	(31,992)	(4,594)	(3,233)
Accumulated other comprehensive loss (income)	$13,867	$15,737	$(1,085)	$ 95
Weighted-average asset allocations as of December 31:				
Equity securities	49%	53%	62%	64%
Debt securities	31%	28%	38%	33%
Real estate	6%	5%	-	-
Other	14%	14%	-	3%
Target asset allocations as of December 31:				
Equity securities	39-61%	39-61%	52-72%	52-72%
Debt securities	27-33%	27-33%	28-48%	28-48%
Real estate	3-7%	3-7%	-	-
Other	10-22%	10-22%	-	-
Weighted average assumptions as of December 31:				
Discount rate for benefit obligation	6.34%	6.15%	6.20%	6.15%
Discount rate for annual expense	6.15%	5.75%	6.15%	5.75%
Expected long-term return on plan assets	8.50%	8.50%	8.50%	8.50%
Rate of compensation increase	4.66%	4.84%		
Medical cost trend pre-age 65 – initial			9.00%	9.00%
Medical cost trend pre-age 65 – ultimate			5.00%	5.00%
Ultimate medical cost trend year pre-age 65			2012	2011
Medical cost trend post-age 65 – initial			9.00%	9.00%
Medical cost trend post-age 65 – ultimate			6.00%	6.00%
Ultimate medical cost trend year post-age 65			2011	2010

	2007	2006	2005	2007	2006	2005
Components of net periodic benefit cost:						
Service cost	$10,694	$ 9,963	$ 9,480	$ 672	$ 639	$ 654
Interest cost	19,161	17,158	16,228	2,159	1,956	1,839
Expected return on plan assets	(19,217)	(16,997)	(15,917)	(1,775)	(1,562)	(1,368)
Transition (asset)/obligation recognition	-	-	(499)	505	505	505
Amortization of prior service cost	653	653	654	-	-	-
Net loss recognition	2,978	3,772	3,442	193	90	-
Net periodic benefit cost	$14,269	$14,549	$13,388	$1,754	$1,628	$1,630

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 2007 by $1.6 million and the service and interest cost by $0.2 million. A one-percentage-point decrease in the assumed health care cost trend rate for each year would decrease the accumulated postretirement benefit obligation as of December 31, 2007 by $1.4 million and the service and interest cost by $0.1 million.

The Company and its most significant subsidiaries have salary deferral 401(k) plans that are defined contribution plans and cover substantially all employees. Employees can make contributions to their respective accounts in the plans on a pre-tax basis up to the maximum amount permitted by law. The respective company matches a portion of the salary deferred by each participant according to the schedule in the respective plan. Employer matching contributions were $4.6 million in 2007, $4.4 million in 2006 and $4.1

million in 2005.

The Company has an Executive Deferral Plan. This plan allows executive officers and other key employees the opportunity to defer until the earlier of their retirement, termination, disability or death, up to 75 percent of their base salary and/or up to 100 percent of their incentive payments. Deferred compensation funds are held by the Company in a Rabbi Trust. At December 31, 2007 and 2006, there were deferred compensation assets of $12.1 million and $12.6 million included in other special funds and corresponding deferred compensation liabilities of $12.1 million and $12.6 million included in other deferred credits on the Balance Sheets.

NOTE 11. ACCOUNTING FOR INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and tax credit carryforwards.

The realization of deferred tax assets is dependent upon the ability to generate taxable income in future periods. The Company evaluated available evidence supporting the realization of its deferred tax assets and determined it is more likely than not that deferred tax assets will be realized.

As disclosed in Note 2, the Company adopted FIN 48 effective January 1, 2007, which did not have a cumulative effect on the Company's financial statements.

The Company and its eligible subsidiaries file consolidated federal income tax returns. The Company also files state income tax returns in certain jurisdictions, including Idaho, Oregon, Montana and California. Subsidiaries are charged or credited with the tax effects of their operations on a stand-alone basis. The Internal Revenue Service (IRS) has examined the Company's 2001, 2002 and 2003 federal income tax returns. Despite those tax years still remaining open, all issues were resolved with the exception of the timing for the deductions of certain indirect overhead costs. The IRS is currently conducting an examination of the Company's 2004 and 2005 federal income tax returns. This examination could result in a change in the liability for uncertain tax positions. However, an estimate of the range of any such possible change cannot be made at this time. The Company does not believe that any open tax years with respect to state income taxes could result in any adjustments that would be significant to the financial statements.

In August 2005, the Treasury Department issued regulations and the IRS issued a revenue ruling that affects the tax treatment by Avista Corp. of certain indirect overhead expenses. Avista Corp. had previously made a tax election to currently deduct certain indirect overhead costs, starting with the 2002 tax return, that were capitalized for financial accounting purposes. This election allowed Avista Corp. to take tax deductions resulting in a total reduction of approximately $40 million in current tax liabilities for 2002, 2003 and 2004. These current tax benefits were deferred on the balance sheet in accordance with the provisions of SFAS No. 109 and did not affect net income.

Due to the revenue ruling and related regulations, the IRS has disallowed the tax deduction of indirect overhead expenses during their examination of the Company's 2001, 2002 and 2003 federal income tax returns. The Company believes that the tax deductions claimed on tax returns were appropriate based on the applicable statutes and regulations in effect at the time. Avista Corp. appealed the proposed IRS adjustment on April 19, 2006. The Company's appeal is being reviewed by the IRS Appeals Division. The Company repaid a portion of the previous tax deductions through tax payments in 2005 and 2006. There can be no assurance that the Company's position will prevail. However, it is not expected to have a significant effect on the Company's net income.

The Company estimates that its liability for unrecognized tax benefits is $22.6 million at each of January 1, 2007 and December 31, 2007. This liability primarily relates to the indirect overhead expenses described above. The liability for unrecognized tax benefits would not affect the tax rate if recognized in 2007, as any adjustment to this tax item would be offset by an adjustment to current income tax expense. The liability for interest expense for unrecognized tax benefits as of January 1, 2007 was not material due to net operating loss and tax credit carryovers. The change in the liability for interest expense during 2007 was not material. The Company has not accrued any penalties. The Company would recognize interest accrued related to income tax positions as interest expense and any penalties incurred as other operating expense.

The Company had net regulatory assets of $117.5 million at December 31, 2007 and $105.9 million at December 31, 2006 related to the probable recovery of certain deferred tax liabilities from customers through future rates.

NOTE 12. ENERGY PURCHASE CONTRACTS

Avista Corp. has contracts for the purchase of fuel for thermal generation, natural gas for resale and various agreements for the purchase or exchange of electric energy with other entities. The termination dates of the contracts range from one month to the year 2055. Total expenses for power purchased, natural gas purchased, fuel for generation and other fuel costs, which are included in operation expenses in the Statements of Income, were $733.5 million in 2007, $682.5 million in 2006 and $652.2 million in 2005. The following table details Avista Corp.'s future contractual commitments for power resources (including transmission contracts) and natural gas resources (including transportation contracts) (dollars in thousands):

	2008	2009	2010	2011	2012	Thereafter	Total
Power resources	$125,265	$120,493	$110,608	$ 78,163	$ 74,162	$ 395,936	$ 904,627
Natural gas resources	190,545	112,215	77,058	56,075	52,034	636,375	1,124,302
Total	$315,810	$232,708	$187,666	$134,238	$126,196	$1,032,311	$2,028,929

All of the energy purchase contracts were entered into as part of Avista Corp.'s obligation to serve its retail natural gas and electric customers' energy requirements. As a result, these costs are generally recovered either through base retail rates or adjustments to retail rates as part of the power and natural gas cost deferral and recovery mechanisms.

In addition, Avista Corp. has operational agreements, settlements and other contractual obligations for its generation, transmission and distribution facilities. The expenses associated with these agreements are reflected as operation expenses and maintenance expenses in the Statements of Income. The following table details future contractual commitments for these agreements (dollars in thousands):

	2008	2009	2010	2011	2012	Thereafter	Total
Contractual obligations	$15,207	$15,234	$15,262	$15,291	$15,322	$167,144	$243,460

Avista Corp. has fixed contracts with certain Public Utility Districts (PUD) to purchase portions of the output of certain generating facilities. Although Avista Corp. has no investment in the PUD generating facilities, the fixed contracts obligate Avista Corp. to pay certain minimum amounts (based in part on the debt service requirements of the PUD) whether or not the facilities are operating. The cost of power obtained under the contracts, including payments made when a facility is not operating, is included in operation expenses in the Statements of Income. Expenses under these PUD contracts were $18.0 million in 2007, $13.1 million in 2006 and $9.0 million in 2005. Information as of December 31, 2007 pertaining to these PUD contracts is summarized in the following table (dollars in thousands):

	Company's Current Share of					
	Output	Kilowatt Capability	Annual Costs (1)	Debt Service Costs (1)	Bonds Outstanding	Expiration Date
Chelan County PUD:						
Rocky Reach Project	2.9%	37,000	$ 2,181	$1,007	$ 1,796	2011
Douglas County PUD:						
Wells Project	3.5%	30,000	1,891	795	4,506	2018
Grant County PUD:						
Priest Rapids Project	3.3%	55,000	9,534	882	10,064	2055
Wanapum Project	8.2%	75,000	4,430	2,949	18,526	2055
Totals		197,000	$18,036	$5,633	$34,892	

(1) The annual costs will change in proportion to the percentage of output allocated to Avista Corp. in a particular year. Amounts represent the operating costs for the year 2007. Debt service costs are included in annual costs.

The estimated aggregate amounts of required minimum payments (Avista Corp.'s share of existing debt service costs) under these PUD contracts are as follows (dollars in thousands):

	2008	2009	2010	2011	2012	Thereafter	Total
Minimum payments	$4,531	$4,554	$3,280	$3,210	$2,742	$41,265	$59,582

In addition, Avista Corp. will be required to pay its proportionate share of the variable operating expenses of these projects.

NOTE 13. COMMITTED LINE OF CREDIT

The Company has a committed line of credit agreement with various banks in the total amount of $320.0 million with an expiration date of April 5, 2011. Under the credit agreement, the Company can request the issuance of up to $320.0 million in letters of credit. Total letters of credit outstanding were $34.8 million as of December 31, 2007 and $77.1 million as of December 31, 2006. The committed line of credit is secured by $320.0 million of non-transferable First Mortgage Bonds of the Company issued to the agent bank that would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed line of credit.

The committed line of credit agreement contains customary covenants and default provisions, including a covenant requiring the ratio of "earnings before interest, taxes, depreciation and amortization" to "interest expense" of Avista Corp. for the preceding twelve-month period at the end of any fiscal quarter to be greater than 1.6 to 1. As of December 31, 2007, the Company was in compliance with this covenant with a ratio of 2.70 to 1. The committed line of credit agreement also has a covenant which does not permit the ratio of "consolidated total debt" to "consolidated total capitalization" of Avista Corp. to be greater than 70 percent at the end of any fiscal quarter. As of December 31, 2007, the Company was in compliance with this covenant with a ratio of 53.8 percent. If the proposed change in organization becomes effective, the committed line of credit will remain at Avista Corp.

Balances outstanding and interest rates of borrowings (excluding letters of credit) under the Company's revolving committed lines of credit were as follows as of and for the years ended December 31 (dollars in thousands):

	2007	2006	2005
Balance outstanding at end of period	$ -	$ 4,000	$ 63,000
Maximum balance outstanding during the period	48,000	77,000	167,000
Average balance outstanding during the period	6,833	16,740	61,181
Average interest rate during the period	7.91%	6.07%	4.45%
Average interest rate at end of period	- %	8.25%	5.48%

NOTE 14. BONDS AND OTHER LONG-TERM DEBT

The following details the interest rate and maturity dates of bonds and other long-term debt outstanding as of December 31 (dollars in thousands):

Maturity Year	Description	Interest Rate	2007	2006
2007	Secured Medium-Term Notes	5.99%	$ -	$ 13,850
2008	Secured Medium-Term Notes	6.06%-6.95%	45,000	45,000
2010	Secured Medium-Term Notes	6.67%-8.02%	35,000	35,000
2012	Secured Medium-Term Notes	7.37%	7,000	7,000
2013	First Mortgage Bonds	6.13%	45,000	45,000
2018	Secured Medium-Term Notes	7.39%-7.45%	22,500	22,500
2019	First Mortgage Bonds	5.45%	90,000	90,000
2023	Secured Medium-Term Notes	7.18%-7.54%	13,500	13,500
2028	Secured Medium-Term Notes (1)	6.37%	25,000	25,000
2032	Secured Pollution Control Bonds (2)	5.00%	66,700	66,700
2034	Secured Pollution Control Bonds (2)	5.13%	17,000	17,000
2035	First Mortgage Bonds	6.25%	150,000	150,000
2037	First Mortgage Bonds	5.70%	150,000	150,000
	Total secured long-term debt		666,700	680,550
2007	Unsecured Medium-Term Notes	7.90%-7.94%	-	12,000
2008	Unsecured Senior Notes	9.75%	272,860	272,860
2023	Unsecured Pollution Control Bonds	6.00%	4,100	4,100
	Total unsecured long-term debt		276,960	288,960
	Interest rate swaps		1,083	1,037
	Committed line of credit		-	4,000
	Preferred stock		-	26,250
	Total bonds and other long-term debt		$944,743	$1,000,797

(1) These Secured Medium-Term Notes with a maturity date of June 2028 are puttable at the option of the security holders in June 2008.
(2) These Secured Pollution Control Bonds are subject to remarketing on December 30, 2008. These bonds are puttable at the option of the security holders on that date. If the bonds cannot be successfully remarketed on that date, the Company will be required to purchase the outstanding bonds.

The following table details future long-term debt maturities (2008 maturities include amounts discussed at (1) and (2) above), not including interest rate swaps (dollars in thousands):

Year	2008	2009	2010	2011	2012	Thereafter	Total
Debt maturities	$426,560	$ -	$35,000	$ -	$7,000	$475,100	$943,660

Substantially all utility properties owned by the Company are subject to the lien of the Company's various mortgage indentures. Under the Mortgage and Deed of Trust securing the Company's First Mortgage Bonds (including Secured Medium-Term Notes), the Company may issue additional First Mortgage Bonds in an aggregate principal amount equal to the sum of: 1) 70 percent of the cost or fair value (whichever is lower) of property additions which have not previously been made the basis of any application under the Mortgage, or 2) an equal principal amount of retired First Mortgage Bonds which have not previously been made the basis of any application under the Mortgage, or 3) deposit of cash; provided, however, that the Company may not issue any additional First Mortgage Bonds unless the Company's "net earnings" (as defined in the Mortgage) for any period of 12 consecutive calendar months out of the preceding 18 calendar months were at least twice the annual interest requirements on all mortgage securities at the time outstanding, including the First Mortgage Bonds to be issued, an on all indebtedness of prior rank. As of December 31, 2007, property additions and retired bonds would have entitled the Company to issue $953.3 million in aggregate principal amount of additional First Mortgage Bonds. However, using an interest rate of 8 percent on additional First Mortgage Bonds, and based on net earnings for the 12 months ended December 31, 2007, the net earnings test would limit the principal amount of additional bonds the Company could issue to $609.5 million.

See Note 13 for information regarding First Mortgage Bonds issued to secure the Company's obligations under its $320.0 million committed line of credit.

NOTE 15. ADVANCES FROM ASSOCIATED COMPANIES

In 2004, the Company issued Junior Subordinated Debt Securities, with a principal amount of $61.9 million to AVA Capital Trust III, an affiliated business trust formed by the Company. Concurrently, AVA Capital Trust III issued $60.0 million of Preferred Trust Securities to third parties and $1.9 million of Common Trust Securities to the Company. All of these securities have a fixed interest rate of 6.50 percent for five years (through March 31, 2009). Subsequent to the initial five-year fixed rate period, the securities will either have a new fixed rate or an adjustable rate. These debt securities may be redeemed by the Company on or after March 31, 2009 and will mature on April 1, 2034.

In 1997, the Company issued Floating Rate Junior Subordinated Deferrable Interest Debentures, Series B, with a principal amount of $51.5 million to Avista Capital II, an affiliated business trust formed by the Company. Avista Capital II issued $50.0 million of Preferred Trust Securities with a floating distribution rate of LIBOR plus 0.875 percent, calculated and reset quarterly. The annual distribution rate paid during 2007 ranged from 5.999 percent to 6.455 percent. As of December 31, 2007, the annual distribution rate was 5.999 percent. Concurrent with the issuance of the Preferred Trust Securities, Avista Capital II issued $1.5 million of Common Trust Securities to the Company. These debt securities may be redeemed at the option of Avista Capital II on or after June 1, 2007 and mature on June 1, 2037; however, this is limited by an agreement under the Company's 9.75 percent Senior Notes that mature on June 1, 2008. In December 2000, the Company purchased $10.0 million of these Preferred Trust Securities.

The Company has guaranteed the payment of distributions on, and redemption price and liquidation amount with respect to, the Preferred Trust Securities to the extent that AVA Capital Trust III and Avista Capital II have funds available for such payments from the respective debt securities. Upon maturity or prior redemption of such debt securities, the Preferred Trust Securities will be mandatorily redeemed.

NOTE 16. INTEREST RATE SWAP AGREEMENTS

Avista Corp. enters into forward-starting interest rate swap agreements to manage the risk associated with changes in interest rates and the impact on future interest payments. These interest rate swap agreements relate to the interest payments for the anticipated issuances of debt. These interest rate swap agreements are considered hedges against fluctuations in future cash flows associated with changes in interest rates in accordance with SFAS No. 133.

In 2005, the Company cash settled an interest rate swap and received $4.4 million. In December 2006, Avista Corp. cash settled an interest rate swap agreement and paid $3.7 million. These settlements were deferred as regulatory items (part of long-term debt) and will be amortized over the remaining terms of the interest rate swap agreements (forecasted interest payments) in accordance with regulatory accounting practices.

Under the terms of the two outstanding interest rate swap agreements (totaling $125.0 million) as of December 31, 2007, the value of the interest rate swaps is determined based upon Avista Corp. paying a fixed rate and receiving a variable rate based on LIBOR for a term of ten years beginning in 2008. As of December 31, 2007, Avista Corp. had a long-term derivative liability of $10.5 million and a net unrealized loss of $6.8 million recorded as accumulated other comprehensive loss on the Balance Sheets. The interest rate swap agreements provide for mandatory cash settlement of these contracts in 2009. The amount included in accumulated other comprehensive income or loss at the cash settlement date will be reclassified to a regulatory asset or liability (part of long-term debt) in accordance with regulatory accounting practices under SFAS No. 71. This regulatory asset or liability will be amortized as a component of interest expense over the life of the forecasted interest payments.

NOTE 17. LEASES

The Company has multiple lease arrangements involving various assets, with minimum terms ranging from one to forty-five years. Rental expense under operating leases was $2.0 million in 2007, $2.5 million in 2006 and $8.0 million in 2005. Future minimum lease payments required under operating leases having initial or remaining noncancelable lease terms in excess of one year as of December 31, 2007 were as follows (dollars in thousands):

Year ending December 31:	2008	2009	2010	2011	2012	Thereafter	Total
Minimum payments required	$1,538	$1,380	$412	$201	$117	$2,798	$6,446

NOTE 18. GUARANTEES

The Company has guaranteed the payment of distributions on, and redemption price and liquidation amount with respect to, the Preferred Trust Securities issued by its affiliates, AVA Capital Trust III and Avista Capital II, to the extent that these entities have funds available for such payments from the respective debt securities.

Avista Power, through its equity investment in Rathdrum Power, LLC (RP LLC), was a 49 percent owner of the Lancaster Plant, which commenced commercial operation in September 2001. In October 2006, Avista Power completed the sale of its investment in RP LLC for close to book value. The output from the Lancaster Plant is contracted to Avista Energy through 2026 under a power purchase agreement. Avista Corp. has guaranteed the power purchase agreement for the performance of Avista Energy. The majority of the rights and obligations of this agreement were assigned to Shell Energy through the end of 2009. Beginning in 2010, the Company expects that these rights and obligations will be transferred to Avista Corp., subject to future approval.

In connection with the transaction, on June 30, 2007, Avista Energy and its affiliates entered into an Indemnification Agreement with Shell Energy and its affiliates. Under the Indemnification Agreement, Avista Energy and Shell Energy each agree to provide indemnification of the other and the other's affiliates for certain events and matters described in the purchase and sale agreement entered into on April 16, 2007 and certain other transaction agreements. Such events and matters include, but are not limited to, the refund proceedings arising out of the western energy markets in 2000 and 2001 (see Note 24), existing litigation, tax liabilities, matters with respect to storage rights at Jackson Prairie, and any potential issues associated with the power purchase agreement for the Lancaster Plant. In general, such indemnification is not required unless and until a party's claims exceed $150,000 and is limited to an aggregate amount of $30 million and a term of three years (except for agreements or transactions with terms longer than three years). These limitations do not apply to certain third party claims.

Avista Energy's obligations under the Indemnification Agreement are guaranteed by Avista Capital pursuant to a Guaranty dated June 30, 2007. This Guaranty is limited to an aggregate amount of $30 million plus certain fees and expenses. Avista Capital granted Shell Energy a security interest in 50 percent of Avista Capital's common shares of Advantage IQ as collateral for its Guaranty. The aggregate obligations secured by this security interest will in no event exceed $25 million. Avista Capital may substitute collateral, such as cash or letters of credit, in place of the security interest in Advantage IQ's common shares. This security interest in Advantage IQ's common shares will terminate in 18 months (December 31, 2008) except to the extent of claims actually made prior to expiration of the 18-month period. The Guaranty will terminate April 30, 2011 except with respect to claims made prior to termination.

NOTE 19. PREFERRED STOCK-CUMULATIVE (SUBJECT TO MANDATORY REDEMPTION)

The Company has 10 million authorized shares of $6.95 Series K preferred stock. In September 2007, the Company redeemed the 262,500 remaining outstanding shares of this preferred stock for $26.25 million. In each of September 2006 and 2005, the Company made mandatory redemptions of 17,500 shares of preferred stock for $1.75 million.

NOTE 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, special deposits, working funds, temporary cash investments, accounts and notes receivable, accounts payable and the committed line of credit are reasonable estimates of their fair values. Energy commodity derivative assets and liabilities, as well as derivatives related to interest rate swap agreements, are reported at estimated fair value on the Balance Sheets. The following table sets forth the estimated fair value and carrying value of the Company's long-term debt (including current portion, but excluding capital leases), long-term debt to affiliated trusts and preferred stock subject to mandatory redemption as of December 31, 2007 and 2006 (dollars in thousands):

	2007		2006	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	$943,660	$969,899	$969,510	$976,548
Long-term debt to affiliated trusts	113,403	109,109	113,403	110,147
Preferred stock	-	-	26,250	26,622

These estimates of fair value were primarily based on available market information.

NOTE 21. COMMON STOCK

In November 1999, the Company adopted a shareholder rights plan pursuant to which holders of common stock outstanding on February 15, 1999, or issued thereafter, were granted one preferred share purchase right (Right) on each outstanding share of common stock. Each Right, initially evidenced by and traded with the shares of common stock, entitles the registered holder to purchase one one-hundredth of a share of preferred stock of the Company, without par value, at a purchase price of $70, subject to certain adjustments, regulatory approval and other specified conditions. The Rights will be exercisable only if a person or group acquires 10 percent or more of the outstanding shares of common stock or commences a tender or exchange offer, the consummation of which would result in the beneficial ownership by a person or group of 10 percent or more of the outstanding shares of common stock. Upon any such acquisition, each Right will entitle its holder to purchase, at the purchase price, that number of shares of common stock or preferred stock of the Company (or, in the case of a merger of the Company into another person or group, common stock of the acquiring person or group) that has a market value at that time equal to twice the purchase price. In no event will the Rights be exercisable by a person that has acquired 10 percent or more of the Company's common stock. The Rights may be redeemed, at a redemption price of $0.01 per Right, by the Board of Directors of the Company at any time until any person or group has acquired 10 percent or more of the common stock. In connection with the proposed statutory share exchange (see Note 25), the shareholder rights plan was amended to provide that the Rights will expire upon the earlier of the effective time of the statutory share exchange or March 31, 2009 (the originally scheduled expiration date).

The Company has a Dividend Reinvestment and Stock Purchase Plan under which the Company's shareholders may automatically reinvest their dividends and make optional cash payments for the purchase of the Company's common stock at current market value.

The payment of dividends on common stock is restricted by provisions of certain covenants applicable to preferred stock and long-term debt contained in the Company's Articles of Incorporation and various mortgage indentures. Covenants under the Company's 9.75 percent Senior Notes that mature in 2008 limit the Company's ability to increase its common stock cash dividend to no more than 5 percent over the previous quarter, unless certain conditions are met related to restricted payments. As of December 31, 2007, the Company met the conditions that would allow it to increase the common stock cash dividend in excess of 5 percent over the previous quarter.

In December 2006, the Company entered into a sales agency agreement with a sales agent, to issue up to 2 million shares of its common stock from time to time. As of February 25, 2008, the Company has not issued any shares under the sales agency agreement.

NOTE 22. EARNINGS PER COMMON SHARE

The following table presents the computation of basic and diluted earnings per common share for the years ended December 31 (in thousands, except per share amounts):

	2007	2006	2005
Numerator:			
Net income	$38,475	$72,941	$44,988
Subsidiary earnings adjustment for dilutive securities	(349)	-	-
Adjusted net income for computation of diluted earnings per common share	$38,126	$72,941	$44,988
Denominator:			
Weighted-average number of common shares outstanding-basic	52,796	49,162	48,523
Effect of dilutive securities:			
Contingent stock awards	168	371	198
Stock options	299	364	258
Weighted-average number of common shares outstanding-diluted	53,263	49,897	48,979
Total earnings per common share, basic	$0.73	$1.48	$0.93
Total earnings per common share, diluted	$0.72	$1.46	$0.92

Total stock options outstanding that were not included in the calculation of diluted earnings per common share were 303,950 for 2007, 26,200 for 2006 and 695,500 for 2005. These stock options were excluded from the calculation because they were antidilutive based on the fact that the exercise price of the stock options was higher than the average market price of Avista Corp. common stock during the respective period. In addition, contingent stock awards of 318,900 were outstanding as of December 31, 2005, which were not included in basic or diluted shares because the performance conditions were not satisfied.

NOTE 23. STOCK COMPENSATION PLANS

1998 Plan

In 1998, the Company adopted, and shareholders approved, the Long-Term Incentive Plan (1998 Plan). Under the 1998 Plan, certain key employees, officers and non-employee directors of the Company and its subsidiaries may be granted stock options, stock appreciation rights, stock awards (including restricted stock) and other stock-based awards and dividend equivalent rights. The Company has available a maximum of 3.5 million shares of its common stock for grant under the 1998 Plan. As of December 31, 2007, 0.9 million shares were remaining for grant under this plan.

2000 Plan

In 2000, the Company adopted a Non-Officer Employee Long-Term Incentive Plan (2000 Plan), which was not required to be approved by shareholders. The provisions of the 2000 Plan are essentially the same as those under the 1998 Plan, except for the exclusion of non-employee directors and executive officers of the Company. The Company has available a maximum of 2.5 million shares of its common stock for grant under the 2000 Plan. However, the Company currently does not plan to issue any further options or securities under the 2000 Plan. As of December 31, 2007, 1.7 million shares were remaining for grant under this plan.

Stock Compensation

Prior to January 1, 2006, the Company accounted for stock based compensation using APB No. 25, which required the recognition of compensation expense on the excess, if any, of the market price of the stock at the date of grant over the exercise price of the option. As the exercise price for options granted under the 1998 and 2000 Plans was equal to the market price at the date of grant, there was no compensation expense recorded by the Company. However, the Company recognized compensation expense related to performance-based share awards. For periods presented prior to January 1, 2006, the Company is required to disclose pro forma net income and earnings per common share as if the Company had adopted the fair value method of accounting for stock-based compensation.

On January 1, 2006, the Company adopted SFAS No. 123R, which supersedes APB No. 25 and SFAS No. 123 and their related implementation guidance. The statement requires that the compensation cost relating to share-based payment transactions be recognized in financial statements based on the fair value of the equity or liability instruments issued. The Company adopted SFAS No. 123R using the modified prospective method and, accordingly, financial statement amounts for prior periods presented were not restated to reflect the fair value method of recognizing compensation expense relating to share-based payments. The Company recorded stock-based compensation expense of $2.5 million for 2007 and $4.0 million for 2006. The total income tax benefit recognized in the Statements of Income was $1.0 million for 2007 and $1.5 million for 2006.

Stock Options

The fair value of stock option awards was calculated using the Black Scholes option pricing model. This model requires the use of subjective assumptions, including stock price volatility, dividend yield, risk-free interest rate and expected time to exercise. See Note 1 for disclosure of pro forma net income and earnings per common share for 2005. The following summarizes stock options activity under the 1998 Plan and the 2000 Plan for the years ended December 31:

	2007	2006	2005
Number of shares under stock options:			
Options outstanding at beginning of year	1,541,045	2,095,211	2,332,198
Options granted	-	-	-
Options exercised	(123,134)	(504,452)	(192,377)
Options canceled	(6,000)	(49,714)	(44,610)
Options outstanding at end of year	1,411,911	1,541,045	2,095,211
Options exercisable at end of year	1,411,911	1,541,045	1,968,629
Weighted average exercise price:			
Options granted	$ -	$ -	$ -
Options exercised	$15.14	$16.12	$13.50
Options canceled	$26.59	$20.77	$20.42
Options outstanding at end of year	$15.38	$15.41	$15.68
Options exercisable at end of year	$15.38	$15.41	$16.03
Intrinsic value of options exercised (in thousands)	$1,022	$3,520	$956
Intrinsic value of options outstanding (in thousands)	$8,697	$15,256	$4,253

Information for options outstanding and exercisable as of December 31, 2007 was as follows:

Range of Exercise Prices	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
$10.17-$11.68	357,560	$10.29	4.7
$11.69-$14.61	372,775	11.82	3.8
$14.62-$17.53	243,501	17.04	2.2
$17.54-$20.45	134,125	18.76	1.1
$20.46-$26.29	283,750	22.56	2.7
$26.30-$28.47	20,200	27.63	2.2
Total	1,411,911	$15.38	3.3

Total cash received from the exercise of stock options was $1.9 million for 2007 and $9.9 million for 2006. As of December 31, 2007 and 2006, the Company's stock options were fully vested and expensed.

Restricted Shares

Restricted shares vest in equal thirds each year over a three-year period and are payable in Avista Corp. common stock at the end of each year if the service condition is met. In addition to the service condition, the Company must meet a return on equity target in order for the CEO's restricted shares to vest. During the vesting period, employees are entitled to dividend equivalents which are paid when dividends on the Company's common stock are declared. Restricted stock is valued at the close of market of the Company's common stock on the grant date. The weighted average remaining vesting period for the Company's restricted shares outstanding as of December 31, 2007 was one year.

The following table summarizes restricted stock activity for the years ended December 31:

	2007	2006
Unvested shares at beginning of year	36,180	-
Shares granted	31,860	36,260
Shares cancelled	(19,936)	(80)
Shares vested	(19,967)	-
Unvested shares at end of year	28,137	36,180
Weighted average fair value at grant date	$25.60	$21.32
Unrecognized compensation expense at end of year (in thousands)	$517	$439
Intrinsic value, unvested shares at end of year (in thousands)	$606	$916
Intrinsic value, shares vested during the year (in thousands)	$461	$ -

Performance Shares

Performance share grants have vesting periods of three years. Performance awards entitle the recipients to dividend equivalent rights, are subject to forfeiture under certain circumstances, and are subject to meeting specific performance conditions. Based on the attainment of the performance condition, the amount of cash paid or common stock issued will range from 0 to 150 percent of the performance shares granted depending on the change in the value of the Company's common stock relative to an external benchmark. Dividend equivalent rights are accumulated and paid out only on shares that eventually vest.

Performance share awards entitle the grantee to shares of common stock or cash payable once the service condition is satisfied. Based on attainment of the performance condition, grantees may receive 0 to 150 percent of the original shares granted. The performance condition used is the Company's Total Shareholder Return (TSR) performance over a three-year period as compared against other utilities; under SFAS 123R this is considered a market based condition. Performance shares may be settled in common stock or cash at the discretion of the Company. Historically, the Company has settled these awards through issuance of stock and intends to continue this practice. These awards vest at the end of the three-year period. Under Statement SFAS 123R, performance shares are equity awards with a market based condition, which results in the compensation cost for these awards being recognized over the requisite service period, provided that the requisite service period is rendered, regardless of when, if ever, the market condition is satisfied.

The Company measures (at the grant date) the estimated fair value of performance shares granted in accordance with the provisions of SFAS No. 123R. The fair value of each performance share award was estimated on the date of grant using a statistical model that incorporates the probability of meeting performance targets based on historical returns relative to a peer group. Expected volatility was based on the historical volatility of Avista Corp. common stock over a three-year period. The expected term of the performance shares is three years based on the performance cycle. The risk-free interest rate was based on the U.S. Treasury yield at the time of grant. The compensation expense on these awards will only be adjusted for changes in forfeitures. The following summarizes the weighted average assumptions used to determine the fair value of performance shares and related compensation costs as well as the resulting estimated fair value of performance shares granted:

	2007	2006	2005
Risk-free interest rate	4.8%	4.6%	3.4%
Expected life, in years	3	3	3
Expected volatility	19.4%	21.9%	34.1%
Dividend yield	2.5%	2.9%	3.0%
Weighted average grant date fair value (per share)	$18.71	$18.08	$16.70

The fair value includes both performance shares and dividend equivalent rights.

The following summarizes performance share activity:

	2007	2006	2005
Opening balance of unvested performance shares	300,406	318,331	308,145
Performance shares granted	114,640	138,710	163,600

Performance shares canceled	(45,632)	(1,404)	(500)
Performance shares vested	(161,573)	(155,231)	(152,914)
Ending balance of unvested performance shares	207,841	300,406	318,331
Intrinsic value of unvested performance shares (in thousands)	$4,477	$7,603	$5,638
Unrecognized compensation expense (in thousands)	$2,058	$2,400	$ -

The weighted average remaining vesting period for the Company's restricted shares outstanding as of December 31, 2007 was 1.4 years. Unrecognized compensation expense as of December 31, 2007 will be recognized during 2008 and 2009. The following summarizes the impact of the market condition on the vested performance shares:

	2007	2006	2005
Performance shares vested	161,573	155,231	152,914
Impact of market condition on shares vested	(56,551)	34,151	30,583
Shares of common stock earned	105,022	189,382	183,497
Intrinsic value of common stock earned (in thousands)	$2,262	$4,793	$3,250

In 2007, 2006 and 2005, the number of performance shares vested was adjusted by (35) percent, 22 percent and 20 percent due to the performance condition achieved. Shares earned under this plan are distributed to participants in the quarter following vesting.

Awards outstanding under the performance share grants include a dividend component that is paid in cash. This component of the performance share grants is accounted for as a liability award under the guidance of SFAS No. 123R. These liability awards are revalued on a quarterly basis taking into account the number of awards outstanding, historical dividend rate, and the change in the value of the Company's common stock relative to an external benchmark. Over the life of these awards, the cumulative amount of compensation expense recognized will match the actual cash paid. As of December 31, 2007 and 2006, the Company had recognized compensation expense and a liability of $0.4 million and $0.7 million related to the dividend component of performance share grants.

NOTE 24. COMMITMENTS AND CONTINGENCIES

In the course of its business, the Company becomes involved in various claims, controversies, disputes and other contingent matters, including the items described in this Note. Some of these claims, controversies, disputes and other contingent matters involve litigation or other contested proceedings. With respect to these proceedings, the Company intends to vigorously protect and defend its interests and pursue its rights. However, no assurance can be given as to the ultimate outcome of any particular matter because litigation and other contested proceedings are inherently subject to numerous uncertainties. With respect to matters that affect Avista Corp.'s regulated utility operations, the Company intends to seek, to the extent appropriate, recovery of incurred costs through the rate making process. With respect to matters discussed in this Note that affect Avista Energy (particularly the California Refund Proceeding), any potential liabilities or refunds remain at Avista Corp. and/or its subsidiaries and were not assumed by Shell Energy and/or its affiliates.

Federal Energy Regulatory Commission Inquiry
On April 19, 2004, the FERC issued an order approving the contested Agreement in Resolution of Section 206 Proceeding (Agreement in Resolution) reached by Avista Corp., Avista Energy and the FERC's Trial Staff with respect to an investigation into the activities of Avista Corp. and Avista Energy in western energy markets during 2000 and 2001. In the Agreement in Resolution, the FERC Trial Staff stated that its investigation found: (1) no evidence that any executives or employees of Avista Corp. or Avista Energy knowingly engaged in or facilitated any improper trading strategy; (2) no evidence that Avista Corp. or Avista Energy engaged in any efforts to manipulate the western energy markets during 2000 and 2001; and (3) that Avista Corp. and Avista Energy did not withhold relevant information from the FERC's inquiry into the western energy markets for 2000 and 2001. In April 2005 and June 2005, the California Parties and the City of Tacoma, respectively, filed petitions for review of the FERC's decisions approving the Agreement in Resolution with the United States Court of Appeals for the Ninth Circuit (Ninth Circuit). Based on the FERC's order approving the Agreement in Resolution and the FERC's denial of rehearing requests, the Company does not expect that this proceeding will have any material adverse effect on its financial condition, results of operations or cash flows.

Class Action Securities Litigation
On June 1, 2007, Avista Corp. entered into a settlement agreement with respect to a class action lawsuit filed against Avista Corp., Thomas M. Matthews, a former Chairman of the Board, President and Chief Executive Officer of Avista Corp., Gary G. Ely, a former Chairman of the Board, President and Chief Executive Officer of Avista Corp., and Jon E. Eliassen, a former Senior Vice President

and Chief Financial Officer of Avista Corp. The settlement agreement was filed in the United States District Court for the Eastern District of Washington (the Court) on June 4, 2007.

The lawsuit commenced with the filing of several class action complaints in the Court in September through November 2002. These complaints were subsequently consolidated and ultimately dismissed by the Court in October 2005. The order to dismiss was issued without prejudice, however, which allowed the plaintiffs to file an amended complaint. The amended class action complaint was filed on November 10, 2005 and asserted claims on behalf of all persons who purchased, converted, exchanged or otherwise acquired the Company's common stock during the period between November 23, 1999 and August 13, 2002.

The settlement agreement provides for certification of the plaintiff class and a full release by the class and dismissal with prejudice of all claims against Avista Corp. in consideration of payment of $9.5 million into a settlement fund. The settlement payment and litigation defense costs will be paid by Avista Corp.'s insurance company with the exception of the Company's $1 million self-insured retention. The settlement agreement further provides that the individual defendants Matthews, Ely and Eliassen will be dismissed from the lawsuit.

The Company vigorously contested this lawsuit since it commenced on September 27, 2002. The Company denied, and continues to deny in their entirety, the allegations of wrongdoing in the lawsuit, including the allegations that Avista Corp. made any false or misleading statements with regard to the Company's business, business practices, risk management or trading activity. The Company denies that it engaged in any improper trading in the California energy market or in any other market, and it denies that the price of its stock was artificially inflated by reason of the misrepresentations and omissions alleged in the lawsuit. There have been no adverse determinations by any court against Avista Corp. or any of the defendants on the merits of the claims asserted by the plaintiffs in the lawsuit, and the Company denies that shareholders were harmed by the conduct alleged in the lawsuit. Neither the settlement agreement nor any of its terms or provisions, nor the Company's decision to settle the lawsuit, should be construed as an admission or concession of any kind of the merit or truth of any of the allegations of wrongdoing in the lawsuit, or of any fault, liability or wrongdoing whatsoever on the part of Avista Corp. The Company believes that throughout the class period alleged in the lawsuit it fully and adequately disclosed all material facts regarding the Company and made no misrepresentations of material facts regarding Avista Corp. The Company nonetheless considers it desirable to settle the lawsuit in order to avoid the cost and risks of further litigation and trial, and to dispose of burdensome and protracted litigation.

In January 2008, the Court granted final approval of the settlement agreement, and entered an order certifying the class and dismissing the claims in the lawsuit with prejudice.

California Refund Proceeding
In July 2001, the FERC ordered an evidentiary hearing to determine the amount of refunds due to California energy buyers for purchases made in the spot markets operated by the California Independent System Operator (CalISO) and the California Power Exchange (CalPX) during the period from October 2, 2000 to June 20, 2001 (Refund Period). The findings of the FERC administrative law judge were largely adopted in March 2003 by the FERC. The refunds ordered are based on the development of a mitigated market clearing price (MMCP) methodology. If the refunds required by the formula would cause a seller to recover less than its actual costs for the Refund Period, the FERC has held that the seller would be allowed to document these costs and limit its refund liability commensurately. In September 2005, Avista Energy submitted its cost filing claim pursuant to the FERC's August 2005 order and demonstrated an overall revenue shortfall for sales into the California spot markets during the Refund Period after the MMCP methodology is applied to its transactions. That filing was accepted in orders issued by the FERC in January 2006 and November 2006. In its February 2007 status report, the CalISO stated that it intends to process Avista Energy's cost offset filing. In November 2007, the CalISO filed an updated status report at the FERC stating that it continues finalizing the financial adjustment phase, in which the CalISO is making adjustments to its refund rerun settlement data to account for fuel cost allowance offsets, cost-based offsets, and interest calculations. The CalISO states that it has finished processing activities associated with the emissions cost and fuel cost offsets.

In 2001, Pacific Gas & Electric (PG&E) and Southern California Edison (SCE) defaulted on payment obligations to the CalPX and the CalISO. As a result, the CalPX and the CalISO failed to pay various energy sellers, including Avista Energy. Both PG&E and the CalPX declared bankruptcy in 2001. In March 2002, SCE paid its defaulted obligations to the CalPX. In April 2004, PG&E paid its defaulted obligations into an escrow fund in accordance with its bankruptcy reorganization. Funds held by the CalPX and in the PG&E escrow fund are not subject to release until the FERC issues an order directing such release in the California refund proceeding. As of December 31, 2007, Avista Energy's accounts receivable outstanding related to defaulting parties in California were fully offset by reserves for uncollected amounts and funds collected from defaulting parties.

In addition, in June 2003, the FERC issued an order to review bids above $250 per MW made by participants in the short-term energy markets operated by the CalISO and the CalPX from May 1, 2000 to October 2, 2000. In May 2004, the FERC provided notice that Avista Energy was no longer subject to this investigation. In March and April 2005, the California Parties and PG&E, respectively, petitioned for review of the FERC's decision by the Ninth Circuit. In addition, many of the other orders that the FERC has issued in the California refund proceedings are now on appeal before the Ninth Circuit. Some of those issues were consolidated as a result of a case management conference conducted in September 2004. In October 2004, the Ninth Circuit ordered that briefing proceed in two rounds. The first round is limited to three issues: (1) which parties are subject to the FERC's refund jurisdiction in light of the exemption for government-owned utilities in section 201(f) of the Federal Power Act (FPA); (2) the temporal scope of refunds under section 206 of the FPA; and (3) which categories of transactions are subject to refunds. In September 2005, the Ninth Circuit held that the FERC did not have the authority to order refunds for sales made by municipal utilities in the California Refund Case. In its Order on Remand, issued in October 2007, the FERC ordered the CalISO and the CalPX to complete their refund calculations, including all entities that participated in the CalISO/CalPX markets (including those amounts that would have been paid by municipal utility entities for their sales into the CalISO and the CalPX spot markets during the refund period). The FERC then directed the CalISO to reduce refunds owed to refund recipients by the amounts attributable to municipal sales to the California markets.

In August 2006, the Ninth Circuit upheld October 2, 2000 as the refund effective date for the FPA section 206 Refund Proceeding, but remanded to the FERC its decision not to consider a FPA section 309 remedy for tariff violations prior to October 2, 2000. The Ninth Circuit also granted California's petition for review challenging the FERC's exclusion of the energy exchange transactions as well as the FERC's exclusion of forward market transactions from the California refund proceedings. Petitions for rehearing were filed on November 16, 2007. It is unclear at this time what impact, if any, the Court's remand might have on Avista Energy. The second round of issues and their corresponding briefing schedules have not yet been set by the Ninth Circuit.

Any potential liabilities or refunds owed by or to Avista Energy in the California Refund Proceeding were retained by Avista Corp. and/or its subsidiaries and have not been transferred to Shell Energy and/or its affiliates.
Because the resolution of the California refund proceeding remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that the California refund proceeding will have a material adverse effect on its financial condition, results of operations or cash flows. This is primarily due to the fact that FERC orders have stated that any refunds will be netted against unpaid amounts owed to the respective parties and the Company does not believe that refunds would exceed unpaid amounts owed to the Company.

Pacific Northwest Refund Proceeding
In July 2001, the FERC initiated a preliminary evidentiary hearing to develop a factual record as to whether prices for spot market sales of wholesale energy in the Pacific Northwest between December 25, 2000, and June 20, 2001, were just and reasonable. During the hearing, Avista Corp. and Avista Energy vigorously opposed claims that rates for spot market sales were unjust and unreasonable and that the imposition of refunds would be appropriate. In June 2003, the FERC terminated the Pacific Northwest refund proceedings, after finding that the equities do not justify the imposition of refunds. These equitable factors included the fact that the participants in the Pacific Northwest market include not only utilities and other entities that are subject to FERC jurisdiction, but also a very substantial number of governmental entities that are not subject to FERC jurisdiction with respect to wholesale sales and thus could not be ordered by the FERC to make refunds based on existing law. Seven petitions for review were filed with the Ninth Circuit challenging the merits of the FERC's decision not to order refunds and raising procedural issues.

On August 24, 2007, the Ninth Circuit issued its opinion on the consolidated petitions for review of the Pacific Northwest refund proceeding. The Ninth Circuit found that the FERC, in denying the request for refunds, had failed to take into account new evidence of market manipulation in the California energy market and its potential ties to the Pacific Northwest energy market and that such failure was arbitrary and capricious and, accordingly, remanded the case to the FERC, stating that the FERC's findings must be reevaluated in light of the evidence. In addition, the Ninth Circuit concluded that the FERC abused its discretion in denying potential relief for transactions involving energy that was purchased in the Pacific Northwest and ultimately consumed in California. The Ninth Circuit expressly declined to direct the FERC to grant refunds. Requests for rehearing were filed on December 17, 2007.

Both Avista Corp. and Avista Energy were buyers and sellers of energy in the Pacific Northwest energy market during the period between December 25, 2000, and June 20, 2001, and, if refunds were ordered by the FERC, could be liable to make payments, but also could assert claims for refunds against FERC-jurisdictional entities. The opportunity to make claims against non-jurisdictional entities may be limited based on existing law. The Company cannot predict the outcome of this proceeding or the amount of any refunds that Avista Corp. or Avista Energy could be ordered to make or could be entitled to receive. Therefore, the Company cannot predict the potential impact the outcome of this matter could ultimately have on the Company's results of operations, financial condition or cash flows.

California Attorney General Complaint
In May 2002, the FERC conditionally dismissed a complaint filed in March 2002 by the Attorney General of the State of California (California AG) that alleged violations of the Federal Power Act by the FERC and all sellers (including Avista Corp. and its subsidiaries) of electric power and energy into California. The complaint alleged that the FERC's adoption and implementation of market-based rate authority was flawed and, as a result, individual sellers should refund the difference between the rate charged and a just and reasonable rate. In May 2002, the FERC issued an order dismissing the complaint but directing sellers to re-file certain transaction summaries. It was not clear that Avista Corp. and its subsidiaries were subject to this directive but the Company took the conservative approach and re-filed certain transaction summaries in June and July of 2002. In July 2002, the California AG requested a rehearing on the FERC order, which request was denied in September 2002. Subsequently, the California AG filed a Petition for Review of the FERC's decision with the Ninth Circuit. In September 2004, the Ninth Circuit upheld the FERC's market-based rate authority, but found the requirement that all sales at market-based rates be contained in quarterly reports filed with the FERC to be integral to a market-based rate tariff. The California AG has interpreted the decision as providing authority to the FERC to order refunds in the California refund proceeding for an expanded refund period. The Court's decision leaves to the FERC the determination as to whether refunds are appropriate. In October 2004, Avista Energy joined with others in seeking rehearing of the Court's decision to remand the case back to the FERC for further proceedings. The Court denied the request without explanation on July 31, 2006. A petition for a writ of certiorari with the United States Supreme Court was denied on June 18, 2007. The proceeding is now on remand before the FERC. Based on information currently known to the Company's management, the Company does not expect that this matter will have a material adverse effect on its financial condition, results of operations or cash flows.

Wah Chang Complaint
In May 2004, Wah Chang, a division of TDY Industries, Inc. (a subsidiary of Allegheny Technologies, Inc.), filed a complaint in the United States District Court for the District of Oregon against numerous companies, including Avista Corp., Avista Energy and Avista Power. This complaint was similar to the Port of Seattle and City of Tacoma complaints (which were dismissed by the United States District Court and the Ninth Circuit as disclosed in the Company's prior Securities and Exchange Commission filings) and was seeking compensatory and treble damages for alleged violations of the Sherman Act, the Racketeer Influenced and Corrupt Organization Act, as well as violations of Oregon state law. According to the complaint, from September 1997 to September 2002, the plaintiff purchased electricity from PacifiCorp pursuant to a contract that was indexed to the spot wholesale market price of electricity. The plaintiff alleged that the defendants, acting in concert among themselves and/or with Enron Corporation and certain affiliates thereof (collectively, Enron) and others, engaged in a scheme to defraud electricity customers by transmitting false market information in interstate commerce in order to artificially increase the price of electricity provided by them, to receive payment for services not provided by them and to otherwise manipulate the market price of electricity, and by executing wash trades and other forms of market manipulation techniques and sham transactions. The plaintiff also alleged that the defendants, acting in concert among themselves and/or with Enron and others, engaged in numerous practices involving the generation, purchase, sale, exchange, scheduling and/or transmission of electricity with the purpose and effect of causing a shortage (or the appearance of a shortage) in the generation of electricity and congestion (or the appearance of congestion) in the transmission of electricity, with the ultimate purpose and effect of artificially and illegally fixing and raising the price of electricity in California and throughout the Pacific Northwest. As a result of the defendants' alleged conduct, the plaintiff allegedly suffered damages of not less than $30 million through the payment of higher electricity prices. In September 2004, this case was transferred to the United States District Court for the Southern District of California for consolidation with other pending actions. In February 2005, the Court granted the defendants' motion to dismiss the complaint because it determined that it was without jurisdiction to hear the plaintiff's complaint, based on, among other things, the exclusive jurisdiction of the FERC and the filed-rate doctrine. In March 2005, Wah Chang filed an appeal with the Ninth Circuit. On November 20, 2007, the Ninth Circuit dismissed Wah Chang's appeal and affirmed the district court's action. On December 3, 2007, Wah Chang filed a petition for rehearing with the Ninth Circuit. On January 15, 2008, the Ninth Circuit denied Wah Chang's petition for rehearing. Based on the Ninth Circuit's dismissal of this complaint and denial of the petition for rehearing, the Company believes that this complaint will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

State of Montana Proceedings
In June 2003, the Attorney General of the State of Montana (Montana AG) filed a complaint in the Montana District Court on behalf of the people of Montana and the Flathead Electric Cooperative, Inc. against numerous companies, including Avista Corp. The complaint alleges that the companies illegally manipulated western electric and natural gas markets in 2000 and 2001. This case was subsequently moved to the United States District Court for the District of Montana; however, it has since been remanded back to the

Montana District Court.

The Montana AG also petitioned the Montana Public Service Commission (MPSC) to fine public utilities $1,000 a day for each day it finds they engaged in alleged "deceptive, fraudulent, anticompetitive or abusive practices" and order refunds when consumers were forced to pay more than just and reasonable rates. In February 2004, the MPSC issued an order initiating investigation of the Montana retail electricity market for the purpose of determining whether there is evidence of unlawful manipulation of that market. The Montana AG has requested specific information from Avista Energy and Avista Corp. regarding their transactions within the state of Montana during the period from January 1, 2000 through December 31, 2001.

Because the resolution of these proceedings remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that these proceedings will have a material adverse effect on its financial condition, results of operations or cash flows.

Montana Public School Trust Fund Lawsuit

In October 2003, a lawsuit was originally filed by two residents of the state of Montana in the United States District Court for the District of Montana against private owners of hydroelectric dams in Montana, including Avista Corp. The lawsuit alleged that the hydroelectric facilities are located on state-owned riverbeds and the owners of the dams have never paid compensation to the state's public school trust fund. The lawsuit requested lease payments prospectively and also requested damages for trespassing and unjust enrichment for periods of time dating back to the construction of the respective dams. In May 2004, the Montana AG filed a complaint on behalf of the state in the District Court to join in this lawsuit to allegedly protect and preserve state lands/school trust lands from use without compensation. Through a series of legal developments, the case was subsequently moved to the Montana State Court and the original plaintiffs were removed from the case.

On August 28, 2007, the Montana State Court ruled on several pre-trial motions for summary judgment, finding that, as a matter of law, the Clark Fork River was navigable and the state of Montana owns the riverbeds, that such lands are school trust fund lands, and therefore, the statutes of limitations had not run out on the state of Montana's claims for prior damages.

On October 19, 2007, the Company reached a settlement with the state of Montana resolving this matter. Pursuant to the settlement, Avista Corp. has agreed to make lease payments in the initial amount of $4 million per year beginning February 1, 2008, for the calendar year 2007, and continuing through calendar year 2016, adjusted each year by the Consumer Price Index. On or before June 30, 2016, Avista Corp. and the state of Montana will determine whether the annual lease payments remain consistent with the principles of law as applied to the facts and negotiate an adjusted lease payment for the remaining term of Avista Corp.'s FERC license for its hydroelectric facilities on the Clark Fork River, which expires in 2046. If Avista Corp. and the state of Montana do not agree on an adjusted lease payment, the parties will engage in advisory arbitration and submit the arbitrator's recommendation to the State Board of Land Commissioners (Land Board) for approval. The settlement contains provisions that could reduce the amount of Avista Corp.'s lease payments as a result of future judicial determinations in related cases or governmental actions. Avista Corp. will not make any lease payments for periods prior to 2007.

Avista Corp. and the state of Montana have received a consent decree from the Montana State Court adopting the terms of the settlement, and the settlement was approved by the Land Board. The Company received approval from the WUTC and the IPUC to defer any lease payments as a regulatory asset. The Company believes that such costs will be recovered in future rates based on historical recovery of similar costs.

Colstrip Generating Project Complaints

In May 2003, various parties (all of which are residents or businesses of Colstrip, Montana) filed a consolidated complaint against the owners of the Colstrip Generating Project (Colstrip) in Montana District Court. Avista Corp. owns a 15 percent interest in Units 3 & 4 of Colstrip. The plaintiffs allege damages to buildings as a result of rising ground water, as well as damages from contaminated waters leaking from the lakes and ponds of Colstrip. The plaintiffs are seeking punitive damages, an order by the court to remove the lakes and ponds and the forfeiture of all profits earned from the generation of Colstrip. The owners of Colstrip have undertaken certain groundwater investigation and remediation measures to address groundwater contamination. These measures include improvements to the lakes and ponds of Colstrip.

In March 2007, a group of ranchers filed a consolidated complaint against the owners of Colstrip in Montana District Court. The plaintiffs allege damages to livestock, land and water from contaminated waters leaking from the waste water pond of Colstrip. The plaintiffs are seeking unspecified punitive damages.

The complaints were consolidated and a trial date is scheduled for June 2, 2008. The Company intends to continue to work with the other owners of Colstrip in defense of this consolidated complaint. Because the resolution of this consolidated complaint remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect this consolidated complaint will have a material adverse effect on its financial condition, results of operations or cash flows.

Colstrip Royalty Claim

Western Energy Company (WECO) supplies coal to the owners of Colstrip Units 3 & 4 under a Coal Supply Agreement and a Transportation Agreement. Avista Corp. owns a 15 percent interest in Colstrip Units 3 & 4. The Minerals Management Service (MMS) of the United States Department of the Interior issued orders to WECO to pay additional royalties concerning coal delivered to Colstrip Units 3 & 4 via the conveyor belt. The owners of Colstrip Units 3 & 4 take delivery of the coal at the beginning of the conveyor belt. The orders assert that additional royalties are owed to MMS as a result of WECO not paying royalties in connection with revenue received by WECO from the owners of Colstrip Units 3 & 4 under the Transportation Agreement during the period October 1, 1991 through December 31, 2004. WECO's appeal to the MMS for the period through 2001 was substantially denied in March 2005; WECO appealed the orders pertaining to the periods up to 2001 to the Board of Land Appeals of the U.S. Department of the Interior, which appeal was denied on September 12, 2007. WECO also filed an appeal with the MMS pertaining to the period from 2002 to 2004. The entire appeal process could take several years to resolve. The owners of Colstrip Units 3 & 4 are monitoring the appeal process between WECO and MMS. WECO has indicated to the owners of Colstrip Units 3 & 4 that if WECO is unsuccessful in the appeal process, WECO will seek reimbursement of any royalty payments by passing these costs through the Coal Supply Agreement. The owners of Colstrip Units 3 & 4 advised WECO that their position would be that these claims are not allowable costs per the Coal Supply Agreement nor the Transportation Agreement in the event the owners of Colstrip Units 3 & 4 were invoiced for these claims. Presumably, royalty and tax demands for periods of time after the years in dispute and future years will be determined by the outcome of the pending proceedings. Because the resolution of this issue remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. Based on information currently known to the Company's management, the Company does not expect that this issue will have a material adverse effect on its financial condition, results of operations or cash flows. However, the Company would most likely seek recovery, through the rate making process, of any amounts paid.

Spokane River

The Company entered into a settlement with the state of Washington's Department of Ecology (DOE) and Kaiser Aluminum & Chemical Corporation (Kaiser) relating to the remediation of a contaminated site on the Spokane River. The Company's involvement with this contaminated site relates to its previous ownership of a wastewater treatment plant through Avista Development. Kaiser paid the Company approximately 50 percent of the estimated total costs. Under the direction of the Company, work under the Cleanup Action Plan was substantially completed in 2007.

Northeast Combustion Turbine Site

In August 2005, a diesel fuel spill occurred at the Company's Northeast Combustion Turbine generating facility (Northeast CT) located in Spokane, Washington. The Northeast CT site had fuel storage facilities that were leased to Co-op Supply, Inc., an affiliate of Cenex Cooperative (Co-op). The Company immediately commenced remediation efforts, including the removal of contaminated soil and the related fuel storage facilities. The Company accrued the estimated cleanup costs during 2005, which was not material to the Company's financial condition or results of operations. Through mediation the Company recovered a substantial portion of the cleanup costs from Co-op and an engineering firm in the fourth quarter of 2006. The Company's estimate of its liability could change in future periods. Based on information currently known to the Company's management, the Company does not believe that such a change would be material to its financial condition, results of operations or cash flows.

Harbor Oil Inc. Site

Avista Corp. used Harbor Oil Inc. (Harbor Oil) for the recycling of waste oil and non-PCB transformer oil in the late 1980s and early 1990s. In June 2005, the Environmental Protection Agency (EPA) Region 10 provided notification to Avista Corp., as a customer of Harbor Oil, that the EPA had determined that hazardous substances were released at the Harbor Oil site in Portland, Oregon and that Avista Corp. may be liable for investigation and cleanup of the site under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly referred to as the federal "Superfund" law. The initial indication from the EPA is that the site may be contaminated with PCBs, petroleum hydrocarbons, chlorinated solvents and heavy metals. Six potentially responsible parties, including Avista Corp., signed an Administrative Order on Consent with the EPA on May 31, 2007 to conduct a remedial investigation and feasibility study (RI/FS). The total cost of the RI/FS is estimated to be $0.6 million and will take approximately 2 1/2 years to complete. The actual cleanup, if any, will not occur until the RI/FS is complete. Based on the review of its records related to Harbor Oil, the Company does not believe it is a major contributor to this potential environmental contamination based on the relative volume of waste oil delivered to the Harbor Oil site. However, there is currently not enough information to allow the Company to assess the probability or amount of a liability, if any, being incurred. As such, it is not possible to make an estimate of any liability at this time.

Lake Coeur d'Alene
In July 1998, the United States District Court for the District of Idaho issued its finding that the Coeur d'Alene Tribe of Idaho (Tribe) owns, among other things, portions of the bed and banks of Lake Coeur d'Alene (Lake) lying within the current boundaries of the Coeur d'Alene Reservation. This action had been brought by the United States on behalf of the Tribe against the state of Idaho. The Company was not a party to this action. The United States District Court decision was affirmed by the Ninth Circuit. The United States Supreme Court affirmed this decision in June 2001. This ownership decision will result in, among other things, the Company being liable to the Tribe for compensation for the use of reservation lands under Section 10(e) of the Federal Power Act.

The Company's Post Falls Hydroelectric Generating Station (Post Falls), a facility constructed in 1906 with annual generation of 10 aMW, utilizes a dam on the Spokane River downstream of the Lake which controls the water level in the Lake for portions of the year (including portions of the lakebed owned by the Tribe). The Company has other hydroelectric facilities on the Spokane River downstream of Post Falls, but these facilities do not affect the water level in the Lake. The Company and the Tribe are engaged in discussions related to past and future compensation (which may include interest) for use of the portions of the bed and banks of the Lake, which are owned by the Tribe. If the parties cannot agree on the amount of compensation, the matter could result in litigation. The Company cannot predict the amount of compensation that it will ultimately pay or the terms of such payment. The Company intends to seek recovery, through the rate making process, of any amounts paid.

Spokane River Relicensing
The Company owns and operates six hydroelectric plants on the Spokane River, and five of these (Long Lake, Nine Mile, Upper Falls, Monroe Street and Post Falls, which have a total present capability of 155.7 MW) are under one FERC license and are referred to as the Spokane River Project. The sixth, Little Falls, is operated under separate Congressional authority and is not licensed by the FERC. Since the FERC was unable to issue new license orders prior to the August 1, 2007 expiration of the current license, an annual license was issued, in effect extending the current license and its conditions until August 1, 2008. The Company has no reason to believe that Spokane River Project operations will be interrupted in any manner relative to the timing of the FERC's actions.

The Company filed a Notice of Intent to Relicense in July 2002. The formal consultation process involving planning and information gathering with stakeholder groups has been underway since that time. The Company filed its new license applications with the FERC in July 2005. The Company requested the FERC to consider a license for Post Falls, which has a present capability of 18 MW, that is separate from the other four hydroelectric plants because Post Falls presents more complex issues that may take longer to resolve than those relating to the rest of the Spokane River Project. If granted, new licenses would have a term of 30 to 50 years. In the license applications, the Company proposed a number of measures intended to address the impact of the Spokane River Project and enhance resources associated with the Spokane River.

Since the Company's July 2005 filing of applications to relicense the Spokane River Project, the FERC has continued various stages of processing the applications. In May 2006, the FERC issued a notice requesting other parties to provide terms and conditions regarding the two license applications. In response to that notice, a number of parties (including the Coeur d'Alene Tribe, the state of Idaho, Washington state agencies, and the United States Department of Interior (DOI)) filed either recommended terms and conditions, pursuant to Sections 10(a) and 10(j) of the Federal Power Act (FPA), or mandatory conditions related to the Post Falls application, pursuant to Section 4(e) of the FPA. The Company's initial estimate of the potential cost of the conditions proposed for Post Falls total between $400 million and $500 million over a 50-year period. For the rest of the Spokane River Project, which is located in Washington, the Company's initial estimate of the cost of meeting the recommended conditions, should they be included in a final license, totaled between $175 million and $225 million over a 50-year period. These cost estimates were based on the preliminary conditions and recommendations.

The Company requested a trial-type hearing in front of an Administrative Law Judge (ALJ) on facts related to the DOI's mandatory conditions for Post Falls. In January 2007, the ALJ issued his ruling regarding the Company's challenge of the facts. The Company believes that the ALJ's findings supported, in several key areas, its analysis of the facts at hand. The ALJ's factual findings also supported the DOI's analysis in certain areas as well.

The DOI issued final mandatory conditions for Post Falls on May 7, 2007, which reflected the findings of the ALJ. Most significantly, the DOI dropped an earlier proposed fishery condition. However, the DOI increased obligations that the Company could incur in other areas, such as wetlands restoration.

In July 2007, the FERC issued a Final Environmental Impact Statement (FEIS) after review and consideration of comments. This is the last administrative step for the FERC before the issuance of license orders; however, the FERC cannot proceed until several other matters are resolved, including Clean Water Act and Endangered Species Act issues as disclosed below. The Company continues to review the FEIS and related documents. While the Company believes the ultimate cost of relicensing will be less than its earlier projections as disclosed above, the Company has not developed specific new cost estimates at this point.

The relicensing process also triggers review under the Endangered Species Act. In the FEIS, the FERC analyzed potential project impacts on listed and threatened endangered species, and has determined that the proposed action and continued operation of Post Falls and the rest of the Spokane River Project is not likely to adversely affect any threatened or endangered species. The Company prepared a draft Biological Assessment in 2005. The FERC has issued a Biological Assessment and formally requested concurrence from the United States Department of Fish and Wildlife Service (USFWS). The USFWS responded by letter, concurring with regards to bald eagles, and requesting additional information regarding bull trout. The Company filed a supplemental report to address the USFWS information request. The Company has continued informal consultation with the USFWS. If the FERC initiates formal consultation with the USFWS, additional evaluation will be required by the Company.

In addition, the Company must receive Clean Water Act Certifications from the states of Idaho and Washington for the Spokane River Project. Applications for such certification were filed in July 2006 with each state. Both Idaho and Washington communicated to the Company that they were unable to complete the certifications within one year as mandated by the Clean Water Act. Subsequently, the Company withdrew these applications and re-filed for certification in June 2007. The FERC is precluded from issuing a license order until such certifications are issued, or waived, by the states. The Company cannot predict the schedule for these final phases of relicensing.

The total annual operating and capitalized costs associated with the relicensing of the Spokane River Project will become better known and estimable as the process continues. The Company intends to seek recovery, through the rate making process, of all such operating and capitalized costs.

Clark Fork Settlement Agreement

Dissolved atmospheric gas levels exceed state of Idaho and federal water quality standards downstream of the Cabinet Gorge Hydroelectric Generating Project (Cabinet Gorge) during periods when excess river flows must be diverted over the spillway. Under the terms of the Clark Fork Settlement Agreement, the Company developed an abatement and mitigation strategy with the other signatories to the agreement and completed the Gas Supersaturation Control Program (GSCP). The Idaho Department of Environmental Quality and the USFWS approved the GSCP in February 2004 and the FERC issued an order approving the GSCP in January 2005.

The GSCP provides for the opening and modification of one and, potentially, both of the two existing diversion tunnels built when Cabinet Gorge was originally constructed. When river flows exceed the capacity of the powerhouse turbines, the excess flows would be diverted to the tunnels rather than released over the spillway. The Company has undertaken physical and computer modeling studies to confirm the feasibility and likely effectiveness of the tunnel solution. Analysis of the predicted total dissolved gas (TDG) performance indicates that the tunnels will not meet the performance criteria anticipated in the GSCP. In August 2007, the Gas Supersaturation Subcommittee concluded that the tunnel project does not meet the expectations of the GSCP and is not an acceptable project. As a result, the Company will continue meeting with key stakeholders to review and amend the GSCP which includes developing alternatives to the construction of the tunnels. The Company intends to seek recovery, through the rate making process, of the costs to address the dissolved atmospheric gas levels.

The USFWS has listed bull trout as threatened under the Endangered Species Act. The Clark Fork Settlement Agreement describes programs intended to restore bull trout populations in the project area. Using the concept of adaptive management and working closely with the USFWS, the Company is evaluating the feasibility of fish passage at Cabinet Gorge and Noxon Rapids. The results of these studies will help the Company and other parties determine the best use of funds toward continuing fish passage efforts or other bull trout population enhancement measures.

Air Quality

The Company must be in compliance with requirements under the Clean Air Act and Clean Air Act Amendments for its thermal generating plants. The Company continues to monitor legislative developments at both the state and national level for the potential of further restrictions on sulfur dioxide, nitrogen oxide, carbon dioxide, as well as other greenhouse gas and mercury emissions.

In particular, the EPA finalized mercury emission regulations that will affect coal-fired generation plants, including Colstrip. The new EPA regulations establish an emission trading program to take effect beginning in January 2010, with a second phase to take effect in 2018. In addition, in 2006, the Montana Department of Environmental Quality (DEQ) adopted final rules for the control of mercury emissions from coal-fired plants that are more restrictive than EPA regulations. The new rules set strict mercury emission limits by 2010, and put in place a recurring ten-year review process to ensure facilities are keeping pace with advancing technology in mercury emission control. The rules also provide for temporary alternate emission limits provided certain provisions are met, and they allocate mercury emission credits in a manner that rewards the cleanest facilities. In February 2008, the United States Court of Appeals for the District of Columbia overturned the EPA's mercury emissions regulations. However, this ruling is not expected to affect the Company's current plans to comply with the more restrictive regulations adopted by the Montana DEQ as described below.

Compliance with these new and proposed requirements and possible additional legislation or regulations will result in increases to capital expenditures and operating expenses for expanded emission controls at the Company's thermal generating facilities. The Company, along with the other owners of Colstrip, completed the first phase of testing on two mercury control technologies. Although the mercury reduction targets as mandated by the Montana DEQ have not been achieved, the owners of Colstrip are encouraged with the preliminary results and believe it should be possible to achieve the required emissions levels with further mercury control system optimization. Preliminary estimates indicate that the Company's share of installation capital costs would be $1.3 million and annual operations and maintenance costs would increase by $2.8 million (beginning in mid-2009). The Company will continue to seek recovery, through the rate making process, of the costs to comply with various air quality requirements.

Residential Exchange Program

The residential exchange program is intended to provide access to the benefits of low-cost federal hydroelectricity to residential and small-farm customers of the region's private (investor owned) and public utilities (governmental or customer owned). The Bonneville Power Administration (BPA) administers the residential exchange program under the Northwest Power Act. Previously, Avista Corp. and other private utilities in the Pacific Northwest executed settlement agreements with BPA to resolve each party's rights and obligations under the residential exchange program. These settlements covered payment of benefits for the period October 1, 2001, through September 30, 2011. The payments Avista Corp. received under the agreements with the BPA were passed through to its residential and small-farm customers via a credit to their monthly electric bills.

Several public utilities and other parties filed suit against the BPA in the Ninth Circuit, challenging the validity of the agreements between Avista Corp. and the BPA, as well as BPA's agreements with other private utilities. On May 3, 2007, the Ninth Circuit ruled that the BPA exceeded its authority when it entered into the settlement agreements with private utilities (including Avista Corp.) for the period from 2001 through 2011. The BPA concluded that the Ninth Circuit's decisions created substantial doubt about whether its certifying official could allow continuation of payments under the settlement agreements. Consequently, on May 21, 2007, the BPA notified Avista Corp. and other private utilities that it was immediately suspending payments the BPA made to them pursuant to the settlement agreements. In its May 21, 2007 notice, the BPA indicated that the suspension of payments would continue at least until any requests for rehearing were filed and the Ninth Circuit issued final decisions on those requests for rehearing. On July 18, 2007 Avista Corp. and numerous other parties, including the Public Utility Commission of Oregon and the WUTC, filed petitions for review, and review *en banc*, in the Ninth Circuit, challenging the ruling of the panel that struck down the settlement agreements. The Ninth Circuit subsequently denied these requests. Three private utilities, including Avista Corp., filed a petition for writ of certiorari with the United States Supreme Court.

With approval from the WUTC and the IPUC, Avista Corp. eliminated the credit associated with the settlement agreements with the BPA from its customers' monthly electric bills. Avista Corp. has an over-refunded balance of approximately $4.0 million ($3.3 million in Washington and $0.7 million in Idaho) because of the timing of payments received from the BPA and allocation of those funds to customers based on seasonal demand. When the existing rate credit was established it was projected that the balancing account would reach zero at the end of the contract year (October 2007). Avista Corp. is recovering the over-refund in Idaho through an approved surcharge to customers, and expects to ultimately recover the over-refund in Washington, either through a charge to customers or future payments from the BPA.

Beginning in June 2007, the region's private and public utilities worked toward an agreement that would identify an appropriate level of benefits for customers served by the private utilities, including the resolution of outstanding legal issues associated with the May 3 Ninth Circuit opinions. The BPA is working on a long-term resolution of residential exchange issues as part of its 2009 rate case. In addition to resolving residential exchange issues for the long-term, the BPA has also proposed an interim payout of $336 million to private utilities for its fiscal year 2008, to be paid out during the period April 1, 2008 to September 30, 2008. If interim contracts can be successfully executed, the portion of this payout that would benefit Avista Corp.'s customers would have no impact on Avista Corp.'s net income.

Since the residential exchange settlement payments were passed through to Avista Corp.'s customers as adjustments to electric bills, the suspension of payments from the BPA is not expected to have any effect on Avista Corp.'s net income. There is currently not enough information to allow Avista Corp. to assess the probability or amount of any potential liability that may be incurred related to any issues regarding payments made to Avista Corp. pursuant to the settlement agreements. Since 2001, Avista Corp. passed through to its customers approximately $70 million pursuant to the settlement agreements.

Other Contingencies

In the normal course of business, the Company has various other legal claims and contingent matters outstanding. The Company believes that any ultimate liability arising from these actions will not have a material adverse impact on its financial condition, results of operations or cash flows. It is possible that a change could occur in the Company's estimates of the probability or amount of a liability being incurred. Such a change, should it occur, could be significant.

The Company routinely assesses, based on in-depth studies, expert analyses and legal reviews, its contingencies, obligations and commitments for remediation of contaminated sites, including assessments of ranges and probabilities of recoveries from other responsible parties who have and have not agreed to a settlement and recoveries from insurance carriers. The Company's policy is to accrue and charge to current expense identified exposures related to environmental remediation sites based on estimates of investigation, cleanup and monitoring costs to be incurred.

The Company has potential liabilities under the Federal Endangered Species Act for species of fish that have either already been added to the endangered species list, been listed as "threatened" or been petitioned for listing. Thus far, measures adopted and implemented have had minimal impact on the Company.

Under the federal licenses for its hydroelectric projects, the Company is obligated to protect its property rights, including water rights. The State of Montana is examining the status of all water right claims within state boundaries. Claims within the Clark Fork River basin could potentially adversely affect the energy production of the Company's Cabinet Gorge and Noxon Rapids hydroelectric facilities. The Company is participating in this extensive adjudication process, which is unlikely to be concluded in the foreseeable future.

As of December 31, 2007, the Company's collective bargaining agreement with the International Brotherhood of Electrical Workers represented approximately 50 percent of all of Avista Corp.'s employees. The agreement with the local union in Washington and Idaho representing the majority (approximately 90 percent) of the bargaining unit employees expires in March 2009. Three local agreements in Oregon, which cover approximately 50 employees, expire in April 2010.

NOTE 25: POTENTIAL HOLDING COMPANY FORMATION

At the 2006 Annual Meeting of Shareholders in May 2006, the shareholders of Avista Corp. approved a proposal to proceed with a statutory share exchange, which would change the Company's organization to a holding company structure. The holding company, currently named AVA Formation Corp. (AVA), would become the parent of Avista Corp. After the contemplated dividend to AVA of the capital stock of Avista Capital (Avista Capital Dividend) now held by Avista Corp., AVA would then also be the parent of Avista Capital. The Avista Capital Dividend would effect the structural separation of Avista Corp.'s non-utility businesses from its regulated utility business.

Avista Corp. received approval from the FERC in April 2006 (conditioned on approval by the state regulatory agencies), the IPUC in June 2006 and the WUTC in February 2007. Avista Corp. has also filed for approval from the utility regulators in Oregon and Montana and proceedings are pending in each of these jurisdictions. The statutory share exchange is subject to the receipt of the remaining regulatory approvals and the satisfaction of other conditions. If the statutory share exchange and the implementation of the holding company structure are approved by regulators on terms acceptable to the Company, it may be completed sometime in 2008.

The IPUC accepted a stipulation entered into between Avista Corp. and the IPUC Staff that sets forth a variety of conditions, which would serve to segregate the Company's utility operations from the other businesses conducted by the holding company. The stipulation would require Avista Corp. to maintain certain common equity levels as part of its capital structure. Avista Corp. committed to increase its actual utility common equity component to 35 percent by the end of 2007 and 38 percent by the end of 2008, which is consistent with provisions of the Company's Washington general rate case implemented on January 1, 2006. The calculation of the utility equity component is essentially the ratio of Avista Corp.'s total common equity to total capitalization excluding, in each case, Avista Corp.'s investment in Avista Capital. The utility equity component was approximately 45 percent as of December 31, 2007. In addition, IPUC approval would be required for any dividend from Avista Corp. to the holding company that would reduce utility common equity below 25 percent of total capitalization which, for this purpose, includes long and short-term debt, capitalized lease obligations and preferred and common equity.

The WUTC accepted a similar stipulation entered into between Avista Corp. and the WUTC staff. The stipulation requires Avista Corp. to increase its actual utility common equity component to 40 percent by June 30, 2008. In addition, WUTC approval would be required for any dividend from Avista Corp. to the holding company that would reduce utility common equity below 30 percent of total capitalization.

Pursuant to the Plan of Share Exchange, a statutory share exchange would be effected whereby each outstanding share of Avista Corp. common stock would be exchanged for one share of AVA common stock, no par value, so that holders of Avista Corp. common stock would become holders of AVA common stock and Avista Corp. would become a subsidiary of AVA. The other outstanding securities of Avista Corp. would not be affected by the statutory share exchange, with limited exceptions for stock options and other securities outstanding under equity compensation and employee benefit plans.

NOTE 26. INFORMATION SERVICES CONTRACTS

The Company has information services contracts that expire at various times through 2012. Total payments under these contracts were $15.4 million in 2007, $12.5 million in 2006 and $12.8 million in 2005. The majority of the costs are included in operation expenses in the Statements of Income. Minimum contractual obligations under the Company's information services contracts are $14.7 million in 2008, $15.1 million in 2009, $15.4 million in 2010, $14.5 million in 2011 and $14.5 million in 2012. The largest of these contracts provides for increases due to changes in the cost of living index and further provides flexibility in the annual obligation from year-to-year subject to a three-year true-up cycle.

NOTE 27. PRIOR PERIOD ADJUSTMENT

During preparation of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, the Company determined that SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" was inadvertently not followed in connection with a plan under which benefits are provided to the beneficiaries of former and current executive officers of the Company in case of death. The Company had not previously recognized the actuarial liability or costs relating to this plan in its financial statements since the plan's inception in 1989.

The prior period adjustments decreased retained earnings by $2.5 million.

NOTE 28. SUPPLEMENTAL CASH FLOW INFORMATION

	2007	2006
Cash paid for interest	$78,704,863	$94,827,987
Cash paid for income taxes	$28,946,776	$63,361,034
Other Cash Flows from Operating Activities:		
Power and natural gas deferrals	$(3,898,852)	$(6,497,199)
Change in special deposits	$(1,625,942)	$1,366,143
Change in other current assets	$(140,981)	$(1,405,850)
Non-cash stock compensation	$2,511,576	$3,744,610
ESOP dividends	$1,045	$415,596
Gain on sale of assets	$-	$(99,559)
Regulatory disallowance of debt repurchase costs	$3,849,725	$-

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.

2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.

3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year	(63,702)	(19,625,803)		1,407,305
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	80,309			
3	Preceding Quarter/Year to Date Changes in Fair Value	(16,607)	3,644,702		(38,746)
4	Total (lines 2 and 3)	63,702	3,644,702		(38,746)
5	Balance of Account 219 at End of Preceding Quarter/Year		(15,981,101)		1,368,559
6	Balance of Account 219 at Beginning of Current Year		(15,981,101)		1,368,559
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				(2,379,000)
8	Current Quarter/Year to Date Changes in Fair Value		3,199,837		1,010,441
9	Total (lines 7 and 8)		3,199,837		(1,368,559)
10	Balance of Account 219 at End of Current Quarter/Year		(12,781,264)		

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges Energy Commodity Derivatives (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1	(6,585,553)	1,568,605	(23,299,148)		
2	2,429,700	(546,000)	1,964,009		
3	809,492	(1,029,287)	3,369,554		
4	3,239,192	(1,575,287)	5,333,563	73,132,859	78,466,422
5	(3,346,361)	(6,682)	(17,965,585)		
6	(3,346,361)	(6,682)	(17,965,585)		
7		609,000	(1,770,000)		
8	(3,479,861)	(602,318)	128,099		
9	(3,479,861)	6,682	(1,641,901)	38,475,085	36,833,184
10	(6,826,222)		(19,607,486)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	Plant in Service (Classified)	3,104,139,720	2,416,047,770
4	Property Under Capital Leases	5,525,291	
5	Plant Purchased or Sold	0	
6	Completed Construction not Classified		
7	Experimental Plant Unclassified	0	
8	TOTAL (Enter Total of lines 3 thru 7)	3,109,665,011	2,416,047,770
9	Leased to Others		
10	Held for Future Use	39,828	
11	Construction Work in Progress	75,679,838	58,833,729
12	Acquisition Adjustments	22,211,433	0
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	3,207,596,110	2,474,881,499
14	Accum. Prov. for Depr., Amort., & Depl.	1,090,037,407	822,605,052
15	Net Utility Plant (Enter total of line 13 less 14)	2,117,558,703	1,652,276,447
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service:		
18	Depreciation	1,057,750,680	816,649,875
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights		
20		0	
21	Amort. of Other Utility Plant	14,017,595	5,955,177
22	TOTAL in Service (Enter Total of lines 18 thru 21)	1,071,768,275	822,605,052
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	TOTAL Held for Future Use (Ent. Tot. of lines 28 and 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort. of Plant Acquisition Adjustment	18,269,132	0
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	1,090,037,407	822,605,052

Name of Respondent	This Report Is:	Date of Report	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
584,809,571				103,282,379	3
1,619,845				3,905,446	4
					5
					6
					7
586,429,416				107,187,825	8
					9
39,828					10
10,811,515				6,034,594	11
22,211,433					12
619,492,192				113,222,419	13
237,135,611				30,296,744	14
382,356,581				82,925,675	15
					16
					17
218,127,944				22,972,861	18
					19
					20
738,535				7,323,883	21
218,866,479				30,296,744	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
18,269,132					32
237,135,611				30,296,744	33

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, *Gas Plant in Service (Classified)*, this page and the next include Account 102, *Gas Plant Purchased or Sold*, Account 103, *Experimental Gas Plant Unclassified*, and Account 106, *Completed Construction Not Classified-Gas*.
3. Include in column (c) and (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	0	0
3	302 Franchises and Consents	0	0
4	303 Miscellaneous Intangible Plant	1,124,861	200,769
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	1,124,861	200,769
6	PRODUCTION PLANT		
7	Manufactured Gas Production Plant		
8	304 Land and Land Rights	7,628	0
9	305 Structures and Improvements	0	0
10	306 Boiler Plant Equipment	0	0
11	307 Other Power Equipment	0	0
12	308 Coke Ovens	0	0
13	309 Producer Gas Equipment	0	0
14	310 Water Gas generating equipment	0	0
15	311 Liquefied petroleum gas equipment	60,402	0
16	312 Oil gas generating equipment	0	0
17	313 Generating equipment-other processes	0	0
18	314 Coal, coke, and ash handling equipment	0	0
19	315 Catalytic Cracking equipment	0	0
20	316 Other reforming equipment	0	0
21	317 Purification equipment	0	0
22	318 Residual refining equipment	0	0
23	319 Gas mixing equipment	0	0
24	320 Other Equipment	0	0
25			
26	TOTAL (Manufactured Gas Production Plant (Enter total of lines 8-24)	68,030	0
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights	0	0
29	341 Structures and Improvements	0	0
30	342 Extraction and Refining Equipment	0	0
31	343 Pipe Lines	0	0
32	344 Extracted Products Storage Equipment	0	0
33	345 Compressor Equipment	0	0

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a suplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
0	0	0	0	2
0	0	0	0	3
0	0	0	1,325,630	4
0	0	0	1,325,630	5
				6
				7
0	0	0	7,628	8
0	0	0	0	9
0	0	0	0	10
0	0	0	0	11
0	0	0	0	12
0	0	0	0	13
0	0	0	0	14
60,401	0	0	0	15
0	0	0	0	16
0	0	0	0	17
0	0	0	0	18
0	0	0	0	19
0	0	0	0	20
0	0	0	0	21
0	0	0	0	22
0	0	0	0	23
0	0	0	0	24
				25
60,401	0	0	7,628	26
				27
0	0	0	0	28
0	0	0	0	29
0	0	0	0	30
0	0	0	0	31
0	0	0	0	32
0	0	0	0	33

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346 Gas Measuring and Regulating Equipment	0	0
35	347 Other Equipment	0	0
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0
37	TOTAL Natural Gas Production Plant (Enter Total of line 36)	0	0
38	Manufactured Gas Production Plant *(Submit Supplementary Statement)*	68,030	0
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	68,030	0
40	NATURAL GAS STORAGE AND PROCESSING PLANT		
41	Underground Storage Plant		
42	350.1 Land	412,611	0
43	350.2 Rights-of-Way	59,812	0
44	351 Structures and Improvements	1,075,761	48,870
45	352 Wells	5,858,416	339,218
46	352.1 Storage Leaseholds and Rights	254,354	0
47	352.2 Reservoirs	203,330	0
48	352.3 Non-recoverable Natural Gas	5,971,926	0
49	353 Lines	823,423	866
50	354 Compressor Station Equipment	2,001,664	0
51	355 Measuring and Regulating Equipment	171,919	1,865
52	356 Purification Equipment	407,251	367
53	357 Other Equipment	1,685,911	32,834
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	18,926,377	424,019
55	Other Storage Plant		
56	360 Land and Land Rights	0	0
57	361 Structures and Improvements	0	0
58	362 Gas Holders	0	0
59	363 Purification Equipment	0	0
60	363.1 Liquefaction Equipment	0	0
61	363.2 Vaporizing Equipment	0	0
62	363.3 Compressor Equipment	0	0
63	363.4 Measuring and Regulating Equipment	0	0
64	363.5 Other Equipment	0	0
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
67	364.1 Land and Land Rights	0	0
68	364.2 Structures and Improvements	0	0
69	364.3 LNG Processing Terminal Equipment	0	0
70	364.4 LNG Transporation Equipment	0	0
71	364.5 Measuring and Regulating Equipment	0	0
72	364.6 Compressor Station Equipment	0	0
73	364.7 Communications Equipment	0	0
74	364.8 Other Equipment	0	0
75	TOTAL Base Load Liq Nat'l Gas, Terminal and Processing Plant (lines 67-7	0	0
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 7	18,926,377	424,019
77	TRANSMISSION PLANT		
78	365.1 Land and Land Rights	0	0
79	365.2 Rights-of-Way	0	0
80	366 Structures and Improvements	0	0

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
0	0	0	0	34
0	0	0	0	35
0	0	0	0	36
0	0	0	0	37
60,401	0	0	7,628	38
60,401	0	0	7,628	39
				40
				41
0	0	0	412,611	42
0	0	0	59,812	43
0	0	0	1,124,630	44
0	0	0	6,197,634	45
0	0	0	254,354	46
0	0	0	203,330	47
0	0	0	5,971,926	48
4,743	0	0	819,546	49
0	0	0	2,001,664	50
0	0	0	173,784	51
0	0	0	407,618	52
9,133	0	0	1,709,611	53
13,876	0	0	19,336,519	54
				55
0	0	0	0	56
0	0	0	0	57
0	0	0	0	58
0	0	0	0	59
0	0	0	0	60
0	0	0	0	61
0	0	0	0	62
0	0	0	0	63
0	0	0	0	64
0	0	0	0	65
				66
0	0	0	0	67
0	0	0	0	68
0	0	0	0	69
0	0	0	0	70
0	0	0	0	71
0	0	0	0	72
0	0	0	0	73
0	0	0	0	74
0	0	0	0	75
13,876	0	0	19,336,519	76
				77
0	0	0	0	78
0	0	0	0	79
0	0	0	0	80

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	367 Mains	0	0
82	368 Compressor Station Equipment	0	0
83	369 Measuring and Regulating Equipment	0	0
84	370 Communications Equipment	0	0
85	371 Other Equipment	0	0
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	0	0
87	DISTRIBUTION PLANT		
88	374 Land and Land Rights	102,907	0
89	375 Structures and Improvements	734,594	38,058
90	376 Mains	253,651,450	31,749,649
91	377 Compressor Station Equipment	0	0
92	378 Measuring and Regulating Equipment-General	4,949,934	289,095
93	379 Measuring and Regulating Equipment-City Gate	2,247,173	644,845
94	380 Services	171,735,115	6,492,982
95	381 Meters	65,729,898	7,246,631
96	382 Meter Installations	0	0
97	383 House Regulators	0	0
98	384 House Regulator Installations	0	0
99	385 Industrial Measuring and Regulating Station Equipment	3,085,063	174,562
100	386 Other Property on Customers' Premises	0	0
101	386 Other Equipment	539	0
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	502,236,673	46,635,821
103	GENERAL PLANT		
104	389 Land and Land Rights	260,131	0
105	390 Structures and Improvements	2,665,643	239,683
106	391 Office Furniture and Equipment	388,556	0
107	392 Transportation Equipment	5,435,216	75,650
108	393 Stores Equipment	139,445	0
109	394 Tools, Shop, and Garage Equipment	2,714,613	533,640
110	395 Laboratory Equipment	914,021	0
111	396 Power Operated Equipment	3,691,187	82,655
112	397 Communication Equipment	2,296,955	76,509
113	398 Miscellaneous Equipment	31,332	0
114	Subtotal (Enter Totals of lines 104 thru 113)	18,537,098	1,008,137
115	399 Other Tangible Property	0	0
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	18,537,098	1,008,137
117	TOTAL (Accounts 101 and 106)	540,893,038	48,268,745
118	Gas Plant Purchased (See Instruction 8)	0	0
119	*(Less)* Gas Plant Sold (See Instruction 8)	0	
120	Experimental Gas Plant Unclassified	0	0
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	540,893,038	48,268,745

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
0	0	0	0	81
0	0	0	0	82
0	0	0	0	83
0	0	0	0	84
0	0	0	0	85
0	0	0	0	86
				87
0	0	0	102,907	88
2,594	0	0	770,058	89
576,120	0	0	284,824,979	90
0	0	0	0	91
54,277	0	0	5,184,752	92
0	0	0	2,892,018	93
371,772	0	0	177,856,325	94
748,113	0	0	72,228,415	95
0	0	0	0	96
0	0	0	0	97
0	0	0	0	98
6,079	0	0	3,253,546	99
0	0	0	0	100
0	0	0	539	101
1,758,955	0	0	547,113,538	102
				103
0	0	0	260,131	104
111,393	0	0	2,793,934	105
9,685	0	0	378,871	106
477,976	0	0	5,032,890	107
593	0	0	138,852	108
105,230	0	0	3,143,024	109
389	0	0	913,631	110
12,099	0	0	3,761,742	111
181,771	0	0	2,191,693	112
0	0	0	31,332	113
899,136	0	0	18,646,099	114
0	0	0	0	115
899,136	0	0	18,646,099	116
2,732,369	0	0	586,429,415	117
	0	0	0	118
0	0	0	0	119
0	0	0	0	120
2,732,369	0	0	586,429,415	121

Name of Respondent	This report is:		Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	Mar. 13, 2008	Dec. 31, 2007

Gas Plant Held For Future Use (Account 105)

1. Report separately each property held for future use at the end of the year having an original cost of $1,000,000 or more. Group other items of property held for future use. 2. For property having an original cost of $1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Gas Distribution Mains and Services, Coeur d'Alene, Idaho	March 2007	Unknown	39,828
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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39				
40				
41				
42				
43				
44				
45	Total			

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

CONSTRUCTION WORK IN PROGRESS-GAS (ACCOUNT 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than $1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	STATE OF WASHINGTON		
2			
3	Minor Projects (49) Under $1,000,000	580,593	1,977,403
4			
5			
6	STATE OF IDAHO		
7			
8	Dover Gate Station 615	1,466,588	
9	Minor Projects (17) Under $1,000,000	311,753	1,421,795
7	**Total**	1,778,341	
10			
11			
12	STATE OF OREGON		
13			
14	Diamond Lake Reinforce Phase 1	1,640,785	67,809
15	Minor Projects (60) under $1,000,000	3,912,378	6,722,187
16	**Total**	5,553,163	
17			
18			
19	COMMON-WA/ID		
20	2008 Deliverability Expansion	2,873,142	7,939,956
21	Minor Projects (1) under $1,000,000	26,276	27,472
22		2,899,418	
23			
24	COMMON-WA/ID/OR		
25	Minor Projects (0) under $1,000,000	-	0
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
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41			
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43			
44			
45			
46			
47	TOTAL	10,811,515	18,156,623

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	18-Apr-08	December 31, 2007

ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 204-209, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	205,066,505	205,066,505		
2	Depreciation Provisions for Year,				
	Charged to				
3	(403) Depreciation Expense	15,873,669	15,873,669		
4	(413) Exp. of Gas Plt. Leas. to Others				
5	Transportation Expenses-Clearing	296,174	296,174		
6	Other Clearing Accounts				
7	Other Accounts (Specify):				
8	Transfer to common (transporation clear)	0			
9	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	16,169,843	16,169,843		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	2,732,368	2,732,368		
12	Cost of Removal	235,074	235,074		
13	Salvage (Credit)	108,909	108,909		
14	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	2,858,533	2,858,533		
15	Other Debit or Credit Items (Describe)	(249,870)	(249,870)		
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	218,127,945	218,127,945	0	0
	Section B. Balances at End of Year According to Functional Classifications				
18	Production-Manufactured Gas	(135,137)	(135,137)		
19	Prod. and Gathering-Natural Gas				
20	Products Extraction-Natural Gas				
21	Underground Gas Storage	10,273,923	10,273,923		
22	Other Storage Plant				
23	Base Load LNG Term and Proc. Plt.				
24	Transmission	0			
25	Distribution	200,085,470	200,085,470		
26	General	7,903,689	7,903,689		
27	TOTAL (Enter Total of lines 18 thru 26)	218,127,945	218,127,945	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, AND 164.3)

1 If durring the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.

2 Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.

3 State in a footnote the basis of segregation of inventory between current and noncurrent protions. Also state in a footnote the method used to report storage (I.e. fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of Year					11,905,319	1,006,820		12,912,139
2	Gas Delivered to Storage					16,142,335	0		16,142,335
3	Gas Withdrawn from Storage					14,511,535	1,006,820		15,518,355
4	Other Debits and Credits					(121,883)	0		(121,883)
5	Balance at End of Year					13,414,236	0		13,414,236
6	Dth					2,921,345	0		2,921,345
7	Amount Per Dekatherm					$4.5918	$0.0000		$4.5918
8	Storage is reported using the inventory method.								

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Accounts 123.1, investments in Subsidiary Companies.
2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1				
2	Avista Capital - Common Stock	1997		184,251,609
3	Avista Capital - Equity in Earnings			61,577,075
4	OCI Investment in Subs			1,361,877
5	Avista Capital - Other Changes in Net Investment			
6	Avista Capital - Other Changes in Net Investment			
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
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30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	Total Cost of Account 123.1 $ 0		TOTAL	247,190,561

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues form investments, including such revenues form securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
				1
		184,251,609		2
-4,360,980	-161,000,000	-103,783,905		3
	-1,361,887			4
	-11,378,300	-11,378,300		5
	2,281,868	2,281,868		6
				7
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-4,360,980	-171,458,319	71,371,272		42

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	March 14, 2007	Dec. 31, 2007

PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year(in dollars) (b)
1	Prepaid Insurance	4,030,464
2	Prepaid Rents	-
3	Prepaid Taxes	-
4	Prepaid Interest	-
5	Miscellaneous Prepayments	2,408,238
6	TOTAL	**6,438,702**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $50,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets	Balance at Beginning of Current Quarter/Year	Debits	CREDITS		Balance at end of Current Quarter/Year
				Written off During the Quarter/Year Account Charged	Written off During the Period Amount	
	(a)	(b)	(c)	(d)	(e)	(f)
1	FAS 106 - Post Retirement Benefits (182300)	2,836,512		107 / 926	472,752	2,363,760
2	Guaranteed Residual Value Airplane (182301)		1,826,000			1,826,000
3	FAS 158 - Post Retirement Liability (182305)	54,192,195		Various	3,186,072	51,006,123
4	FAS 109 - Utility Plant (182310)	97,259,975	4,801,483			102,061,458
5	FAS 109 - DSIT Non-Plant (182315)		3,050,796			3,050,796
6	FAS 109 - DFIT State Tax Credits (182316)		3,972,764			3,972,764
7	FAS 109 - WNP3 (182320)	8,929,265		283180	325,496	8,603,769
8	Decoupling (182328 & 182329)		225,167			225,167
9	Automated Meter Reading (182330)	16,073,389	7,314,365			23,387,754
10	RTO Deposit - ID (182340)	354,029		560350	70,806	283,223
11	BPA Residential Exchange (182345)	2,332,367	1,504,629			3,836,996
12	BPA Residential Exchange - Interest (182345)	45,909	115,953			161,862
13	ERM Approved for Reg Recovery (182350)	70,227,235			28,268,387	41,958,848
14	New Generation Install (182370)	184,236		407370	184,236	
15	Wartsilla Units (182372)	3,496,997		407380	153,132	3,343,865
16	Mark-To-Market ST (182374)	62,650,144		175 / 244	55,478,724	7,171,420
17	FAS 143 - ARO (182376)	3,291,994		108 / 230	206,871	3,085,123
18	DSM Lost Margin (182380)	(1,472,856)	1,472,856			
19	Workers Compensation (182383)	2,424,563	426,461			2,851,024
20	CS2 Levelized Return (182384)	990,483	277,292			1,267,775
21	Idaho PCA Deferral.1 (182385)		7,516,287			7,516,287
22	Idaho PCA Deferral.2 (182386)		13,646,762			13,646,762
23						
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44	TOTAL	323,816,437	46,150,815		88,346,476	281,620,776

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1						
2	Colstrip Common Fac.	1,110,999		406		1,110,999
3	Regulatory Asset-Decoupling def		594,442			594,442
4	WA Deferred Power Costs	-68,246	16,633,141			16,564,895
5	WA ERM YTD Company Band	2,601,664	5,880,977			8,482,641
6	WA ERM YTD Contra Account	-2,601,664			5,880,977	-8,482,641
7	Regulatory Asset ROT Deposit	711,960			158,213	553,747
8	Regulatory Asset-Mt lease pymt		1,366,800			1,366,800
9	Regulatory Asset-Mt lease pymt		2,633,200			2,633,200
10	Colstrip Common Fac.	2,355,642		406		2,355,642
11						
12	ID Deferred Power	96,422,897		VAR	96,422,897	
13	ID Accumulated Surcharge Am	-87,065,618	87,065,618	557		
14						
15	Payroll Accrual	899,708		VAR	885,686	14,022
16	Payroll Loading Clearing					
17	Plant Allocation of clrg jrls	-2,025,687	3,063,852			1,038,165
18						
19	Misc Error Suspense	-180,812	179,774	VAR		-1,038
20						
21						
22	Misc susp acct-non w/o		200,000			200,000
23	Unamortized A/R sale	14,187			6,084	8,103
24						
25	Intangible Pension Asset					
26						
27	Nez Perce Settlement	192,021		557	5,212	186,809
28	Misc Deferred Debit Centralia	623,503	33,326			656,829
29	Centralia Mine Env Balance					
30						
31						
32	ID Panhandle Forest Use Permit	182,611	24,813			207,424
33	Metro-Sunset 115KV TE	312,998	38,508			351,506
34	Incremental trans costs	383,236			383,236	
35	UPRR Permit Conv	333,108	477			333,585
36	Insurance Recvy CDA Lake	145,090	16,901			161,991
37	Corp reorg stk iss. costs	118,086		VAR		118,086
38						
39						
40						
41	Nez Perce Permit Conversion	562,448			563,412	-964
42						
43						
44	Misc Work Orders <$50,000	38,956	88,890			127,846
45	Subsidiary Billings	3,724,886		VAR	1,599,178	2,125,708
46	"Null" Projects directly to 186	-378,778	383,236			4,458
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	31,297,127				40,642,265

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	Conservation					
2	Regulatory Assets Consv	3,844,350			1,280,293	2,564,057
3	Oregon Gas Comm Consvt	34,384	5,676			40,060
4						
5	Oregon Common Gas Eff	412,435	2,343			414,778
6	WPNG HE Wtr Htrs-Oregon	572,229			311,704	260,525
7	WPNG HE Furnaces	3,836,397			1,714,517	2,121,880
8						
9	WPNG OR Res Low 1	359,746		908	16,768	342,978
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32	Energy Star Homes	136,212	139,447			275,659
33	Energy Star Manufactored Homes	7,062	9,163			16,225
34	HE Washing Machines	55,312	40,389			95,701
35	Regulatory Assets Consv	455,839			101,144	354,695
36	Regulatory Assets Consv	1,120,436			336,413	784,023
37	Conservation Rate Credit	286,095			286,095	
38	Conservation Rate Credit CRC	122,612			122,612	
39	Regulatory Assets Conservation		154,919			154,919
40						
41	Dry Creek Transport		364,432			364,432
42	Glendale Cust Premises Equip		183,654			183,654
43	Lake CDA Issues	1,626,077	324,547			1,950,624
44	Shareholder Lawsuit 2002	14,746			8,946	5,800
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	31,297,127				40,642,265

Name of Respondent	This Report Is:	Date of Report (M, D, Y)	Year of Report
Avista Corp	(1) [X] An Original (2) [ ] A Resubmission	4/18/2008	12/31/2007

ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. At lines 4 and 6, add rows as necessary to report all data. Number the additional rows in sequence 4.01, 4.02, etc. and 6.01, 6.02, etc.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR: Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR: Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric	13,452,219	26,753	409,030
3	Gas	1,953,690	(227,788)	715,338
4	Other (Define)	0		
5	Total (Total of lines 2 thru 4)	**15,405,909**	**(201,035)**	**1,124,368**
6	Other (Specify)	40,196,406	626,412	74,486
6.01	Restricted Stock Settlement		0	0
6.02	Officer Life Insurance - Prior Period Adjustment		0	0
6.03	Interest Rate Swap		0	0
6.04	State Tax Carryforwards		0	0
6.05	Mark-To-Market		0	0
6.06	SFAS 158		0	0
7	TOTAL Account 190 (Total of lines 5 thru 6)	**55,602,315**	**425,377**	**1,198,854**
8	Classification of TOTAL			
9	Federal Income Tax	**55,602,315**	**425,377**	**1,198,854**
10	State Income Tax	**0**		
11	Local Income Tax	**0**		

Name of Respondent	This Report Is:	Date of Report *(Mo, Da, Yr)*	Year of Report
Avista Corp	(1) [X] An Original (2) [ ] A Resubmission	4/18/2008	12/31/2007

ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190) (Continued)

4. If more space is needed, use separate pages as required.

5. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under "Other."

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
		Debits to 190		Credits to 190			
Amounts Debited to Account 410.2 *(e)*	Amounts Credited to Account 411.2 *(f)*	Account No. *(g)*	Amount *(h)*	Account No. *(i)*	Amount *(j)*	*(k)*	
							1
42,713	0					**13,791,783**	2
4,981	0	254010 / 283010	257,984	254180	26,555	**3,123,264**	3
						0	4
47,694	**0**		**257,984**		**26,555**	**16,915,047**	5
(676,248)	1,252,358					**41,573,086**	6
0	0	214040	1,373,190	236000	1,753,304	**(380,114)**	6.01
0	0	228350	2,982,229	216000	1,938,449	**1,043,780**	6.02
0	0	245100	5,357,423	219000	3,482,325	**1,875,098**	6.03
0	0	254005 / 283005	7,120,008			**7,120,008**	6.04
0	0	283740	25,514,315			**25,514,315**	6.05
0	0			Various	2,838,116	**(2,838,116)**	6.06
(628,554)	**1,252,358**		**42,605,149**		**10,038,749**	**90,823,104**	7
							8
(628,554)	**1,252,358**		**42,605,149**		**10,038,749**	**90,823,104**	9
						0	10
						0	11

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Account 201 - Common Stock Issued			
2	No Par Value	200,000,000		
3	Restricted shares			
4	TOTAL_COM	200,000,000		
5				
6				
7	Account 204 - Preferred Stock Issued	10,000,000		
8				
9				
10	Cumulative			
11				
12				
13	TOTAL_PRE	10,000,000		
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Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
52,932,368	727,945,794					2
				28,137	720,307	3
52,932,368	727,945,794			28,137	720,307	4
						5
						6
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1	Common Stock - Public Issue	3,294,916
2		
3		
4		
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22	TOTAL	3,294,916

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	Acct. 221 - Bonds:		
2	Notes Payable - Banks (local) $320,000,000		2,406,216
3	Secured Medium Term Notes A	250,000,000	1,136,221
4	Discount		50,200
5	Secured Medium Term Notes B	161,000,000	788,947
6	Secured Medium Term Notes C	109,000,000	1,172,129
7	FMB's 6.125%	45,000,000	825,301
8	Discount		204,750
9	FMB's 5.45%	90,000,000	1,054,153
10	Discount		239,400
11	FMB's 6.25%	150,000,000	1,812,935
12	(Premium)		-266,500
13	Discount		634,000
14	FMB's 5.70%	150,000,000	4,702,304
15	Discount		222,000
16			
17	Pollution Control Revenue Bonds		
18	6% Series due 2023	4,100,000	115,355
19	Colstrip 1999A due 2032	66,700,000	2,700,582
20	Discount		20,500
21	Colstrip 1999B due 2034	17,000,000	954,386
22			
23	Acct. 222		
24	Acct. 223 Advances from associated companies	1,200,000	
25	LTD - AVA Trust III	61,856,000	1,658,634
26	LTD - AVA Trust II	51,547,000	3,633,783
27			
28	Acct. 224 Other		
29	Series K	35,000,000	2,089,391
30	Senior Notes	400,000,000	9,128,000
31	Discount		2,716,000
32	MTN's $1,000,000,000	683,000,000	2,700,797
33	TOTAL	2,275,403,000	40,699,484

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
						1
12-17-2004	3-15-2011	12-13-2004	3-15-2011		308,938	2
Var.	Var.	Var.	Var.	68,000,000	4,897,600	3
						4
6-9-1995	7-1-2010	6-9-1995	7-1-2010	5,000,000	345,000	5
Var.	Var.	Var.	Var.	75,000,000	5,537,921	6
9-8-2003	9-1-2013	9-8-2003	9-1-2013	45,000,000	2,756,250	7
						8
11-18-2004	12-1-2019	11-18-2004	12-1-2019	90,000,000	4,905,000	9
						10
11-17-2005	12-1-2035	11-17-2005	12-1-2035	154,137,175	9,633,573	11
						12
						13
12-15-2006	7-1-2037	12-15-2006	7-1-2037	146,796,000	8,526,250	14
						15
						16
						17
12-18-1984	12-1-2023	12-18-1984	12-1-2032	4,100,000	246,000	18
9-1-1999	10-1-2032	9-1-1999	10-1-2032	66,700,000	3,335,000	19
						20
9-1-1999	3-1-2034	9-1-1999	3-1-2034	17,000,000	871,250	21
						22
						23
				1,200,000		24
4-5-2004	4-1-2034	4-30-2004	3-31-2034	61,856,000	4,020,640	25
6-3-1997	6-1-2037	6-30-1997	5-31-2037	51,547,000	3,277,565	26
						27
						28
9-15-1992	9-15-2007		9-15-2007		1,368,281	29
4-3-2001	6-1-2008	5-1-2001	6-1-2008	273,010,231	26,603,850	30
						31
1-22-1992	1-22-2007	2-1-1992	2-1-2007		411,170	32
				1,059,346,406	77,044,288	33

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	38,475,085
2		
3		
4	Taxable Income Not Reported on Books	
5		6,039,568
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		100,530,141
11	Federal Income Tax	22,193,342
12	Deferred Income Tax	3,594,288
13	Investment Tax Credit & State Income Tax	470,903
14	Income Recorded on Books Not Included in Return	
15		18,270,223
16	Equity in Sub Earnings (Income) / Loss	4,595,749
17	Corporate Overhead Unallocated Subs	1,155,955
18		
19	Deductions on Return Not Charged Against Book Income	
20		-119,263,165
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	76,062,090
28	Show Computation of Tax:	
29		
30	Federal Tax Net Income	76,062,090
31	State Tax @ 2%, Less Idaho ITC	-1,387,627
32	Federal Tax Net Income, Less State Tax	74,674,463
33		
34	Federal Tax @ 35% (74,674,463 * 35%)	26,136,062
35		
36		
37		
38	Prior Years Tax Return, Revenue Agent Report & Misc True-ups	1,823,523
39		
40	Kettle Falls & Cabinet Gorge Tax Credits	-2,689,709
41	Total Federal Tax Expense (agrees to line 11)	25,269,876
42		
43		
44		

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 2/29/2008	Year/Period of Report End of: 2007/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
1	FEDERAL:					
2	Income Tax	(30,476,283)		403,720		30,072,563
3	Income Tax	2,734,453		862,779		(3,597,232)
4	Income Tax	4,081,943		(767,976)		(26,475,330)
5	Income Tax (Current)			23,057,197	21,521,809	
6	Retained Earnings	(1,463,362)				
7	Retained Earnings	(386,815)				
	Prior Retained Earnings	(1,618,425)		(1,544,919)		
8	Current Retained Earnings			(2,127,838)		
9	Total Federal	**(27,128,489)**	-	**19,882,963**	**21,521,809**	1
10						
11	**STATE OF WASHINGTON:**					
12	Property Tax 2005	58,913		(58,913)		
13	Property Tax 2006	10,152,000		(1,823,436)	8,329,120	
14	Property Tax 2007	-		10,692,000	-	
15	Excise Tax 2005	189,884		(98,432)	-	
16	Excise Tax 2006	1,856,345		108,563	1,965,365	(7)
17	Excise Tax 2007	-		22,075,121	19,460,329	
18	Natural Gas Use Tax	20,706		76,438	62,437	
19	Municipal Occupation Tax	2,645,486		20,424,230	20,374,194	
20	Sales & Use Tax (2005)	(141,202)		83,793	-	
21	Sales & Use Tax (2006)	86,301		-	36,835	
22	Sales & Use Tax (2007)	-		1,193,636	1,133,447	
23	Motor Vehicle Tax 2007	-		7,723	7,723	
24	**Total Washington**	**14,868,433**	-	**52,680,723**	**51,369,450**	**(7)**
25						
26	**STATE OF IDAHO:**					
27	Income Tax 2005	345,334		-		(345,334)
28	Income Tax 2006	(145,347)		348,075	60,236	345,334
29	Income Tax 2007	-		409,879	590,000	
30	Property Tax 2005	9,691		(9,691)		
31	Property Tax 2006	1,677,111		(1,466)	1,675,645	
32	Property Tax 2007	-		3,286,941	1,165,864	
33	Motor Vehicle Tax 2007	-		13,023	13,023	
34	Sales & Use Tax 2005	423			-	13
35	Sales & Use Tax 2006	17,968			17,968	
36	Sales & Use Tax 2007	-		294,872	289,687	(12)
37	Irrigation Credits 2006					
38	KWH Tax 2005					
39	KWH Tax 2006	24,663		1,660	26,331	8
40						

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 2/29/2008	Year/Period of Report End of: 2007/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under $250,000 may be grouped.

BALANCE AT END OF YEAR						
Taxes Accrued (Account 236) (g)	Prepaid Taxes (h)	Electric (Account 408.1, (i)	Gas (Account 408.2, (j)	Non-Operating (Account 408.2, (k)	Other (l)	Line No.
						1
-		4,418	(21,417)	420,719	-	2
-		286,706	524,816	51,257	-	3
(23,161,363)		8,634	(78,901)	(2,228,681)	1,530,972	4
1,535,388		15,615,969	8,456,016	(814,706)	(200,082)	5
(1,463,362)					-	6
(386,815)					-	7
(3,163,344)					(1,544,919)	
(2,127,838)					(2,127,838)	8
(28,767,334)	**-**	**15,915,727**	**8,880,514**	**(2,571,411)**	**(2,341,867)**	9
						10
						11
-		(10,256)	(24,289)	(25,671)	1,303	12
(556)		(1,346,320)	(438,242)	(40,323)	1,449	13
10,692,000		8,322,669	2,333,000	36,000	331	14
91,452		(138,787)	(125,706)	165,681	380	15
(464)		65,399	32,329	10,834	1	16
2,614,792		13,919,664	8,078,671	90,090	(13,304)	17
34,707		-			76,438	18
2,695,522		12,694,551	7,691,153		38,526	19
(57,409)					83,793	20
49,466					-	21
60,189					1,193,636	22
-					7,723	23
16,179,699	**-**	**33,506,920**	**17,546,916**	**236,611**	**1,390,276**	24
						25
						26
-					-	27
487,826		(90,234)	(22,558)		460,867	28
(180,121)		295,742	114,137		-	29
-		(9,580)	(111)		-	30
-		15,595	(16,922)	-	(139)	31
2,121,077		2,677,911	608,789	14,853	(14,612)	32
-					13,023	33
436					-	34
-					-	35
5,173					294,872	36
-		2,683			(2,683)	37
-					-	38
-		1,660			-	39
						40

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 2/29/2008	Year/Period of Report End of: 2007/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
1	KWH Tax 2007	-		356,210	321,852	(1)
2	Franchise Tax 2005	1		(1)	-	
3	Franchise Tax 2006	1,564,867		-	1,567,214	1
4	Franchise Tax 2007	-		3,948,323	2,328,531	
5	**Total Idaho**	**3,494,711**	**-**	**8,647,825**	**8,056,351**	**9**
6						
7	**STATE OF MONTANA:**					
8	Income Tax (2005)	466,950		24,145	(50,548)	(541,643)
9	Income Tax (2006)	(58,306)		32,855	-	541,643
10	Income Tax (2007)	-		450,279	460,000	
11	Property Tax (2005)	31,447		(31,447)		
12	Property Tax (2006)	2,977,181		-	2,971,509	
13	Property Tax (2007)			6,177,420	3,093,315	
14	Colstrip Generation Tax			3,692	3,692	
15	KWH Tax 2004	1				(1)
16	KWH Tax 2005	1,276				(1,276)
17	KWH Tax 2006	261,908			261,908	
18	KWH Tax 2007	-		1,117,650	877,365	
19	Motor Vehicle Tax (2007)			3,691	3,691	
20	Consumer Council Tax	431		11,105	8,440	1,769
21	Public Commission Tax	503		21	21	(495)
22	**Total Montana**	**3,681,391**	**-**	**7,789,411**	**7,629,393**	**(3)**
23						
24	**STATE OF OREGON:**					
25	Income Tax (2005)	264,467				(264,467)
26	Income Tax (2006)	37,202		(35,582)		264,467
27	Income Tax (2007)			(88,274)	440,000	
28	Property Tax (2005)	(473,640)		762,321		
29	Property Tax (2006)	(208,947)		79,500	156,343	
30	Property Tax (2007)			813,400	1,572,558	1
31	Motor Vehicle Tax (2007)			3,680	3,680	
32	BETC Credit (2000)	(431,020)		11,471		31,896
33	BETC Credit (2001)	(34,244)		73,379		124,805
34	BETC Credit (2002)	(55,790)		3,580		6,092
35	BETC Credit (2003)	24,865				427
36	BETC Credit (2004)	26,274				10,812
37	BETC Credit (2005)	32,145		81,145		(196,186)
38	BETC Credit (2006)	(104,808)		(125,454)		22,154
39	BETC Credit (2007)	-		17,786		
40						

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 2/29/2008	Year/Period of Report End of: 2007/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
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4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
1						
2	**STATE OF OREGON Cont.:**					
3	Franchise Tax (2004)	(62,168)				
4	Franchise Tax 2005	60,185				
5	Franchise Tax 2006	1,138,514			1,101,020	
6	Franchise Tax 2007			4,905,418	3,491,677	
7	**Total Oregon**	**213,035**	**-**	**6,502,370**	**6,765,278**	**1**
8						
9	**STATE OF CALIFORNIA:**					
10	Income Tax (2005)	(12,000)		1,600		
11	Income Tax (2006)	(3,200)		2,400		
12	Income Tax (2007)			3,200	3,200	
13	**Total California**	**(15,200)**	**-**	**7,200**	**3,200**	**-**
14						
15	**MISC. STATES**					
16	Income Tax (2006)	-		1,100	1,100	
17	Income Tax (2007)					
18	**Total Misc States**	**-**	**-**	**1,100**	**1,100**	**-**
19						
20	**COUNTY & MISCELLANEOUS**					
21	WA Renewable Energy	(1,044)			(1,044)	
22	Misc./Distribution	2		18,434	15,136	(1)
23	**Total Miscellaneous**	**(1,042)**	**-**	**18,434**	**14,092**	**(1)**
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	**TOTALS**	**(4,887,161)**	**-**	**95,530,026**	**95,360,673**	**-**

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
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8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under $250,000 may be grouped.

BALANCE AT END OF YEAR						
Taxes Accrued (Account 236) (g)	Prepaid Taxes (h)	Electric (Account 408.1. (i)	Gas (Account 408.2. (j)	Non-Operating (Account 408.2. (k)	Other (l)	Line No.
34,357		356,210			-	1
-					(1)	2
(2,346)					-	3
1,619,792		2,426,583	1,511,942		9,798	4
4,086,194	-	**5,676,570**	**2,195,277**	**14,853**	**761,125**	5
						6
						7
-		24,145			-	8
516,192		(230,144)			262,999	9
(9,721)		450,279			-	10
-		(31,447)			-	11
5,672		-			-	12
3,084,105		6,177,420			-	13
-		3,692			-	14
-		-			-	15
-		-			-	16
-		-			-	17
240,285		1,117,650			-	18
-		3,691			-	19
4,865		11,104			1	20
8		22			(1)	21
3,841,406	-	**7,526,412**	-	-	**262,999**	22
						23
						24
-					-	25
266,087		(48,813)	(146,439)		159,670	26
(528,274)		(22,069)	192,911		(259,116)	27
288,681			762,321		-	28
(285,790)		79,500			-	29
(759,157)		76,843	736,558		(1)	30
-					3,680	31
(387,653)					11,471	32
163,940					73,379	33
(46,118)					3,580	34
25,292					-	35
37,086					-	36
(82,896)					81,145	37
(208,108)					(125,454)	38
17,786					17,786	39
						40

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 2/29/2008	Year/Period of Report End of: 2007/Q4

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under $250,000 may be grouped.

BALANCE AT END OF YEAR						
Taxes Accrued (Account 236) (g)	Prepaid Taxes (h)	Electric (Account 408.1. (i)	Gas (Account 408.2. (j)	Non-Operating (Account 408.2. (k)	Other (l)	Line No.
						1
						2
(62,168)					-	3
60,185					-	4
37,494					-	5
1,413,741			4,881,431		23,987	6
(49,872)	-	**85,461**	**6,426,782**	-	**(9,873)**	7
						8
						9
(10,400)			1,600		-	10
(800)			1,654		746	11
-			-		3,200	12
(11,200)	-	-	**3,254**	-	**3,946**	13
						14
						15
-					1,100	16
-					-	17
-	-	-	-	-	**1,100**	18
						19
						20
-					-	21
3,299					18,434	22
3,299	-	-	-	-	**18,434**	23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
(4,717,808)	-	**62,711,090**	**35,052,743**	**(2,319,947)**	**86,140**	40

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%						
6							
7							
8	TOTAL						
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10	Gas Property (100%	472,344			411400	49,308	
11							
12	TOTAL PROPERTY	472,344				49,308	
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10
423,036			11
			12
423,036			13
			14
			15
			16
			17
			18
			19
			20
			21
			22
			23
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.
2. Minor items (less than $250,000) may be grouped under approprate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Margin Call Deposit (242050)	12,510,000
2		
3	Forest Use Permits (242060)	182,081
4		
5	FERC Administrative Fee Accrual (242300 & 242310)	512,499
6		
7	Montana Lease Payments (242375)	4,000,000
8		
9	Non-monetary Power Exchange (242500)	439,805
10		
11	Demand Side Mgmt Tariff Rider (242600)	(6,198,883)
12		
13	Payroll Equalization (242700)	11,636,406
14		
15	Low Income Energy Assistance (242770)	2,529,861
16		
17	Workers Compensation Reg Liab (242830)	2,851,024
18		
19	Accounts Payable - Inventory Accrual (242900)	248,166
20		
21	Accounts Payable - Expense Accrual (242910)	896,487
22		
23	Benefit Liability, Current Portion (242999)	4,397,950
24		
25		
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43		
44	TOTAL	34,005,396

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2008	Year/Period of Report End of 2007/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	CCS Install (253000)	17,092	142 / 419	16,929		163
2	Pacificorp Capacitor (253080)	23,430	142 / 456	9,372		14,058
3	BPA C&RD REceipts (253100)	108,870		108,870		
4	Centralia Environmental (253110)	935,764			29,496	965,260
5	Rathdrum Refund (253120)	442,509	550000	33,823		408,686
6	NE Tank Spil (253130)	210,625	186200	75,085		135,540
7	Bills Pole Rentals (253140)				202,867	202,867
8						
9						
10	Sale/Leaseback on Bldg (253850)	1,307,280	931000	261,456		1,045,824
11	Clark Fork Relicensing (253890)	-681,218	186/419/537	268,099		-949,317
12	Defer Comp Retired Execs (253900)	324,007	431 / 232	87,615		236,392
13	Defer Comp Active Execs (253910)	12,564,773	Various	450,117		12,114,656
14	Executive Incent Plan (253920)	140,000				140,000
15	Unbilled Revenue (253990)	2,223,389			1,534,814	3,758,203
16						
17						
18						
19						
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47	TOTAL	17,616,521		1,311,366	1,767,177	18,072,332

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	232,595,098	11,008,524	
3	Gas	60,933,526	4,523,067	
4	Other	11,945,590	-988,485	
5	TOTAL (Enter Total of lines 2 thru 4)	305,474,214	14,543,106	
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	305,474,214	14,543,106	
10	Classification of TOTAL			
11	Federal Income Tax	295,780,791	13,591,688	
12	State Income Tax	9,693,423	951,418	
13	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
						243,603,622	2
-130,820		282 Reclass	113			65,325,660	3
162,823				282 Reclass	113	11,120,041	4
32,003			113		113	320,049,323	5
							6
							7
							8
32,003			113		113	320,049,323	9
							10
32,003			113		113	309,404,482	11
						10,644,841	12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Electric	47,102,114	2,010,787	2,924,920
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	47,102,114	2,010,787	2,924,920
10	Gas			
11	Gas	8,679,614	-5,888,963	9,882
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	8,679,614	-5,888,963	9,882
18	Other	156,207,315	307,220	
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	211,989,043	-3,570,956	2,934,802
20	Classification of TOTAL			
21	Federal Income Tax	211,989,043	-3,570,956	2,934,802
22	State Income Tax			
23	Local Income Tax			

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
1,910,045		182.3	325,496			47,772,530	3
							4
							5
							6
							7
							8
1,910,045			325,496			47,772,530	9
							10
416,640		254	90,294	182.3	138,914	3,246,029	11
							12
							13
							14
							15
							16
416,640			90,294		138,914	3,246,029	17
-1,347,404	3,086,791	190 / 18	8,402,823	254/FAS	44,578,438	188,255,955	18
979,281	3,086,791		8,818,613		44,717,352	239,274,514	19
							20
979,281	3,086,791		8,818,613		41,666,556	236,223,718	21
					3,050,796	3,050,796	22
							23

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/17/2008	End of 2007/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $50,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities	Balance at Begining of Current Quarter/Year	DEBITS		Credits	Balance at End of Current Quarter/Year
			Account Credited	Amount		
	(a)	(b)	(c)	(d)	(e)	(f)
1	Idaho Investment Tax Credit (254005)				7,120,008	7,120,008
2	Oregon BETC Credit (254010)				257,984	257,984
3	FAS 109 Invest Tax Credit (254180)	254,352	190180	26,556		227,796
4	Nez Perce (254220)	814,412	557200	22,008		792,404
5	Oregon Senate Bill (254250)	1,300,000			2,338,488	3,638,488
6	Unrealized Currenct Exchange (254399)				30,876	30,876
7	OPUC Investigate Reserve (254680)	478,043	Various	478,043		
8	Mark to Market FAS133 (254750)	15,400,153			38,013,630	53,413,783
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41	TOTAL	18,246,960		526,607	47,760,986	65,481,339

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.

2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3. Report number of customers, columns (f) and (g), on the basis of meter, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

4. Report quantities of natural gas sold in Mcf (14.73 psia at 60 degrees F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.

5. If increases or decreases from previous year (columns (c), (e) and (g), are not derived from previously

Line No.	Title of Account (a)	OPERATING REVENUES Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	(480) Residential Sales	264,545,904	257,752,600
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	151,908,092	146,581,144
5	Large (or Ind.) (See Instr. 6)	7,792,244	11,676,035
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	490,070	491,509
8	TOTAL Sales to Ultimate Consumers	424,736,310 (1)	416,501,288
9	(483) Sales for Resale	142,464,487	94,971,782
10	TOTAL Nat. Gas Service Revenues	567,200,797	511,473,070
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	567,200,797	511,473,070
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	111,420	118,750
17	(489) Rev. from Trans. of Gas of Others	6,638,317	6,498,720
18	(490) Sales of Prod. Ext. from Nat. Gas		
19	(491) Rev. from Nat. Gas Proc. by Others		
20	(492) Incidental Gasoline and Oil Sales		
21	(493) Rent from Gas Property	15,060	15,060
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	3,565,179	4,200,020
24	TOTAL Other Operating Revenues	10,329,976	10,832,550
25	TOTAL Gas Operating Revenues	577,530,773	522,305,620
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	577,530,773	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	416,453,996	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	7,792,244	
30	Sales for Resale	142,464,487	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	490,070	
33	TOTAL (Same as Line 10, Columns (b) and (d))	567,200,797	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATING REVENUES (Account 400) (Continued)

reported figures, explain any inconsistencies in a footnote.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
				1
195,756,484	192,832,941	273,415	267,345	2
				3
125,041,383	120,988,742	32,353	31,746	4
7,348,725	11,039,977	276	295	5
				6
437,882	442,701	52	51	7
328,584,474 (2)	325,304,361	306,096	299,437	8
223,615,011	157,426,570	0	0	9
552,199,485	482,730,931	306,096	299,437	10
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NOTES

Quantities of natural gas expressed in therms:
to convert therms to MCF, divide therms by a
BTU factor of 10.25

(1) Includes ($987,954) unbilled revenues.

(2) Includes (38,326) therms relating to unbilled revenues.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production	-	-
3	Manufactured Gas Production (Submit Supplemental Statement)		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation	-	-
7	750 Operation Supervision and Engineering	-	-
8	751 Production Maps and Records	-	-
9	752 Gas Wells Expenses	-	-
10	753 Field Lines Expenses	-	-
11	754 Field Compressor Station Expenses	-	-
12	755 Field Compressor Station Fuel and Power	-	-
13	756 Field Measuring and Regulating Station Expenses	-	-
14	757 Purification Expenses	-	-
15	758 Gas Well Royalties	-	-
16	759 Other Expenses	-	-
17	760 Rents	-	-
18	TOTAL Operation (Enter Total of lines 7 thru 17)	-	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering	-	-
21	762 Maintenance of Structures and Improvements	-	-
22	763 Maintenance of Producing Gas Wells	-	-
23	764 Maintenance of Field Lines	-	-
24	765 Maintenance of Field Compressor Station Equipment	-	-
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	-	-
26	767 Maintenance of Purification Equipment	-	-
27	768 Maintenance of Drilling and Cleaning Equipment	-	-
28	769 Maintenance of Other Equipment	-	-
29	TOTAL Maintenance (Enter Total of lines 20 thru 28)	-	-
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	-	-
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	-	-
34	771 Operation Labor	-	-
35	772 Gas Shrinkage	-	-
36	773 Fuel	-	-
37	774 Power	-	-
38	775 Materials	-	-
39	776 Operation Supplies and Expenses	-	-
40	777 Gas Processed by Others	-	-
41	778 Royalties on Products Extracted	-	-
42	779 Marketing Expenses	-	-
43	780 Products Purchased for Resale	-	-
44	781 Variation in Products Inventory	-	-
45	(Less) 782 Extracted Products Used by the Utility-Credit	-	-
46	783 Rents	-	-
47	TOTAL Operation (Enter Total of Lines 33 thru 46)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	B2. Products Extraction (Continued)		
48	Maintenance		
49	784 Maintenance Supervision and Engineering	-	-
50	785 Maintenance of Structures and Improvements	-	-
51	786 Maintenance of Extraction and Refining Equipment	-	-
52	787 Maintenance of Pipe Lines	-	-
53	788 Maintenance of Extracted Products Storage Equipment	-	-
54	789 Maintenance of Compressor Equipment	-	-
55	790 Maintenance of Gas Measuring and Reg. Equipment	-	-
56	791 Maintenance of Other Equipment	-	-
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	-	-
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	-	-
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	-	-
62	796 Nonproductive Well Drilling	-	-
63	797 Abandoned Leases	-	-
64	798 Other Exploration	-	-
65	TOTAL Exploration and Development (Enter Total of lines 61 thru 64)	-	-
	D. Other Gas Supply Expenses		
66	Operation		
67	800 Natural Gas Well Head Purchases	-	-
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	-	-
69	801 Natural Gas Field Line Purchases	-	-
70	802 Natural Gas Gasoline Plant Outlet Pruchases	-	-
71	803 Natural Gas Transmission Line Purchases	-	-
72	804 Natural Gas City Gate Purchases	434,093,210	372,079,169
73	804.1 Liquefied Natural Gas Purchases	-	-
74	805 Other Gas Purchases	167,566	727,550
75	(Less) 805.1 Purchased Gas Cost Adjustments	16,853,121	27,947,717
76			
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	451,113,897	400,754,436
78	806 Exchange Gas	-	-
79	Purchased Gas Expenses		
80	807.1 Well Expenses-Purchased Gas	-	-
81	807.2 Operation of Purchased Gas Measuring Stations	-	-
82	807.3 Maintenance of Purchased Gas Measuring Stations	-	-
83	807.4 Purchased Gas Calculations Expenses	-	-
84	807.5 Other Purchased Gas Expenses	-	-
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	-
86	808.1 Gas Withdrawn from Storage-Debit	15,273,047	10,865,084
87	(Less) 808.2 Gas Delivered to Storage-Credit	(16,073,809)	(10,300,517)
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-
90	Gas Used in Utility Operations-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	-	-
92	811 Gas Used for Products Extraction-Credit	-	-
93	812 Gas used for Other Utility Operations-Credit	-	-
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-
95	813 Other Gas Supply Expenses	1,696,768	1,387,137
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	452,009,904	402,706,140
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	452,009,904	402,706,140

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	25,088	94,625
102	815 Maps and Records	-	-
103	816 Wells Expenses	-	-
104	817 Lines Expense	-	-
105	818 Compressor Station Expenses	-	-
106	819 Compressor Station Fuel and Power	-	-
107	820 Measuring and Regulating Station Expenses	-	-
108	821 Purification Expenses	-	-
109	822 Exploration and Development	-	-
110	823 Gas Losses	-	-
111	824 Other Expenses	303,177	249,723
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Enter Total of lines 101 thru 113)	328,265	344,348
115	Maintenance		
116	830 Maintenance Supervision and Engineering	-	-
117	831 Maintenance of Structures and Improvements	-	-
118	832 Maintenance of Reservoirs and Wells	-	-
119	833 Maintenance of Lines	-	-
120	834 Maintenance of Compressor Station Equipment	-	-
121	835 Maintenance of Measuring and Regulating Station Equipment	-	-
122	836 Maintenance of Purification Equipment	-	-
123	837 Maintenance of Other Equipment	297,109	326,277
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	297,109	326,277
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	625,374	670,625
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	-	-
129	841 Operation Labor and Expenses	-	-
130	842 Rents	-	-
131	842.1 Fuel	-	-
132	842.2 Power	-	-
133	842.3 Gas Losses	-	-
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-	-
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	-	-
137	843.2 Maintenance of Structures and Improvements	-	-
138	843.3 Maintenance of Gas Holders	-	-
139	843.4 Maintenance of Purification Equipment	-	-
140	843.5 Maintenance of Liquefaction Equipment	-	-
141	843.6 Maintenance of Vaporizing Equipment	-	-
142	843.7 Maintenance of Compressor Equipment	-	-
143	843.8 Maintenance of Measuring and Regulating Equipment	-	-
144	843.9 Maintenance of Other Equipment	-	-
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-	-
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	-	-

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	-	-
150	844.2 LNG Processing Terminal Labor and Expenses	-	-
151	844.3 Liquefaction Processing Labor and Expenses	-	-
152	844.4 Liquefaction Transportation Labor and Expenses	-	-
153	844.5 Measuring and Regulating Labor and Expenses	-	-
154	844.6 Compressor Station Labor and Expenses	-	-
155	844.7 Communication System Expenses	-	-
156	844.8 System Control and Load Dispatching	-	-
157	845.1 Fuel	-	-
158	845.2 Power	-	-
159	845.3 Rents	-	-
160	845.4 Demurrage Charges	-	-
161	(Less) 845.5 Wharfage Receipts-Credit	-	-
162	845.6 Processing Liquefied or Vaporized Gas by Others	-	-
163	846.1 Gas Losses	-	-
164	846.2 Other Expenses	-	-
165	TOTAL Operation (Enter Total of lines 149 thru 164)	-	-
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	-	-
168	847.2 Maintenance of Structures and Improvements	-	-
169	847.3 Maintenance of LNG Processing Terminal Equipment	-	-
170	847.4 Maintenance of LNG Transportation Equipment	-	-
171	847.5 Maintenance of Measuring and Regulating Equipment	-	-
172	847.6 Miantenance of Compressor Station Equipment	-	-
173	847.7 Maintenance of Communication Equipment	-	-
174	847.8 Maintenance of Other Equipment	-	-
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	-	-
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	-	-
177	TOTAL Natural Gas storage (Enter Total of lines 125, 146, and 176)	625,374	670,625
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	-	-
181	851 System Control and Load Dispatching	-	-
182	852 Communication System Expenses	-	-
183	853 Compressor Station Labor and Expenses	-	-
184	854 Gas for Compressor Station Fuel	-	-
185	855 Other Fuel and Power for Compressor Stations	-	-
186	856 Mains Expenses	-	-
187	857 Measuring and Regulating Station Expenses	-	-
188	858 Transmission and Compression of Gas by Others	-	-
189	859 Other Expenses	-	-
190	860 Rents	-	-
191	TOTAL Operation (Enter Total of lines 180 thru 190)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	3. TRANSMISSION EXPENSES (Continued)		
192	Maintenance		
193	861 Maintenance Supervision and Engineering	-	-
194	862 Maintenance of Structures and Improvements	-	-
195	863 Maintenance of Mains	-	-
196	864 Maintenance of Compressor Station Equipment	-	-
197	865 Maintenance of Measuring and Reg. Station Equipment	-	-
198	866 Maintenance of Communication Equipment	-	-
199	867 Maintenance of Other Equipment	-	-
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	-	-
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	-	-
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	853,853	737,851
205	871 Distribution Load Dispatching	-	-
206	872 Compressor Station Labor and Expenses	-	-
207	873 Compressor Station Fuel and Power	-	-
208	874 Mains and Services Expenses	2,838,125	2,786,644
209	875 Measuring and Regulating Station Expenses-General	235,910	227,853
210	876 Measuring and Regulating Station Expenses-Industrial	7,762	3,022
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	97,236	114,141
212	878 Meter and House Regulator Expenses	2,024,058	1,088,249
213	879 Customer Installations Expenses	1,775,093	1,688,697
214	880 Other Expenses	2,102,151	2,088,789
215	881 Rents	23,991	22,706
216	TOTAL Operation (Enter Total of lines 204 thru 215)	9,958,179	8,757,952
217	Maintenance		
218	885 Maintenance Supervision and Engineering	246,526	261,703
219	886 Maintenance of Structures and Improvements	-	-
220	887 Maintenance of Mains	2,751,258	2,484,051
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	261,794	243,518
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	161,525	70,835
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	76,876	50,139
225	892 Maintenance of Services	1,017,281	981,794
226	893 Maintenance of Meters and House Regulators	796,312	932,785
227	894 Maintenance of Other Equipment	131,608	132,932
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	5,443,180	5,157,758
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	15,401,359	13,915,711
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	470,638	449,520
233	902 Meter Reading Expenses	1,401,730	1,471,320
234	903 Customer Records and Collection Expenses	5,888,220	5,777,774
235	904 Uncollectible Accounts	1,442,353	1,350,865
236	905 Miscellaneous Customer Accounts Expenses	167,628	160,003
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	9,370,570	9,209,482

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GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	-	-
241	908 Customer Assistance Expenses	8,199,066	5,016,323
242	909 Informational and Instructional Expenses	3,566	3,470
243	910 Miscellaneous Customer Service and Informational Expenses	71,454	64,824
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	8,274,085	5,084,617
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	667,884	676,838
249	913 Advertising Expenses	204,901	208,266
250	916 Miscellaneous Sales Expenses	115,494	87,182
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	988,279	972,286
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	6,996,590	6,282,968
255	921 Office Supplies and Expenses	1,409,098	1,589,126
256	(Less) (922) Administrative Expenses Transferred-Cr.	(17,993)	(11,342)
257	923 Outside Services Employed	4,175,631	3,541,876
258	924 Property Insurance	338,376	353,651
259	925 Injuries and Damages	734,709	1,005,156
260	926 Employee Pensions and Benefits	251,683	259,350
261	927 Franchise Requirements	-	-
262	928 Regulartory Commission Expenses	1,795,583	1,511,720
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	2,258	2,143
265	930.2 Miscellaneous General Expenses	1,145,940	1,138,156
266	931 Rents	269,960	401,262
267	TOTAL Operation (Enter Total of lines 254 thru 266)	17,101,834	16,074,067
268	Maintenance		
269	935 Maintenance of General Plant	2,270,584	1,832,244
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	19,372,419	17,906,311
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	506,041,988	450,465,171

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.

2. If the respondent's payroll for the reporting period includes any special constrction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.

3. The number of employees assignable to the gas department from joint function of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1. Payroll Period Ended (Date) December 31, 2007		
2. Total Regular Full-Time Employees	194	193
3. Total Part-Time and Temporary Employees allocation of General Employees	18	10
4. Allocation of General Employees	337	337
5. Total Employees	549	540

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Other Gas Supply Expenses (Account 813)

1 Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117.4 and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of $250,000 or more.

Line No.	Description (a)	Amount (in Dollars) (b)
1	Gas Resource Management	
2	Labor	570,851
3	Other Expenses (Phone Bills, Professional Services, Gas Reports, Travel, Training Etc.)	424,770
4	Amortization of Gas Operations Database	175,762
5	Credit Exposure Reserve	5,419
6		
7	Regulatory Affairs	
8	Labor	53,510
9	Other Expenses (Phone Bills, Professional Services, Gas Reports, Travel Etc.)	466,455
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39	TOTAL	1,696,767

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MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

1. Provide the information requested below on miscellaneous general expenses.
2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such itmes. List separately amounts of $250,000 or more however, amounts less that $250,000 may be grouped if the number of items of so group is shown.

Line No.	Description *(a)*	Amount *(b)*
1	Industry Association Dues	224,296
2	Experimental and General Research Expenses	0
	a. Gas Research Institute (GRI)	0
	b. Other	
3	Publishing and Distributing Information and Reports to Stockholders; Trustee, Registrar and Transfer Agent Fees and Expenses, and Other Expenses of Servicing Outstanding Securities of the Respondent	28,437
4	Directors Fees and Expenses	168,953
5	Miscellaneous General Expenses	511,357
6	Community Relations	116,825
7	Educational - Informational	27,346
8	Other Miscellaneous General Expenses	68,726
9	Other Miscellaneous Labor	
10		
11		
12		
13		
14		
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43	TOTAL	1,145,940

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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 404.6, 405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals between the report years (1971, 1974 and every fifth year thereafter).

Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, sub account or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage, Land, Land Rights and Misc. Intang (Account 404.2) (d)
1	Intangible plant			6,453
2	Production plant, manufactured gas	861		
3	Production and gathering plant, natural gas			
4	Products extraction plant			
5	Underground gas storage plant	423,912		
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant	0		
9	Distribution plant	14,861,121		
10	General plant	587,775		
11	Common General plant-Allocated	1,411,735		
12				
13				
14				
15				
16				
17				
18				
19				
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21				
22				
23				
24				
25	TOTAL	17,285,404	0	6,453

Section B.

1. Plant balances listed in Section C, Column b are derived at by taking the beginning plant balance plus the ending plant balance divided by two.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 404.6, 405) (Except Amortization of Acquisition Adjustments) (Continued)

manner in which column (b) balances are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used. Report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Leasehold Improvements (Account 404.6 and 404.75) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)	Line No.
162,826			169,279	Intangible plant	1
			861	Production plant, manufactured gas	2
				Production and gathering plant, natural gas	3
				Products extraction plant	4
			423,912	Underground gas storage plant	5
				Other storage plant	6
				Base load LNG terminating and processing plant	7
			0	Transmission plant	8
			14,861,121	Distribution plant	9
	5,361		593,136	General plant	10
874,284	2,747		2,288,766	Common general plant-Allocated	11
					12
					13
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					22
					23
					24
1,037,110	8,108	0	18,337,075	TOTAL	25

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Section C.

Line No.	Functional Classification (a)	Depreciable Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)
	Underground Gas Storage Plant: (2)		
1			
2	350	60	
3	351	1,100	1.75%
4	352	5,873	2.00%
5	352.2	229	2.22%
6	352.1 (Leasehold Improvements)	234	
7	352.3	6,121	2.54%
8	353	821	2.06%
9	354	2,002	2.32%
10	355	173	2.66%
11	356	407	2.97%
12	357	1,698	2.77%
13	Total	18,718	
14			
15	Production - Manufactured Gas:		
16	2305	0	2.80%
17	2311	0	1.80%
18	Total	0	
19			
20	Distribution Plant:		
21	375.1	752	2.19%
22	376	269,242	2.38%
23	378	5,063	2.13%
24	379	2,574	2.24%
25	380	174,792	2.67%
26	381	68,979	1.94%
27	385	3,169	2.43%
28	387	1	
29	Total	524,572	
30			
31	General Plant:		
32	390.1	2,677	2.61%
33	390.2	53	
34	391	379	4.53%
35	391.1	5	6.30%
36	392	2,858	
37	393	139	2.51%
38	394	2,929	4.24%
39	395	914	3.27%
40	396	2,508	
41	397	1,150	9.82%
42	398	31	1.28%
43	Total	13,643	
44			
45	Total Depreciable Gas Plant	556,933	

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Particulars Concerning Certain Income Deduction and Interest Charges Accounts

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization. (b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less the $250,000 may be grouped by classes within the above accounts. (c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

Line No.	Description *(a)*	Amount *(b)*
1	Acct. 425.00 - MISCELLANEOUS AMORTIZATIONS	
2	Gas plant acquisition adj. Applicable to purchase of CP National,	
3	Oregon & California distribution system. Contra account 115.00.	1,110,572
4	Total - 425.00	1,110,572
5		
6	Acct. 426.10 - DONATIONS	
7		
8		
9		
10	Project Share	200,000
11	Items Under $50,000	422,859
12		
13	Total 426.10	622,859
14		
15	Acct. 426.20 - LIFE INSURANCE	
16	Officers Life	472,775
17	SERP	2,084,715
18	Total 426.20	2,557,490
19		
20	Acct. 426.30 - PENALTIES	
21		
22	All Items Under $20,000	37,600
23	Total 426.30	37,600
24		
25	Acct. 426.40 - EXPENDITURES FOR CERTAIN CIVIC, POLITICAL,	
26	AND RELATED ACTIVITIES	
27	Items Under $250,000	1,097,891
28	Total 426.40	1,097,891
29		
30	Acct. 426.50 - OTHER DEDUCTIONS	
31		
32		
33	Kettle Falls Reserve Amortization	(53,137)
34	Executive Deferred Compensation	(292,152)
35	Cash Reduction for PGE Monetization	88,125
36	Write-off unamoritized debt repurchase costs	3,849,725
37	Write-off other unamortized debt costs	206,456
38		
39	Total 426.50	3,799,017
40		
41		

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Particulars Concerning Certain Income Deduction and Interest Charges Accounts

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization. (b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less the $250,000 may be grouped by classes within the above accounts. (c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

Line No.	Description *(a)*	Amount *(b)*
1	Acct. 430.00 - INTEREST ON DEBT TO ASSOC. COMPANIES	
2		
3	Avista Capital II (long-term debt) (variable rate ranged from 5.999 to 6.455 percent)	3,277,565
4	AVA Capital Trust III (interest rate of 6.5 percent)	4,020,640
5	Avista Capital, Inc.	307,121
6		
7	Total 430.00	7,605,326
8		
9		
10		
11		
12		
13		
14		
15	Acct. 431.00 - OTHER INTEREST EXPENSE	
16	Other	152,955
17	Interest on collateral deposits from counterparties	1,744,593
18	Interest on power and natural gas deferrals	384,768
19	Interest on committed line of credit	342,358
20	Interest on customer deposits	274,943
21		
22	Total 431.00	2,899,617
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REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Federal Energy Regulatory Commission				
2	Charges include annual fee and license fees				
3	for the Spokane River Project, the Cabinet				
4	Gorge Project and the Noxon Rapids Project.	1,899,333	52,351	1,951,684	
5					
6					
7					
8					
9	Washington Utilities and Transportation				
10	Commission: includes annual fee and various				
11	other electric dockets	734,126	377,243	1,111,369	
12					
13	Includes annual fee and various other natural				
14	gas dockets	420,821	113,821	534,642	
15					
16	Idaho Public Utilities Commission				
17	Includes annual fee and various other electric				
18	dockets	479,736	100,842	580,578	
19					
20	Includes annual fee and various other natural				
21	gas dockets	215,534	44,431	259,965	
22					
23	Public Utility Commission of Oregon				
24	Includes annual fees and various other natural				
25	gas dockets	510,858	246,039	756,897	
26					
27	Not directly assigned electric		671,517	671,517	
28	Not directly assigned natural gas		244,080	244,080	
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	4,260,408	1,850,324	6,110,732	

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO							
Department (f)	Account No. (g)	Amount (h)	Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
							1
							2
							3
Electric	928	1,951,684					4
							5
							6
							7
							8
							9
							10
Electric	928	1,111,369					11
							12
							13
Gas	928	534,642					14
							15
							16
							17
Electric	928	580,578					18
							19
							20
Gas	928	259,965					21
							22
							23
							24
Gas	928	756,897					25
							26
Electric	928	671,517					27
Gas	928	244,080					28
							29
							30
							31
							32
							33
							34
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							42
							43
							44
							45
		6,110,732					46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	8,384,189		
4	Transmission	2,299,612		
5	Distribution	3,747,749		
6	Customer Accounts	5,320,575		
7	Customer Service and Informational	313,074		
8	Sales	408,790		
9	Administrative and General	11,690,065		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	32,164,054		
11	Maintenance			
12	Production	2,469,898		
13	Transmission	822,530		
14	Distribution	4,001,728		
15	Administrative and General	0		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	7,294,156		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	10,854,087		
19	Transmission (Enter Total of lines 4 and 13)	3,122,142		
20	Distribution (Enter Total of lines 5 and 14)	7,749,477		
21	Customer Accounts (Transcribe from line 6)	5,320,575		
22	Customer Service and Information (Transcribe from line 7)	313,074		
23	Sales (Transcribe from line 8)	408,790		
24	Administrative and General (Enter Total of lines 9 and 15)	11,690,065		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	39,458,210	9,133,851	48,592,061
26	Gas			
27	Operation			
28	Production - Manufactured Gas			
29	Production - Natural Gas (Including Expl. and Dev.)			
30	Other Gas Supply	624,361		
31	Storage, LNG Terminaling and Processing	13,142		
32	Transmission	0		
33	Distribution	3,890,896		
34	Customer Accounts	2,268,760		
35	Customer Service and Informational	121,993		
36	Sales	236,178		
37	Administrative and General	4,409,392		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	11,564,722		
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission	468,112		
45	Distribution	2,357,283		
46	Administrative and General	0		
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)	2,825,395		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Gas (Continued)			
48	Total Operation and Maintenance			
49	Production - Manufactured Gas (Enter Total of lines 28 and 40)			
50	Production - Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)			
51	Other Gas Supply (Enter Total of lines 30 and 42)	624,361		
52	Storage, LNG, Terminaling and Processing (Total of lines 31 and 43)	13,142		
53	Transmission (Enter Total of lines 32 and 44)	468,112		
54	Distribution (Enter Total of lines 33 and 45)	6,248,179		
55	Customer Accounts (Transcribe from line 34)	2,268,760		
56	Customer Service and Informational (Transcribe from line 35)	121,993		
57	Sales (Transcribe from line 36)	236,178		
58	Administrative and General (Enter Total of lines 37 and 46)	4,409,392		
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	14,390,117	3,339,490	17,729,607
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25,59, and 61)	53,848,327	12,473,341	66,321,668
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	23,484,306	5,452,535	28,936,841
66	Gas Plant	6,067,681	1,408,780	7,476,461
67	Other			0
68	TOTAL Construction (Enter Total of lines 65 thru 67)	29,551,987	6,861,315	36,413,302
69	Plant Removal (By Utility Department)			
70	Electric Plant	851,164	195,754	1,046,918
71	Gas Plant	128,585	29,572	158,157
72	Other	0		
73	TOTAL Plant Removal (Enter Total of lines 70 thru 72)	979,749	225,326	1,205,075
74	Other Accounts (Specify):			
75	Stores Expense (163)	1,553,398	(1,553,398)	0
76	Unamortized debt expense (181)	0		0
	Regulatory Assets (182)	474,224		474,224
77	Preliminary Survey and Investigation (183)	16,803		16,803
78	Small Tool Expense (184)	2,088,003	(2,088,003)	0
79	Miscellaneous Deferred Debits (186)	28,124,330		28,124,330
80	Capital Stock Expense (214)	0		0
81	Merchandising Expenses (416)	0		0
82	Non-operating Expenses (417)	565,364		565,364
83	Expenditures of Certain Civic, Political and Related			0
84	Activities (426)	232,399		232,399
85	Employee Incentive Plan (232380)	5,943,452	(5,943,452)	0
86	DSM Tarrif Rider and Payroll Equalization Liability (242600, 242700)	14,610,923	(13,462,599)	1,148,324
87	Incentive / Stock Compensation (238000)	18,822		18,822
88				0
89				0
90				
91				
92				
93				
94				
95				
96	TOTAL Other Accounts	53,627,718	(23,047,452)	30,580,266
97	TOTAL SALARIES AND WAGES	138,007,781	(3,487,470)	134,520,311

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal , accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than $250,000, including payments for legislative services, except those which should be reported in Account 426.4 *Expenditures for Certain Civic, Political and Related Activities.*

(a) Name of person or organization rendering services.

(b) Total charges for the year.

2. Designate associated companies with an asterisk in column (b).

Line No.	Description (a)	* (b)	Amount (in dollars) (c)
1	Ascentium		291,458
2	Bain & Company Inc		1,666,369
3	Cerium Networks		262,218
4	Davis Wright Tremaine LLP		1,346,243
5	Dawson & Brown Trust		500,000
6	Dewey Ballantine LLP		586,180
7	Deloitte & Touchee LLP		1,218,278
8	Dorsey & Whitney LLP		2,023,658
9	Fujitsu Consulting Inc		496,660
10	Heller Ehrman White &...		773,090
11	Lake Pend Oreille Idaho Club		280,000
12	Lehman Brothers		362,750
13	Levitan & Associates Inc		335,204
14	Pacific Economics Group LLC		319,204
15	Paine Hamblen Coffin Brooke		1,523,874
16	Solution Beacon		529,737
17	US Fish & Wildlife Service		345,057
18	Van Ness Feldman		473,468
19	Winston & Strawn LLP		523,844
20			
21			
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS STORAGE PROJECTS

1. Report injections and withdrawals of gas for all storage projects used by respondent.

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	January	0	0	0
3	February	0	0	0
4	March	0	0	0
5	April	0	0	0
6	May	549,020	0	549,020
7	June	923,484	0	923,484
8	July	940,804	0	940,804
9	August	598,411	0	598,411
10	September	433,699	0	433,699
11	October	50,340	0	50,340
12	November	0	0	0
13	December	27,027	0	27,027
14	TOTAL (Enter Total of Lines 2 Thru 13)	3,522,785	0	3,522,785
15	Gas Withdrawn from Storage			
16	January	1,120,547	0	1,120,547
17	February	934,399	0	934,399
18	March	251,350	0	251,350
19	April	43,048	0	43,048
20	May	125	0	125
21	June	2,754	0	2,754
22	July	19,036	0	19,036
23	August	38,984	0	38,984
24	September	13,094	0	13,094
25	October	14,836	0	14,836
26	November	74,491	0	74,491
27	December	447,310	0	447,310
28	TOTAL (Enter Total of Lines 16 Thru 27)	2,959,974	0	2,959,974
29				
30				
31				
32				
33				
34				
35				
36				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS STORAGE PROJECTS (Continued)

1. On Line 4, enter the total storage capacity certificated by FERC.
2. Report total amount in Dth or other unit as applicable on lines 2, 3, 4, 7.
   If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	Storage Operations (In Dth)	
1	Top or Working Gas End of Year (Note)	6,393,216
2	Cushion Gas (Including Native Gas)	7,482,962
3	Total Gas in Reservoir (Enter Total of Line 1 and 2)	13,876,178
4	Certificated Storage Capacity	15,208,804
5	Number of Injection - Withdrawal Wells	41
6	Number of Observation Wells	56
7	Maximum Day's Withdrawal from Storage	250,416
8	Date of Maximum Days' Withdrawal	January 13, 2007
9	LNG Terminal Companies (In Dth) (1)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volumes	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	
17	Notes:	
18		
19	The above information represents the company's one-third share of the Jackson Prairie Underground Storage Project.	
20		
21	The factor to convert Mcf to Dth is 1.029.	
22		
23	(1) Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.	
24		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

DISTRIBUTION MAINS

Show particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1						
2	Steel Wrapped	Less than 2"	8,801,760	1,499,520	0	10,301,280
3	Steel Wrapped	2" to 4"	2,719,200	105,600	21,120	2,803,680
4	Steel Wrapped	4" to 8"	2,328,480	564,960	0	2,893,440
5	Steel Wrapped	8" to 12"	179,520	21,120	0	200,640
6	Steel Wrapped	Over 12"	52,800	0	0	52,800
7						
8	Plastic	Less than 2"	15,612,960	2,180,640	0	17,793,600
9	Plastic	2" to 4"	2,967,360	612,480	0	3,579,840
10	Plastic	4" to 8"	559,680	174,240	0	733,920
11	Plastic	8" to 12"	0	0	0	0
12	Plastic	Over 12"	0	0	0	0
13						
14						
15						
16						
17						
18						
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23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37	TOTALS		33,221,760	5,158,560	21,120	38,359,200

Note: WP Natural Gas laid pipe is net of retirements.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

SERVICE PIPES GAS

Show the particulars called for concerning the line service pipe in possession of the respondent at the close of the year.

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Removed or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1							
2	Steel Wrapped	1' or Less	93,343	0	6,187	87,156	Not Available
3	Steel Wrapped	1" thru 2"	2,480	82	710	1,852	
4	Steel Wrapped	2" thru 4"	203	0	138	65	
5	Steel Wrapped	4" thru 8"	22	2	14	10	
6	Steel Wrapped	Over 8"	2	0	1	1	
7							
8	Plastic	1' or Less	258,644	4,890	43,731	219,803	
9	Plastic	1" thru 2"	4,760	0	1,791	2,969	
10	Plastic	2" thru 4"	228	0	124	104	
11	Plastic	4" thru 8"	11	0	6	5	
12	Plastic	Over 8"	0	0	0	0	
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27	TOTALS		359,693	4,974	52,702	311,965	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				324,229	17,274	7,680	333,823

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

AUXILIARY PEAKING FACILITIES

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility. Dth (c)	Cost of Facility (In dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery? Yes (e)	No (f)
Chehalis, Washington	Underground Natural Gas Storage Field Washington & Idaho Supply	127,667	19,026,894	X	
Chehalis, Washington	Underground Natural Gas Storage Field Oregon Supply	10,000	309,625		X (3)
Chehalis, Washington	Underground Natural Gas Storage Field Oregon Supply	2,654	(1)	X	
Mist, Oregon	Underground Natural Gas Storage Field Oregon Supply	15,000	(1)		X (3)
Plymouth, Washington	Liquefied Natural Gas Storage Tanks Washington & Idaho Supply	0	(2)	X	
Plymouth, Washington	Liquefied Natural Gas Storage Tanks Oregon Supply	0	(2)	X	

Notes:

(1) Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.

(2) Respondent was a participant in the facilities, not an owner and was charged a fee for demand deliverability and capacity. The contracts for Liquefied Natural Gas Storage expired in 2007.

(3) These facilities were acquired after January 13, 2007 the day of highest peak delivery.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS ACCOUNT - NATURAL GAS

1 The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
4 Indicated in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
6 Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
7 Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation, and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
8 Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

01 NAME OF SYSTEM

Line No.	Item (a)		Amount of Dth (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		53,445,328
4	Gas of Others Received for Gathering (Account 489.1)		
5	Gas of Others Received for Transmission (489.2)		
6	Gas of Others Received for Distribution (Account 489.3)		14,876,504
7	Gas of Others Received for Contract Storage (Account 489.4)		
8	Exchanged Gas Received from Others (Account 806)		
9	Gas Received as Imbalances (Account 806)		
10	Receipts pf Respondent's Gas Transported by Others (Account 858)		
11	Other Gas Withdrawn from Storage (Explain)		
12	Gas Received from Shippers as compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify):		
15	Total Receipts (Total lines 3 thru 14.?)		68,321,832
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		32,858,448
18	Deliveries of Gas Gathered for Others (Account 489.1)		
19	Deliveries of Gas Transported for Others (Account 489.2)		
20	Deliveries of Gas Distributed for Others (Account 489.3)		14,876,504
21	Deliveries of Contract Storage Gas (Account 489.4)		
22	Exchange Gas Delivered to Others (Account 806)		
23	Gas Delivered as Imbalances (Account 806)		
24	Deliveries of Gas to Others for Transportation (Account 858)		
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel		
27	Other Deliveries (Specify): Sales for Resale		22,361,502
28	Total Deliveries (Total lines 17 thru 27.?)		70,096,454
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		(1,774,622)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		(1,774,622)
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		68,321,832

Schedule Page: 224 Line No.: 3 Column: e

Line 3 - Avista Capital - Equity in Earnings Consists of:

($4,595,749)	Avista Capital YTD Net Income
$ 234,769	Subsidiary (Avista Advantage) Equity Compensation booked to #123120
($4,360,980)	Line 3 - Avista Capital - Equity in Earnings

Schedule Page: 224 Line No.: 5 Column: f

Line 5 - Avista Capital - Other Changes in Net Investment:

Represents the liability to non-controlling interest at Advantage IQ

Schedule Page: 224 Line No.: 6 Column: f

Line 6 - Avista Capital - Other Changes in Net Investment:

Represents the change in controlling ownership of Advantage IQ

Schedule Page: 250 Line No.: 4 Column: i

Restricted Shares

Restricted shares vest in equal thirds each year over a three-year period and are payable in Avista Corp. common stock at the end of each year if the service condition is met. In addition to the service condition, the Company must meet a return on equity target in order for the CEO's restricted shares to vest. During the vesting period, employees are entitled to dividend equivalents which are paid when dividends on the Company's common stock are declared. Restricted stock is valued at the close of market of the Company's common stock on the grant date.

The following table summarizes restricted stock activity for the years ended December 31:

	2007	2006
Unvested shares at beginning of year	36,180	-
Shares granted	31,860	36,260
Shares cancelled	(19,936)	(80)
Shares vested	(19,967)	-
Unvested shares at end of year	28,137	36,180
Weighted average fair value at grant date	$25.60	$21.32
Unrecognized compensation expense at end of year (in thousands)	$733	$439
Intrinsic value, unvested shares at end of year (in thousands)	$606	$916
Intrinsic value, shares vested during the year (in thousands)	$461	$ -

Schedule Page: 250 Line No.: 4 Column: j

Restricted Shares

Restricted shares vest in equal thirds each year over a three-year period and are payable in Avista Corp. common stock at the end of each year if the service condition is met. In addition to the service condition, the Company must meet a return on equity target in order for the CEO's restricted shares to vest. During the vesting period, employees are entitled to dividend equivalents which are paid when dividends on the Company's common stock are declared. Restricted stock is valued at the close of market of the Company's common stock on the grant date.

The following table summarizes restricted stock activity for the years ended December 31:

	2007	2006
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Shares granted	31,860	36,260
Shares cancelled	(19,936)	(80)
Shares vested	(19,967)	-
Unvested shares at end of year	28,137	36,180
Weighted average fair value at grant date	$25.60	$21.32
Unrecognized compensation expense at end of year (in thousands)	$733	$439
Intrinsic value, unvested shares at end of year (in thousands)	$606	$916
Intrinsic value, shares vested during the year (in thousands)	$461	$ -

Schedule Page: 254 Line No.: 1 Column: b

Capital Stock Expense

The issuance costs increased by $1.5 million in new issuance cost from the December 2006 issuance of 3.2 million shares of common stock. A reduction of $0.7 million due to stock based compensation expense due to FASB 123(r). A $2.5 million reduction due to performance shares payout and withholding. The final reduction of $1.3 million was due to the maturity of Series K preferred stock and the re-classing of the issuance costs to retained earnings.

The following table summarizes capital stock expense activity for the years ended December 31:

	2007	2006
Common Stock Issuance Costs	12,952,041	10,246,442
Tax Benefit on Options Exercised	(3,845,768)	(2,069,227)
Compensation Incentive accrual	(5,811,357)	(3,092,121)
Preferred Stock Issuance Costs, Series K	-	1,334,005
Year-end Balances	3,294,916	6,419,099

Schedule Page: 254 Line No.: 1 Column: b

Footnote Linked. See note on 254, Row: 1, col/item:

Schedule Page: 256 Line No.: 24 Column: h

Accounts 223 and 224 net changes during 2007

Advances from associated companies was reduced by $600,000. The sale of Avista Energy was the reason for the reduction.

The $26,250,000 Series K preferred stock matured September 15, 2007

The $12,000,000 of medium term notes matured in January 2007.

The following table summarizes accounts 223 and 224 net activity for the years ended December 31:

	2007	2006
Advances from associated companies	1,200,000	1,800,000
Series K Preferred Stock	0	26,250,000
Medium term notes	0	12,000,000
Year-end Balances	1,200,000	40,050,000

Schedule Page: 256 Line No.: 29 Column: h

Accounts 223 and 224 net changes during 2007

Advances from associated companies was reduced by $600,000. The sale of Avista Energy was the reason for the reduction.

The $26,250,000 Series K preferred stock matured September 15, 2007

The $12,000,000 of medium term notes matured in January 2007.

The following table summarizes accounts 223 and 224 net activity for the years ended December 31:

	2007	2006
Advances from associated companies	1,200,000	1,800,000
Series K Preferred Stock	0	26,250,000
Medium term notes	0	12,000,000
Year-end Balances	1,200,000	40,050,000

Schedule Page: 256 Line No.: 32 Column: h

Accounts 223 and 224 net changes during 2007

Advances from associated companies was reduced by $600,000. The sale of Avista Energy was the reason for the reduction.

The $26,250,000 Series K preferred stock matured September 15, 2007

The $12,000,000 of medium term notes matured in January 2007.

The following table summarizes accounts 223 and 224 net activity for the years ended December 31:

	2007	2006
Advances from associated companies	1,200,000	1,800,000
Series K Preferred Stock	0	26,250,000
Medium term notes	0	12,000,000
Year-end Balances	1,200,000	40,050,000

Schedule Page: 261 Line No.: 5 Column: b

Taxable Income Not Reported on Books

Tax NOT Book Income	BPA C&RD Receipts	(108,870)
Tax NOT Book Income	Contributions in Aid of Construction - Electric	5,611,994
Tax NOT Book Income	CSS Temp Service Fees - ID	72,630
Tax NOT Book Income	CSS Temp Service Fees - WA	110,970
Tax NOT Book Income	Customer Uncollectibles - Sales for Resale - ED AN	(26,662)
Tax NOT Book Income	Contributions In Aid of Construction - Gas North	311,324
Tax NOT Book Income	BETC - Oregon Purchased Tax Credits (@ 87%)	(155,683)
Tax NOT Book Income	Contributions in Aid of Construction - OR	12,033
Tax NOT Book Income	*Customer Uncollectibles - OR*	-
Tax NOT Book Income	Customer Uncollectibles (excluding ED AN)	192,146
Tax NOT Book Income	Customer Uncollectibles (excluding ED AN)	48,294
Tax NOT Book Income	Customer Uncollectibles (excluding ED AN)	21,546
Tax NOT Book Income	BETC Interest / Discount Perm Diff	(50,153)
Tax NOT Book Income Total		**6,039,568**

Schedule Page: 261 Line No.: 10 Column: b

Deductions Recorded on Books Not Deducted for Return

FERC Pg. 261 Detail	**2007**	YTD
Book NOT Tax Expense	Book Depreciation - Electric	67,852,899
Book NOT Tax Expense	Book Depreciation - Electric	-
Book NOT Tax Expense	DSM - Old Electric Program Amort	1,280,293
Book NOT Tax Expense	FAS 106 - Deferred Amort Postretire Benefits - ED ID	88,782
Book NOT Tax Expense	FAS 106 - Deferred Amort Postretire Benefits - ED WA	250,574
Book NOT Tax Expense	Montana Settlement - ED ID	(1,366,800)
Book NOT Tax Expense	Montana Settlement - ED WA	(2,633,200)
Book NOT Tax Expense	Non-monetary Purchased Power	241,209
Book NOT Tax Expense	Rathdrum Turbine Sales Tax Refund	(33,828)
Book NOT Tax Expense	Redemption Expense Amort - PCBs	194,949
Book NOT Tax Expense	WNP3 - Investment Exchange Power	2,450,031
Book NOT Tax Expense	Book Depreciation - Gas North	10,898,141
Book NOT Tax Expense	Book Depreciation - Gas North	-
Book NOT Tax Expense	DSM - Old Gas Program Amort	437,557
Book NOT Tax Expense	FAS 106 - Deferred Amort Postretire Benefits - GD WA	55,561
Book NOT Tax Expense	Book Depreciation - Gas South	7,438,934
Book NOT Tax Expense	Book Depreciation - Gas South	-
Book NOT Tax Expense	Transportation Book Depreciation	122,167
Book NOT Tax Expense	Airplane Lease Payments	209,655
Book NOT Tax Expense	FAS106 (68.6% O&M)	(940,455)
Book NOT Tax Expense	Meal Disallowances	223,560
Book NOT Tax Expense	Paid Time Off Equalization	240,005
Book NOT Tax Expense	Redemption Expense Amort	5,652,715
Book NOT Tax Expense	Transportation Book Depreciation	1,092,226
Book NOT Tax Expense	Airplane Lease Payments	52,695
Book NOT Tax Expense	FAS106 (68.6% O&M)	(236,377)
Book NOT Tax Expense	Meal Disallowances	56,190
Book NOT Tax Expense	Paid Time Off Equalization	60,324
Book NOT Tax Expense	Redemption Expense Amort	1,420,770
Book NOT Tax Expense	Transportation Book Depreciation	271,097
Book NOT Tax Expense	Airplane Lease Payments	23,509
Book NOT Tax Expense	FAS106 (68.6% O&M)	(105,455)

Book NOT Tax Expense	Meal Disallowances	25,068
Book NOT Tax Expense	Paid Time Off Equalization	26,912
Book NOT Tax Expense	Redemption Expense Amort	633,851
Book NOT Tax Expense	401(k) ESOP Dividend Deduction	(977,211)
Book NOT Tax Expense	AVA Holding Co - Corporate Restructure	(330,470)
Book NOT Tax Expense	Impairment on LM 2500	2,289,978
Book NOT Tax Expense	Political Contributions	1,097,891
Book NOT Tax Expense	Preferred Dividend Requirement	1,368,281
Book NOT Tax Expense	SERP - Supplemental Executive Retirement Plan	1,098,112
Book NOT Tax Expense	Tax-Exempt Interest Expense - Associated Co (Capital)	-
Book NOT Tax Expense Total		**100,530,141**

Schedule Page: 261 Line No.: 15 Column: b

Income Recorded on Books Not Included in Return

Book NOT Tax Income	AFUDC - Electric	(1,388,432)
Book NOT Tax Income	Boulder Park Disallow - IPUC Order 10/2004	(103,654)
Book NOT Tax Income	Clark Fork PMEs - ED ID	(268,099)
Book NOT Tax Income	CS2 Retention - ED ID	(277,292)
Book NOT Tax Income	Gain General Office Building - ED	(196,092)
Book NOT Tax Income	Grid West/RTO Funding - ED.ID	70,806
Book NOT Tax Income	Grid West/RTO Funding - ED.WA	158,213
Book NOT Tax Income	Idaho PCA	(10,833,675)
Book NOT Tax Income	Injury & Damages - Electric	(295,338)
Book NOT Tax Income	Kettle Falls Disallowance - ED WA	(135,135)
Book NOT Tax Income	NE Tank Spill	(75,085)
Book NOT Tax Income	Nez Perce Settlement - ED ID	5,212
Book NOT Tax Income	Nez Perce Settlement - ED WA	(22,008)
Book NOT Tax Income	Section 199 Manufacturing Deduction	(4,965,269)
Book NOT Tax Income	Unbilled Revenue Add-ons - ED ID	676,702
Book NOT Tax Income	Unbilled Revenue Add-ons - ED WA	862,684
Book NOT Tax Income	WA Deferred Power Costs	14,658,445
Book NOT Tax Income	Wartsilla Units	153,132
Book NOT Tax Income	AFUDC - Gas North	(127,119)
Book NOT Tax Income	Decoupling Mechanism - WA Gas	(819,609)
Book NOT Tax Income	Deferred Gas - GD ID	2,601,001
Book NOT Tax Income	Deferred Gas - GD WA	9,823,279
Book NOT Tax Income	Gain General Office Building - GD	(65,364)
Book NOT Tax Income	Injury & Damages - Gas North	(308,675)
Book NOT Tax Income	Unbilled Revenue Add-ons - GD ID	238
Book NOT Tax Income	Unbilled Revenue Add-ons - GD WA	(4,810)
Book NOT Tax Income	AFUDC - Gas South	(103,552)
Book NOT Tax Income	Deferred Gas - OR	3,561,659
Book NOT Tax Income	DSM - OR	(1,068,900)
Book NOT Tax Income	DSM OR - Amortization - 495600	(132,012)
Book NOT Tax Income	DSM OR - Amortization - 908250	1,747,727
Book NOT Tax Income	Injury & Damages - Oregon	(6,396)
Book NOT Tax Income	Oregon Senate Bill 408 (SB 408)	2,338,488
Book NOT Tax Income	Deferred Compensation Accrual	(683,519)
Book NOT Tax Income	FASB 87 & Retirement Pay Accrual (68.6% O&M)	(1,364,454)
Book NOT Tax Income	Interest Rate Swaps - Amortization	283,279
Book NOT Tax Income	Deferred Compensation Accrual	(171,798)
Book NOT Tax Income	FASB 87 & Retirement Pay Accrual (68.6% O&M)	(342,946)
Book NOT Tax Income	Interest Rate Swaps - Amortization	71,200

Book NOT Tax Income	Deferred Compensation Accrual	(76,644)
Book NOT Tax Income	FASB 87 & Retirement Pay Accrual (68.6% O&M)	(152,999)
Book NOT Tax Income	Interest Rate Swaps - Amortization	31,765
Book NOT Tax Income	Deferred Gas - ID - Interest	52,131
Book NOT Tax Income	Deferred Gas - WA - Interest	(178,609)
Book NOT Tax Income	DFIT on Equity Stock Comp	2,484,467
Book NOT Tax Income	DFIT on Liability Stock Comp	(293,861)
Book NOT Tax Income	Idaho PCA - Interest	(787,859)
Book NOT Tax Income	Kettle Falls Nonoperating - ED ID	(53,138)
Book NOT Tax Income	Kettle Falls Nonoperating - ED ID	-
Book NOT Tax Income	Officers Life Insurance (Cash Surrender)	(865,385)
Book NOT Tax Income	Officer Life Insurance Benefit Accrual	355,878
Book NOT Tax Income	PGE Monetization (Spokane Energy)	8,819,402
Book NOT Tax Income	WA Deferred Power Costs - Interest	(3,023,199)
Book NOT Tax Income	WA Deferred Power Costs - Interest	-
Book NOT Tax Income	Tax-Exempt Interest Income	(544,055)
Book NOT Tax Income	OR Deferred Gas - Interest	(435,940)
Book NOT Tax Income	OR DSM Deferred - Interest	(314,562)
Book NOT Tax Income Total		**18,270,223**

Schedule Page: 261 Line No.: 20 Column: b

Deductions on Return Not Charged Against Book Income

Tax NOT Book Expense	BPA Residential Exchange - ED ID	247,277
Tax NOT Book Expense	BPA Residential Exchange - ED WA	(1,867,860)
Tax NOT Book Expense	Cost of Removal / Salvage - Electric	678,699
Tax NOT Book Expense	DSM Tariff Rider - ED ID	(120,014)
Tax NOT Book Expense	DSM Tariff Rider - ED WA	(2,978,404)
Tax NOT Book Expense	Tax Depreciation - Electric	(84,530,922)
Tax NOT Book Expense	Tax Depreciation - Rathdrum Turbine	(3,850,611)
Tax NOT Book Expense	Cost of Removal / Salvage - Gas North	(107,651)
Tax NOT Book Expense	DSM Tariff Rider - GD ID	620,646
Tax NOT Book Expense	DSM Tariff Rider - GD WA	4,510
Tax NOT Book Expense	Tax Depreciation - Gas North	(17,048,531)
Tax NOT Book Expense	Cost of Removal / Salvage - Oregon	(18,516)
Tax NOT Book Expense	Tax Depreciation - OR Gas	(8,833,966)
Tax NOT Book Expense	Transportation Tax Depr Capitalized	(80,282)
Tax NOT Book Expense	Transportation Tax Depr Capitalized	(687,674)
Tax NOT Book Expense	Transportation Tax Depr Capitalized	(249,080)
Tax NOT Book Expense	Transportation Tax Depr Capitalized	(172,842)
Tax NOT Book Expense	Transportation Tax Depr Capitalized	(61,823)
Tax NOT Book Expense	Transportation Tax Depr Capitalized	(77,110)
Tax NOT Book Expense	Tax Depreciation - Basic American Foods Non-Utility	(12,785)
Tax NOT Book Expense	Tax Depreciation - Sandpoint Acquisition Adjustment	(458,114)
Tax NOT Book Expense	WPNG Acquisition OR - Book	1,110,572
Tax NOT Book Expense	Tax Amortization WPNG Acquisition - OR	(768,683)
Tax NOT Book Expense Total		**(119,263,165)**

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AVU-G

Avista Corp.

2007 Form 2
State Supplements

WASHINGTON

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission		Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, *Gas Plant in Service (Classified)*, this page and the next include Account 102, *Gas Plant Purchased or Sold*, Account 103, *Experimental Gas Plant Unclassified*, and Account 106, *Completed Construction Not Classified-Gas*.
3. Include in column (c) and (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	0	
3	302 Franchises and Consents	0	
4	303 Miscellaneous Intangible Plant	249,450	7,811
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	249,450	7,811
6	PRODUCTION PLANT		
7	Manufactured Gas Production Plant		
8	304 Land and Land Rights	0	
9	305 Structures and Improvements	0	
10	306 Boiler Plant Equipment	0	
11	307 Other Power Equipment	0	
12	308 Coke Ovens	0	
13	309 Producer gas equipment	0	
14	310 Water Gas Generating Equipment	0	
15	311 Liquefied Petroleum Gas Equipment	0	
16	312 Oil Gas Generating Equipment	0	
17	313 Generating Equipment-Other Processes	0	
18	314 Coal, Coke, and ash handling equipment	0	
19	315 Catalytic Cracking Equipment	0	
20	316 Other reforming equipment	0	
21	317 Purification equipment	0	
22	318 Residual refining equipment	0	
23	319 Gas mixing equipment	0	
24	320 Other Equipment	0	
25			
26	TOTAL Manuafactured Gas Production Plant (Enter Total of lines 8 thru 24)	0	0
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights	0	
29	341 Structures and Improvements	0	
30	342 Extraction and Refining Equipment	0	
31	343 Pipe Lines	0	
32	344 Extracted Products Storage Equipment	0	
33	345 Compressor Equipment	0	

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a suplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			0	2
			0	3
			257,261	4
0	0	0	257,261	5
				6
				7
			0	8
			0	9
			0	10
			0	11
			0	12
			0	13
			0	14
			0	15
			0	16
			0	17
			0	18
			0	19
			0	20
			0	21
			0	22
			0	23
			0	24
				25
0	0	0	0	26
				27
			0	28
			0	29
			0	30
			0	31
			0	32
			0	33

State of Washington

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346 Gas Measuring and Regulating Equipment	0	
35	347 Other Equipment	0	
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0
38	Manufactured Gas Production Plant *(Submit Supplementary Statement)*	0	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	0	0
40	NATURAL GAS STORAGE AND PROCESSING PLANT		
41	Underground Storage Plant		
42	350.1 Land	412,611	
43	350.2 Rights-of-Way	59,812	0
44	351 Structures and Improvements	1,075,761	48,870
45	352 Wells	5,858,416	339,218
46	352.1 Storage Leaseholds and Rights	254,354	
47	352.2 Reservoirs	203,330	
48	352.3 Non-recoverable Natural Gas	5,971,926	
49	353 Lines	823,423	866
50	354 Compressor Station Equipment	2,001,664	0
51	355 Measuring and Regulating Equipment	171,919	1,865
52	356 Purification Equipment	407,251	367
53	357 Other Equipment	1,685,911	32,834
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	18,926,377	424,019
55	Other Storage Plant		
56	360 Land and Land Rights	0	
57	361 Structures and Improvements	0	
58	362 Gas Holders	0	
59	363 Purification Equipment	0	
60	363.1 Liquefaction Equipment	0	
61	363.2 Vaporizing Equipment	0	
62	363.3 Compressor Equipment	0	
63	363.4 Measuring and Regulating Equipment	0	
64	363.5 Other Equipment	0	
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
67	364.1 Land and Land Rights	0	
68	364.2 Structures and Improvements	0	
69	364.3 LNG Processing Terminal Equipment	0	
70	364.4 LNG Transporation Equipment	0	
71	364.5 Measuring and Regulating Equipment	0	
72	364.6 Compressor Station Equipment	0	
73	364.7 Communications Equipment	0	
74	364.8 Other Equipment	0	
75	TOTAL Base Load Liq Nat'l Gas, Terminal and Processing Plant (lines 67-74)	0	0
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	18,926,377	424,019
77	TRANSMISSION PLANT		
78	365.1 Land and Land Rights	0	
79	365.2 Rights-of-Way	0	
80	366 Structures and Improvements	0	

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	34
			0	35
0	0	0	0	36
0	0	0	0	37
			0	38
0	0	0	0	39
				40
				41
			412,611	42
			59,812	43
			1,124,630	44
			6,197,634	45
			254,354	46
			203,330	47
			5,971,926	48
4,743			819,546	49
			2,001,664	50
			173,784	51
			407,618	52
9,133			1,709,611	53
13,876	0	0	19,336,519	54
				55
			0	56
			0	57
			0	58
			0	59
			0	60
			0	61
			0	62
			0	63
			0	64
0	0	0	0	65
				66
			0	67
			0	68
			0	69
			0	70
			0	71
			0	72
			0	73
			0	74
0	0	0	0	75
13,876	0	0	19,336,519	76
				77
			0	78
			0	79
			0	80

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	367 Mains	0	
82	368 Compressor Station Equipment	0	
83	369 Measuring and Regulating Equipment	0	
84	370 Communications Equipment	0	
85	371 Other Equipment	0	
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	0	0
87	DISTRIBUTION PLANT		
88	374 Land and Land Rights	60,272	
89	375 Structures and Improvements	399,805	12,042
90	376 Mains	111,529,291	4,899,369
91	377 Compressor Station Equipment	0	
92	378 Measuring and Regulating Equipment-General	2,424,169	78,502
93	379 Measuring and Regulating Equipment-City Gate	724,270	26,745
94	380 Services	79,363,962	2,126,101
95	381 Meters	29,570,408	3,637,454
96	382 Meter Installations	0	
97	383 House Regulators	0	
98	384 House Regulator Installations	0	
99	385 Industrial Measuring and Regulating Station Equipment	1,797,460	104,237
100	386 Other Property on Customers' Premises	0	
101	386 Other Equipment	0	
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	225,869,636	10,884,449
103	GENERAL PLANT		
104	389 Land and Land Rights	0	
105	390 Structures and Improvements	757,042	217,469
106	391 Office Furniture and Equipment	0	
107	392 Transportation Equipment	2,555,147	16,716
108	393 Stores Equipment	84,272	0
109	394 Tools, Shop, and Garage Equipment	759,026	179,810
110	395 Laboratory Equipment	180,078	
111	396 Power Operated Equipment	2,552,183	46,648
112	397 Communication Equipment	574,401	4,289
113	398 Miscellaneous Equipment	0	
114	Subtotal (Enter Totals of lines 104 thru 113)	7,462,149	464,933
115	399 Other Tangible Property	0	
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	7,462,149	464,933
117	TOTAL (Accounts 101 and 106)	252,507,612	11,781,211
118	Gas Plant Purchased (See Instruction 8)	0	
119	*(Less)* Gas Plant Sold (See Instruction 8)	0	
120	Experimental Gas Plant Unclassified	0	
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	252,507,612	11,781,211

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	81
			0	82
			0	83
			0	84
			0	85
0	0	0	0	86
				87
0			60,272	88
1,668			410,179	89
110,005		(147,389)	116,171,266	90
			0	91
26,727		(513)	2,475,432	92
0			751,015	93
20,549		(0)	81,469,514	94
306,414		(5)	32,901,442	95
			0	96
			0	97
			0	98
5,286			1,896,410	99
			0	100
			0	101
470,649	0	(147,907)	236,135,529	102
				103
			0	104
108,492			866,019	105
			0	106
204,390			2,367,473	107
			84,272	108
10,733			928,103	109
127			179,952	110
12,099			2,586,732	111
135,878			442,812	112
			0	113
471,720	0	0	7,455,362	114
			0	115
471,720	0	0	7,455,362	116
956,245	0	(147,907)	263,184,672	117
			0	118
			0	119
			0	120
956,245	0	(147,907)	263,184,672	121

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, AND 164.3)

1 If durring the year adjustments were made to the stored gas inventory reported in columns (d). (f). (g). and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.

2 Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.

3 State in a footnote the basis of segregation of inventory between current and noncurrent protions. Also state in a footnote the method used to report storage (I.e. fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of Year					8,077,529	338,221		8,415,750
2	Gas Delivered to Storage					9,743,380	0		9,743,380
3	Gas Withdrawn from Storage					9,690,449	338,221		10,028,670
4	Other Debits and Credits					(63,596)	0		(63,596)
5	Balance at End of Year					8,066,864	0		8,066,864
6	Dth					1,743,416	0		1,743,416
7	Amount Per Dekatherm					$4.6270	$0.0000		$4.6270
8	Storage is reported using the inventory method.								

State of Washington

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in tota

2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3. Report number of customers, columns (f) and (g), on the basis of meter, in addition to the number of flat rate ac- counts; except that where separate meter readings a added for billing purposes, one customer should be counte for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

4. Report quantities of natural gas sold in Mcf (14.73 psia at 60 degrees F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.

5. If increases or decreases from previous year (columns (c), (e) and (g), are not derived from previously

Line No.	Title of Account (a)	OPERATING REVENUES: Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	(480) Residential Sales	132,209,994	129,424,936
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	76,897,187	74,973,137
5	Large (or Ind.) (See Instr. 6)	3,538,589	4,143,795
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	416,492	420,604
8	TOTAL Sales to Ultimate Consumers	213,062,262 (1)	208,962,472
9	(483) Sales for Resale	90,882,501	50,986,936
10	TOTAL Nat. Gas Service Revenues	303,944,763	259,949,408
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	303,944,763	259,949,408
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	13,294	11,127
17	(489) Rev. from Trans. of Gas of Others	3,257,764 (1)	3,085,653
18	(490) Sales of Prod. Ext. from Nat. Gas		
19	(491) Rev. from Nat. Gas Proc. by Others		
20	(492) Incidental Gasoline and Oil Sales		
21	(493) Rent from Gas Property		
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	2,585,929	3,208,575
24	TOTAL Other Operating Revenues	5,856,987	6,305,355
25	TOTAL Gas Operating Revenues	309,801,750	266,254,763
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	309,801,750	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	209,107,181	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	3,538,589	
30	Sales for Resale	90,882,501	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	416,492	
33	TOTAL (Same as Line 10, Columns (b) and (d))	303,944,763	

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GAS OPERATING REVENUES (Account 400) (Continued)

reported figures, explain any inconsistencies in a footnote.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
				1
101,800,336	100,085,153	128,089	125,230	2
				3
65,871,472	63,868,710	13,494	13,238	4
3,327,071	3,866,679	143	145	5
				6
375,058	382,804	31	31	7
171,373,937 (2)	168,203,346	141,757	138,644	8
144,208,129	88,020,723			9
315,582,066	256,224,069	141,757	138,644	10
				11
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NOTES

(1) Includes ($1,000,322) unbilled revenues.

(2) Includes (119,857) therms relating to unbilled revenues.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production	-	-
3	Manufactured Gas Production (Submit Supplemental Statement)		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation	-	-
7	750 Operation Supervision and Engineering	-	-
8	751 Production Maps and Records	-	-
9	752 Gas Wells Expenses	-	-
10	753 Field Lines Expenses	-	-
11	754 Field Compressor Station Expenses	-	-
12	755 Field Compressor Station Fuel and Power	-	-
13	756 Field Measuring and Regulating Station Expenses	-	-
14	757 Purification Expenses	-	-
15	758 Gas Well Royalties	-	-
16	759 Other Expenses	-	-
17	760 Rents	-	-
18	TOTAL Operation (Enter Total of lines 7 thru 17)	-	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering	-	-
21	762 Maintenance of Structures and Improvements	-	-
22	763 Maintenance of Producing Gas Wells	-	-
23	764 Maintenance of Field Lines	-	-
24	765 Maintenance of Field Compressor Station Equipment	-	-
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	-	-
26	767 Maintenance of Purification Equipment	-	-
27	768 Maintenance of Drilling and Cleaning Equipment	-	-
28	769 Maintenance of Other Equipment	-	-
29	TOTAL Maintenance (Enter Total of lines 20 thru 28)	-	-
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	-	-
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	-	-
34	771 Operation Labor	-	-
35	772 Gas Shrinkage	-	-
36	773 Fuel	-	-
37	774 Power	-	-
38	775 Materials	-	-
39	776 Operation Supplies and Expenses	-	-
40	777 Gas Processed by Others	-	-
41	778 Royalties on Products Extracted	-	-
42	779 Marketing Expenses	-	-
43	780 Products Purchased for Resale	-	-
44	781 Variation in Products Inventory	-	-
45	(Less) 782 Extracted Products Used by the Utility-Credit	-	-
46	783 Rents	-	-
47	TOTAL Operation (Enter Total of Lines 33 thru 46)	-	-

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	B2. Products Extraction (Continued)		
48	Maintenance		
49	784 Maintenance Supervision and Engineering	-	-
50	785 Maintenance of Structures and Improvements	-	-
51	786 Maintenance of Extraction and Refining Equipment	-	-
52	787 Maintenance of Pipe Lines	-	-
53	788 Maintenance of Extracted Products Storage Equipment	-	-
54	789 Maintenance of Compressor Equipment	-	-
55	790 Maintenance of Gas Measuring and Reg. Equipment	-	-
56	791 Maintenance of Other Equipment	-	-
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	-	-
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	-	-
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	-	-
62	796 Nonproductive Well Drilling	-	-
63	797 Abandoned Leases	-	-
64	798 Other Exploration	-	-
65	TOTAL Exploration and Development (Enter Total of lines 61 thru 64)	-	-
	D. Other Gas Supply Expenses		
66	Operation		
67	800 Natural Gas Well Head Purchases	-	-
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	-	-
69	801 Natural Gas Field Line Purchases	-	-
70	802 Natural Gas Gasoline Plant Outlet Pruchases	-	-
71	803 Natural Gas Transmission Line Purchases	-	-
72	804 Natural Gas City Gate Purchases	209,289,908	173,074,085
73	804.1 Liquefied Natural Gas Purchases	-	-
74	805 Other Gas Purchases	-	-
75	(Less) 805.1 Purchased Gas Cost Adjustments	9,818,654	13,874,833
76			
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	219,108,562	186,948,918
78	806 Exchange Gas	-	-
79	Purchased Gas Expenses		
80	807.1 Well Expenses-Purchased Gas	-	-
81	807.2 Operation of Purchased Gas Measuring Stations	-	-
82	807.3 Maintenance of Purchased Gas Measuring Stations	-	-
83	807.4 Purchased Gas Calculations Expenses	-	0
84	807.5 Other Purchased Gas Expenses	-	-
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	0
86	808.1 Gas Withdrawn from Storage-Debit	9,938,595	7,353,178
87	(Less) 808.2 Gas Delivered to Storage-Credit	-9,853,094	-6,955,129
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-
90	Gas Used in Utility Operations-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	-	-
92	811 Gas Used for Products Extraction-Credit	-	-
93	812 Gas used for Other Utility Operations-Credit	-	-
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-
95	813 Other Gas Supply Expenses	792,005	652,979
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	219,986,068	187,999,945
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	219,986,068	187,999,945

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	18,086	69,408
102	815 Maps and Records	-	-
103	816 Wells Expenses	-	-
104	817 Lines Expense	-	-
105	818 Compressor Station Expenses	-	-
106	819 Compressor Station Fuel and Power	-	-
107	820 Measuring and Regulating Station Expenses	-	-
108	821 Purification Expenses	-	-
109	822 Exploration and Development	-	-
110	823 Gas Losses	-	-
111	824 Other Expenses	218,560	183,172
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Enter Total of lines 101 thru 113)	236,646	252,579
115	Maintenance		
116	830 Maintenance Supervision and Engineering	-	-
117	831 Maintenance of Structures and Improvements	-	-
118	832 Maintenance of Reservoirs and Wells	-	-
119	833 Maintenance of Lines	-	-
120	834 Maintenance of Compressor Station Equipment	-	-
121	835 Maintenance of Measuring and Regulating Station Equipment	-	-
122	836 Maintenance of Purification Equipment	-	-
123	837 Maintenance of Other Equipment	214,186	239,324
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	214,186	239,324
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	450,832	491,904
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	-	-
129	841 Operation Labor and Expenses	-	-
130	842 Rents	-	-
131	842.1 Fuel	-	-
132	842.2 Power	-	-
133	842.3 Gas Losses	-	-
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-	-
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	-	-
137	843.2 Maintenance of Structures and Improvements	-	-
138	843.3 Maintenance of Gas Holders	-	-
139	843.4 Maintenance of Purification Equipment	-	-
140	843.5 Maintenance of Liquefaction Equipment	-	-
141	843.6 Maintenance of Vaporizing Equipment	-	-
142	843.7 Maintenance of Compressor Equipment	-	-
143	843.8 Maintenance of Measuring and Regulating Equipment	-	-
144	843.9 Maintenance of Other Equipment	-	-
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-	-
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	-	-
150	844.2 LNG Processing Terminal Labor and Expenses	-	-
151	844.3 Liquefaction Processing Labor and Expenses	-	-
152	844.4 Liquefaction Transportation Labor and Expenses	-	-
153	844.5 Measuring and Regulating Labor and Expenses	-	-
154	844.6 Compressor Station Labor and Expenses	-	-
155	844.7 Communication System Expenses	-	-
156	844.8 System Control and Load Dispatching	-	-
157	845.1 Fuel	-	-
158	845.2 Power	-	-
159	845.3 Rents	-	-
160	845.4 Demurrage Charges	-	-
161	(Less) 845.5 Wharfage Receipts-Credit	-	-
162	845.6 Processing Liquefied or Vaporized Gas by Others	-	-
163	846.1 Gas Losses	-	-
164	846.2 Other Expenses	-	-
165	TOTAL Operation (Enter Total of lines 149 thru 164)	-	-
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	-	-
168	847.2 Maintenance of Structures and Improvements	-	-
169	847.3 Maintenance of LNG Processing Terminal Equipment	-	-
170	847.4 Maintenance of LNG Transportation Equipment	-	-
171	847.5 Maintenance of Measuring and Regulating Equipment	-	-
172	847.6 Miantenance of Compressor Station Equipment	-	-
173	847.7 Maintenance of Communication Equipment	-	-
174	847.8 Maintenance of Other Equipment	-	-
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	-	-
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	-	-
177	TOTAL Natural Gas storage (Enter Total of lines 125, 146, and 176)	450,832	491,903.64
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	-	-
181	851 System Control and Load Dispatching	-	-
182	852 Communication System Expenses	-	-
183	853 Compressor Station Labor and Expenses	-	-
184	854 Gas for Compressor Station Fuel	-	-
185	855 Other Fuel and Power for Compressor Stations	-	-
186	856 Mains Expenses	-	-
187	857 Measuring and Regulating Station Expenses	-	-
188	858 Transmission and Compression of Gas by Others	-	-
189	859 Other Expenses	-	-
190	860 Rents	-	-
191	TOTAL Operation (Enter Total of lines 180 thru 190)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	3. TRANSMISSION EXPENSES (Continued)		
192	Maintenance		
193	861 Maintenance Supervision and Engineering	-	-
194	862 Maintenance of Structures and Improvements	-	-
195	863 Maintenance of Mains	-	-
196	864 Maintenance of Compressor Station Equipment	-	-
197	865 Maintenance of Measuring and Reg. Station Equipment	-	-
198	866 Maintenance of Communication Equipment	-	-
199	867 Maintenance of Other Equipment	-	-
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	-	-
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	-	-
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	339,208	281,883
205	871 Distribution Load Dispatching	-	0
206	872 Compressor Station Labor and Expenses	-	-
207	873 Compressor Station Fuel and Power	-	-
208	874 Mains and Services Expenses	1,197,076	1,412,731
209	875 Measuring and Regulating Station Expenses-General	47,217	69,298
210	876 Measuring and Regulating Station Expenses-Industrial	3,587	584
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	54,147	77,064
212	878 Meter and House Regulator Expenses	965,331	424,929
213	879 Customer Installations Expenses	624,576	645,396
214	880 Other Expenses	1,034,360	989,892
215	881 Rents	10,485	10,676
216	TOTAL Operation (Enter Total of lines 204 thru 215)	4,275,988	3,912,454
217	Maintenance		
218	885 Maintenance Supervision and Engineering	101,976	101,778.85
219	886 Maintenance of Structures and Improvements	-	0
220	887 Maintenance of Mains	1,180,201	1,261,429
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	98,007	97,477
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	90,404	26,372
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	30,026	25,808
225	892 Maintenance of Services	402,342	441,785
226	893 Maintenance of Meters and House Regulators	402,630	473,086
227	894 Maintenance of Other Equipment	29,550	18,621.64
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	2,335,137	2,446,358
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	6,611,125	6,358,812
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	217,052	207,194
233	902 Meter Reading Expenses	1,045,974	1,004,946
234	903 Customer Records and Collection Expenses	2,719,650	2,652,228
235	904 Uncollectible Accounts	665,193	622,645
236	905 Miscellaneous Customer Accounts Expenses	77,308	73,749
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	4,725,176	4,560,764

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GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	-	-
241	908 Customer Assistance Expenses	4,608,082	3,214,244
242	909 Informational and Instructional Expenses	1,855	1,850
243	910 Miscellaneous Customer Service and Informational Expenses	47,638	43,354
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	4,657,575	3,259,448
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	293,312	298,842
249	913 Advertising Expenses	106,614	109,727
250	916 Miscellaneous Sales Expenses	115,488	87,182
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	515,414	495,751
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	3,214,654	2,885,529
255	921 Office Supplies and Expenses	593,547	683,783
256	(Less) (922) Administrative Expenses Transferred-Cr.	-12,176	(7,672)
257	923 Outside Services Employed	1,953,973	1,664,966
258	924 Property Insurance	158,347	166,226
259	925 Injuries and Damages	351,704	440,042
260	926 Employee Pensions and Benefits	146,116	149,718
261	927 Franchise Requirements	-	-
262	928 Regulartory Commission Expenses	648,857	607,459
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	2,258	2,142.92
265	930.2 Miscellaneous General Expenses	585,448	575,660
266	931 Rents	119,404	181,138
267	TOTAL Operation (Enter Total of lines 254 thru 266)	7,762,132	7,348,992
268	Maintenance		
269	935 Maintenance of General Plant	1,028,760	829,170
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	8,790,893	8,178,161
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	245,737,082	211,344,784

Operations Expense	242,158,999	207,829,933
Maintenance Expense	3,578,083	3,514,852
	245,737,082	211,344,784

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.

2. If the respondent's payroll for the reporting period includes any special constrction personnel, include such employees on line 3, and show the number of such special construction employees in a foonote.

3. The number of employees assignable to the gas department from joint function of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1. Payroll Period Ended (Date) December 31, 2007		
2. Total Regular Full-Time Employees	108	100
3. Total Part-Time and Temporary Employees allocation of General Employees	9	5
4. Total Employees	117	105

State of Washington

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

DISTRIBUTION MAINS

Show particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1	Steel Wrapped	Less than 2"	4,408,800	1,235,520		5,644,320
2	Steel Wrapped	2" to 4"	1,272,480	52,800		1,325,280
3	Steel Wrapped	4" to 8"	1,224,960	475,200		1,700,160
4	Steel Wrapped	8" to 12"	158,400	21,120		179,520
5	Steel Wrapped	Over 12"	52,800			52,800
6						
7						
8	Plastic	Less than 2"	6,309,600	1,119,360		7,428,960
9	Plastic	2" to 4"	1,024,320	390,720		1,415,040
10	Plastic	4" to 8"	216,480	105,600		322,080
11	Plastic	8" to 12"	0			0
12	Plastic	Over 12"	0			0
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26	TOTALS		14,667,840	3,400,320	0	18,068,160

State of Washington

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	4/18/2008	12/31/2007

SERVICE PIPES GAS

Show the particulars called for concerning the line service pipe in possession of the respondent at the close of the year.

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Removed or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1	Steel Wrapped	1' or Less	* 48,119		5,348	42,771	Not Available
2	Steel Wrapped	1" thru 2"	1,627		620	1,007	
3	Steel Wrapped	2" thru 4"	168		127	41	
4	Steel Wrapped	4" thru 8"	22		14	8	
5	Steel Wrapped	Over 8"	2		1	1	
6							
7							
8	Plastic	1' or Less	126,554		33,727	92,827	
9	Plastic	1" thru 2"	2,512		1,537	975	
10	Plastic	2" thru 4"	131		107	24	
11	Plastic	4" thru 8"	6		5	1	
12	Plastic	Over 8"	0			0	
13							
14							
15							
16							
17	TOTALS		179,141	0	41,486	137,655	

In 1996 40,000 1" services were dropped from the report.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				147,495	9,827	3,779	153,543

State of Washington

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS ACCOUNT - NATURAL GAS

1 The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.

2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.

4 Indicated in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.

5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.

6 Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.

7 Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation, and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.

8 Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

01 NAME OF SYSTEM

Line No.	Item (a)		Amount of Dth (1) (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		26,425,225
4	Gas of Others Received for Gathering (Account 489.1)		
5	Gas of Others Received for Transmission (489.2)		
6	Gas of Others Received for Distribution (Account 489.3)		6,964,613
7	Gas of Others Received for Contract Storage (Account 489.4)		
8	Exchanged Gas Received from Others (Account 806)		
9	Gas Received as Imbalances (Account 806)		
10	Receipts pf Respondent's Gas Transported by Others (Account 858)		
11	Other Gas Withdrawn from Storage (Explain)		
12	Gas Received from Shippers as compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify):		
15	Total Receipts (Total lines 3 thru 14.?)		33,389,838
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		17,137,394
18	Deliveries of Gas Gathered for Others (Account 489.1)		
19	Deliveries of Gas Transported for Others (Account 489.2)		
20	Deliveries of Gas Distributed for Others (Account 489.3)		6,964,613
21	Deliveries of Contract Storage Gas (Account 489.4)		
22	Exchange Gas Delivered to Others (Account 806)		
23	Gas Delivered as Imbalances (Account 806)		
24	Deliveries of Gas to Others for Transportation (Account 858)		
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel		
27	Other Deliveries (Specify): Sales for Resale		10,535,232
28	Total Deliveries (Total lines 17 thru 27.?)		34,637,239
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		(1,247,401)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		(1,247,401)
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		33,389,838

Data Request for Statistics Report - 2007

		Total Company Operations		Washington Operations	
Line No		2007	2006	2007	2006
1	GAS SERVICE REVENUES				
2					
3	RESIDENTIAL SALES	264,545,904	257,752,600	132,209,994	129,424,936
4	COMMERCIAL SALES	151,908,092	146,581,144	76,897,187	74,973,137
5	INDUSTRIAL SALES	7,792,244	11,676,035	3,538,589	4,143,795
6	OTHER SALES	490,070	491,509	416,492	420,604
7	SALES FOR RESALE	142,464,487	94,971,782	90,882,501	50,986,936
8	TRANSPORTATION OF GAS OF OTHERS	6,638,317	6,498,720	3,257,764	3,085,653
9	OTHER OPERATING REVENUES	3,691,659	4,333,830	2,599,223	3,219,702
10					
11	TOTAL GAS SERVICE REVENUES	577,530,773	522,305,620	309,801,750	266,254,763
12					
13	THERMS OF GAS SOLD-TRANSPORTED				
14					
15	RESIDENTIAL SALES	195,756,484	192,832,941	101,800,336	100,085,153
16	COMMERCIAL SALES	125,041,383	120,988,742	65,871,472	63,868,710
17	INDUSTRIAL SALES	7,348,725	11,039,977	3,327,071	3,866,679
18	OTHER SALES	437,882	442,701	375,058	382,804
19	SALES FOR RESALE	223,615,011	157,426,570	144,208,129	88,020,723
20	TRANSPORTATION OF GAS OF OTHERS	148,765,040	149,717,330	69,646,130	66,464,290
21					
22	TOTAL THERMS OF GAS SOLD-TRANSPORTED	700,964,525	632,448,261	385,228,196	322,688,359
23					
24	AVERAGE NUMBER OF GAS CUSTOMERS PER MONTH				
25					
26	RESIDENTIAL SALES	273,415	267,345	128,089	125,230
27	COMMERCIAL SALES	32,353	31,746	13,494	13,238
28	INDUSTRIAL SALES	276	295	143	145
29	OTHER SALES	52	51	31	31
31	TRANSPORTATION OF GAS OF OTHERS	84	78	36	34
32					
33					
34	TRANS. & DISTRN. MAINS - FEET (END OF YEAR)	38,359,200	38,359,200	18,068,160	18,068,160
35	NO.OF METERS IN SERV.& HELD IN RESERVE (AVE.)	333,823	324,229	153,543	147,495
36	AVERAGE B.T.U. CONTENT PER CU. FT.	1,029	1,031	1,025	1,026

IDAHO

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	Plant in Service (Classified)	796,823,282	670,684,893
4	Property Under Capital Leases	1,646,656	
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Investment in Kettle Falls		
8	TOTAL (Enter Total of lines 3 thru 7)	798,469,938	670,684,893
9	Leased to Others		
10	Held for Future Use	39,828	
11	Construction Work in Progress	3,250,034	1,383,832
12	Acquisition Adjustments	0	0
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	801,759,800	672,068,725
14	Accum. Prov. for Depr., Amort., & Depl.	0	0
15	Net Utility Plant (Enter total of line 13 less 14)	801,759,800	672,068,725
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service:		
18	Depreciation		
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights		
20	Accumulated Depreciation - Kettle Falls		
21	Amort. of Other Utility Plant		
22	TOTAL in Service (Enter Total of lines 18 thru 21)		
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	TOTAL Held for Future Use (Ent. Tot. of lines 28 and 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort. of Plant Acquisition Adjustment	0	0
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	0	0

State of Idaho

Name of Respondent	This Report Is:	Date of Report	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Gas *(d)*	Other (Specify) *(e)*	Other (Specify) *(f)*	Other (Specify) *(g)*	Common *(h)*	Line No.
					1
					2
120,785,323				5,353,066	3
403,189				1,243,467	4
					5
					6
					7
121,188,512				6,596,533	8
					9
39,828					10
1,863,078				3,124	11
					12
123,091,418				6,599,657	13
0					14
123,091,418				6,599,657	15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
0				0	33

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission		Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, *Gas Plant in Service (Classified)*, this page and the next include Account 102, *Gas Plant Purchased or Sold*, Account 103, *Experimental Gas Plant Unclassified*, and Account 106, *Completed Construction Not Classified-Gas*.
3. Include in column (c) and (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	0	
3	302 Franchises and Consents	0	
4	303 Miscellaneous Intangible Plant	103,362	65,088
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	103,362	65,088
6	PRODUCTION PLANT		
7	Manufactured Gas Production Plant		
8	304 Land and Land Rights	0	
9	305 Structures and Improvements	0	
10	306 Boiler Plant Equipment	0	
11	307 Other Power Equipment	0	
12	308 Coke Ovens	0	
13	309 Producer gas equipment	0	
14	310 Water Gas Generating Equipment	0	
15	311 Liquefied Petroleum Gas Equipment	0	
16	312 Oil Gas Generating Equipment	0	
17	313 Generating Equipment-Other Processes	0	
18	314 Coal, Coke, and ash handling equipment	0	
19	315 Catalytic Cracking Equipment	0	
20	316 Other reforming equipment	0	
21	317 Purification equipment	0	
22	318 Residual refining equipment	0	
23	319 Gas mixing equipment	0	
24	320 Other Equipment	0	
25			
26	TOTAL Manuafactured Gas Production Plant (Enter Total of lines 8 thru 24)	0	0
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights	0	
29	341 Structures and Improvements	0	
30	342 Extraction and Refining Equipment	0	
31	343 Pipe Lines	0	
32	344 Extracted Products Storage Equipment	0	
33	345 Compressor Equipment	0	

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission		Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a suplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			0	2
			0	3
			168,450	4
0	0	0	168,450	5
				6
				7
			0	8
			0	9
			0	10
			0	11
			0	12
			0	13
			0	14
			0	15
			0	16
			0	17
			0	18
			0	19
			0	20
			0	21
			0	22
			0	23
			0	24
				25
0	0	0	0	26
				27
			0	28
			0	29
			0	30
			0	31
			0	32
			0	33

State of Idaho

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346 Gas Measuring and Regulating Equipment	0	
35	347 Other Equipment	0	
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0
38	Manufactured Gas Production Plant *(Submit Supplementary Statement)*	0	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	0	0
40	NATURAL GAS STORAGE AND PROCESSING PLANT		
41	Underground Storage Plant		
42	350.1 Land	0	
43	350.2 Rights-of-Way	0	
44	351 Structures and Improvements	0	
45	352 Wells	0	
46	352.1 Storage Leaseholds and Rights	0	
47	352.2 Reservoirs	0	
48	352.3 Non-recoverable Natural Gas	0	
49	353 Lines	0	
50	354 Compressor Station Equipment	0	
51	355 Measuring and Regulating Equipment	0	
52	356 Purification Equipment	0	
53	357 Other Equipment	0	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	0	0
55	Other Storage Plant		
56	360 Land and Land Rights	0	
57	361 Structures and Improvements	0	
58	362 Gas Holders	0	
59	363 Purification Equipment	0	
60	363.1 Liquefaction Equipment	0	
61	363.2 Vaporizing Equipment	0	
62	363.3 Compressor Equipment	0	
63	363.4 Measuring and Regulating Equipment	0	
64	363.5 Other Equipment	0	
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
67	364.1 Land and Land Rights	0	
68	364.2 Structures and Improvements	0	
69	364.3 LNG Processing Terminal Equipment	0	
70	364.4 LNG Transporation Equipment	0	
71	364.5 Measuring and Regulating Equipment	0	
72	364.6 Compressor Station Equipment	0	
73	364.7 Communications Equipment	0	
74	364.8 Other Equipment	0	
75	TOTAL Base Load Liq Nat'l Gas, Terminal and Processing Plant (lines 67-74)	0	0
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	0	0
77	TRANSMISSION PLANT		
78	365.1 Land and Land Rights	0	
79	365.2 Rights-of-Way	0	
80	366 Structures and Improvements	0	

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	34
			0	35
0	0	0	0	36
0	0	0	0	37
			0	38
0	0	0	0	39
				40
				41
			0	42
			0	43
			0	44
			0	45
			0	46
			0	47
			0	48
			0	49
			0	50
			0	51
			0	52
			0	53
0	0	0	0	54
				55
			0	56
			0	57
			0	58
			0	59
			0	60
			0	61
			0	62
			0	63
			0	64
0	0	0	0	65
				66
			0	67
			0	68
			0	69
			0	70
			0	71
			0	72
			0	73
			0	74
0	0	0	0	75
0	0	0	0	76
				77
			0	78
			0	79
			0	80

State of Idaho

Name of Respondent Avista Corp.	This report is: [X] An Original [ ] A Resubmission	Date of Report *(Mo, Da, Yr)*	Year Ending Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	367 Mains	0	
82	368 Compressor Station Equipment	0	
83	369 Measuring and Regulating Equipment	0	
84	370 Communications Equipment	0	
85	371 Other Equipment	0	
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	0	0
87	DISTRIBUTION PLANT		
88	374 Land and Land Rights	24,670	
89	375 Structures and Improvements	131,036	39
90	376 Mains	55,084,209	8,933,386
91	377 Compressor Station Equipment	0	
92	378 Measuring and Regulating Equipment-General	1,154,574	452
93	379 Measuring and Regulating Equipment-City Gate	769,858	244,345
94	380 Services	39,799,432	1,808,536
95	381 Meters	9,360,539	1,094,737
96	382 Meter Installations	0	
97	383 House Regulators	0	
98	384 House Regulator Installations	0	
99	385 Industrial Measuring and Regulating Station Equipment	489,324	34,214
100	386 Other Property on Customers' Premises	0	
101	386 Other Equipment	0	
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	106,813,642	12,115,709
103	GENERAL PLANT		
104	389 Land and Land Rights	0	
105	390 Structures and Improvements	0	
	391 Office Furniture and Equipment	0	
107	392 Transportation Equipment	815,319	53,278
108	393 Stores Equipment	0	
109	394 Tools, Shop, and Garage Equipment	389,137	52,542
110	395 Laboratory Equipment	58,730	
111	396 Power Operated Equipment	727,026	36,007
112	397 Communication Equipment	362,374	258
113	398 Miscellaneous Equipment	0	
114	Subtotal (Enter Totals of lines 104 thru 113)	2,352,587	142,085
115	399 Other Tangible Property	0	
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	2,352,587	142,085
117	TOTAL (Accounts 101 and 106)	109,269,591	12,322,881
118	Gas Plant Purchased (See Instruction 8)	0	
119	*(Less)* Gas Plant Sold (See Instruction 8)	0	
120	Experimental Gas Plant Unclassified	0	
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	109,269,591	12,322,881

State of Idaho

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	81
			0	82
			0	83
			0	84
			0	85
0	0	0	0	86
				87
0			24,670	88
926			130,150	89
369,874		147,389	63,795,110	90
			0	91
9,185		513	1,146,355	92
			1,014,203	93
32,918		0	41,575,050	94
		5	10,455,280	95
			0	96
			0	97
			0	98
			523,538	99
			0	100
			0	101
412,902	0	147,907	118,664,356	102
				103
			0	104
			0	105
			0	106
93,250			775,347	107
			0	108
4,773			436,906	109
41			58,689	110
			763,033	111
40,899			321,734	112
			0	113
138,964	0	0	2,355,707	114
			0	115
138,964	0	0	2,355,707	116
551,867	0	147,907	121,188,512	117
			0	118
			0	119
			0	120
551,867	0	147,907	121,188,512	121

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State of Idaho

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, AND 164.3)

1 If durring the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.

2 Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.

3 State in a footnote the basis of segregation of inventory between current and noncurrent protions. Also state in a footnote the method used to report storage (I.e. fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of Year					3,257,351	122,885		3,380,236
2	Gas Delivered to Storage					4,246,759	0		4,246,759
3	Gas Withdrawn from Storage					3,947,615	122,885		4,070,500
4	Other Debits and Credits					(25,774)	0		(25,774)
5	Balance at End of Year					3,530,721	0		3,530,721
6	Dth					765,464	0		765,464
7	Amount Per Dekatherm					$4.6125	$0.0000		$4.6125
8	Storage is reported using the inventory method.								

State of Idaho

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18,2008	Dec. 31, 2007

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.

2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3. Report number of customers, columns (f) and (g), on the basis of meter, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

4. Report quantities of natural gas sold in Mcf (14.73 psia at 60 degrees F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.

5. If increases or decreases from previous year (columns (c), (e) and (g), are not derived from previously

Line No.	Title of Account (a)	OPERATING REVENUES Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	(480) Residential Sales	54,528,355	54,183,029
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	28,211,458	28,804,772
5	Large (or Ind.) (See Instr. 6)	2,194,100	2,474,958
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	51,399	47,300
8	TOTAL Sales to Ultimate Consumers	84,985,312 (1)	85,510,059
9	(483) Sales for Resale		
10	TOTAL Nat. Gas Service Revenues	84,985,312	85,510,059
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	84,985,312	85,510,059
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	12,145	9,673
17	(489) Rev. from Trans. of Gas of Others	794,474 (1)	863,512
18	(490) Sales of Prod. Ext. from Nat. Gas		
19	(491) Rev. from Nat. Gas Proc. by Others		
20	(492) Incidental Gasoline and Oil Sales		
21	(493) Rent from Gas Property		
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	14,676	9,891
24	TOTAL Other Operating Revenues	821,295	883,076
25	TOTAL Gas Operating Revenues	85,806,607	86,393,135
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	85,806,607	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	82,739,813	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	2,194,100	
30	Sales for Resale	0	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	51,399	
33	TOTAL (Same as Line 10, Columns (b) and (d))	84,985,312	

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GAS OPERATING REVENUES (Account 400) (Continued)

reported figures, explain any inconsistencies in a footnote.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
				1
44,583,042	43,125,248	62,345	60,668	2
				3
25,103,633	24,879,096	7,858	7,648	4
2,120,805	2,324,647	100	102	5
				6
47,342	42,307	6	5	7
71,854,822 (2)	70,371,298	70,309	68,423	8
				9
71,854,822	70,371,298	70,309	68,423	10
				11
				12
				13
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				33

NOTES

(1) Includes ($263,172) unbilled revenues.

(2) Includes 25,729 therms relating to unbilled revenues.

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GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production	-	-
3	Manufactured Gas Production (Submit Supplemental Statement)		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation	-	-
7	750 Operation Supervision and Engineering	-	-
8	751 Production Maps and Records	-	-
9	752 Gas Wells Expenses	-	-
10	753 Field Lines Expenses	-	-
11	754 Field Compressor Station Expenses	-	-
12	755 Field Compressor Station Fuel and Power	-	-
13	756 Field Measuring and Regulating Station Expenses	-	-
14	757 Purification Expenses	-	-
15	758 Gas Well Royalties	-	-
16	759 Other Expenses	-	-
17	760 Rents	-	-
18	TOTAL Operation (Enter Total of lines 7 thru 17)	-	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering	-	-
21	762 Maintenance of Structures and Improvements	-	-
22	763 Maintenance of Producing Gas Wells	-	-
23	764 Maintenance of Field Lines	-	-
24	765 Maintenance of Field Compressor Station Equipment	-	-
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	-	-
26	767 Maintenance of Purification Equipment	-	-
27	768 Maintenance of Drilling and Cleaning Equipment	-	-
28	769 Maintenance of Other Equipment	-	-
29	TOTAL Maintenance (Enter Total of lines 20 thru 28)	-	-
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	-	-
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	-	-
34	771 Operation Labor	-	-
35	772 Gas Shrinkage	-	-
36	773 Fuel	-	-
37	774 Power	-	-
38	775 Materials	-	-
39	776 Operation Supplies and Expenses	-	-
40	777 Gas Processed by Others	-	-
41	778 Royalties on Products Extracted	-	-
42	779 Marketing Expenses	-	-
43	780 Products Purchased for Resale	-	-
44	781 Variation in Products Inventory	-	-
45	(Less) 782 Extracted Products Used by the Utility-Credit	-	-
46	783 Rents	-	-
47	TOTAL Operation (Enter Total of Lines 33 thru 46)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	B2. Products Extraction (Continued)		
48	Maintenance		
49	784 Maintenance Supervision and Engineering	-	-
50	785 Maintenance of Structures and Improvements	-	-
51	786 Maintenance of Extraction and Refining Equipment	-	-
52	787 Maintenance of Pipe Lines	-	-
53	788 Maintenance of Extracted Products Storage Equipment	-	-
54	789 Maintenance of Compressor Equipment	-	-
55	790 Maintenance of Gas Measuring and Reg. Equipment	-	-
56	791 Maintenance of Other Equipment	-	-
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	-	-
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	-	-
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	-	-
62	796 Nonproductive Well Drilling	-	-
63	797 Abandoned Leases	-	-
64	798 Other Exploration	-	-
65	TOTAL Exploration and Development (Enter Total of lines 61 thru 64)	-	-
	D. Other Gas Supply Expenses		
66	Operation		
67	800 Natural Gas Well Head Purchases	-	-
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	-	-
69	801 Natural Gas Field Line Purchases	-	-
70	802 Natural Gas Gasoline Plant Outlet Pruchases	-	-
71	803 Natural Gas Transmission Line Purchases	-	-
72	804 Natural Gas City Gate Purchases	87,313,213	72,199,682
73	804.1 Liquefied Natural Gas Purchases	-	-
74	805 Other Gas Purchases	-	-
75	(Less) 805.1 Purchased Gas Cost Adjustments	2,601,001	7,850,652
76			
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	89,914,214	80,050,334
78	806 Exchange Gas	-	-
79	Purchased Gas Expenses		
80	807.1 Well Expenses-Purchased Gas	-	-
81	807.2 Operation of Purchased Gas Measuring Stations	-	-
82	807.3 Maintenance of Purchased Gas Measuring Stations	-	-
83	807.4 Purchased Gas Calculations Expenses	-	-
84	807.5 Other Purchased Gas Expenses	-	-
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	-
86	808.1 Gas Withdrawn from Storage-Debit	4,134,151	2,963,162
87	(Less) 808.2 Gas Delivered to Storage-Credit	(4,098,585)	(2,802,758)
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-
90	Gas Used in Utility Operations-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	-	-
92	811 Gas Used for Products Extraction-Credit	-	-
93	812 Gas used for Other Utility Operations-Credit	-	-
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-
95	813 Other Gas Supply Expenses	383,007	316,422
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	90,332,787	80,527,160
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	90,332,787	80,527,160

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	7,002	25,218
102	815 Maps and Records	-	-
103	816 Wells Expenses	-	-
104	817 Lines Expense	-	-
105	818 Compressor Station Expenses	-	-
106	819 Compressor Station Fuel and Power	-	-
107	820 Measuring and Regulating Station Expenses	-	-
108	821 Purification Expenses	-	-
109	822 Exploration and Development	-	-
110	823 Gas Losses	-	-
111	824 Other Expenses	84,617	66,551
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Enter Total of lines 101 thru 113)	91,619	91,769
115	Maintenance		
116	830 Maintenance Supervision and Engineering	-	-
117	831 Maintenance of Structures and Improvements	-	-
118	832 Maintenance of Reservoirs and Wells	-	-
119	833 Maintenance of Lines	-	-
120	834 Maintenance of Compressor Station Equipment	-	-
121	835 Maintenance of Measuring and Regulating Station Equipment	-	-
122	836 Maintenance of Purification Equipment	-	-
123	837 Maintenance of Other Equipment	82,923	86,953
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	82,923	86,953
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	174,542	178,722
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	-	-
129	841 Operation Labor and Expenses	-	-
130	842 Rents	-	-
131	842.1 Fuel	-	-
132	842.2 Power	-	-
133	842.3 Gas Losses	-	-
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-	-
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	-	-
137	843.2 Maintenance of Structures and Improvements	-	-
138	843.3 Maintenance of Gas Holders	-	-
139	843.4 Maintenance of Purification Equipment	-	-
140	843.5 Maintenance of Liquefaction Equipment	-	-
141	843.6 Maintenance of Vaporizing Equipment	-	-
142	843.7 Maintenance of Compressor Equipment	-	-
143	843.8 Maintenance of Measuring and Regulating Equipment	-	-
144	843.9 Maintenance of Other Equipment	-	-
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-	-
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	-	-
150	844.2 LNG Processing Terminal Labor and Expenses	-	-
151	844.3 Liquefaction Processing Labor and Expenses	-	-
152	844.4 Liquefaction Transportation Labor and Expenses	-	-
153	844.5 Measuring and Regulating Labor and Expenses	-	-
154	844.6 Compressor Station Labor and Expenses	-	-
155	844.7 Communication System Expenses	-	-
156	844.8 System Control and Load Dispatching	-	-
157	845.1 Fuel	-	-
158	845.2 Power	-	-
159	845.3 Rents	-	-
160	845.4 Demurrage Charges	-	-
161	(Less) 845.5 Wharfage Receipts-Credit	-	-
162	845.6 Processing Liquefied or Vaporized Gas by Others	-	-
163	846.1 Gas Losses	-	-
164	846.2 Other Expenses	-	-
165	TOTAL Operation (Enter Total of lines 149 thru 164)	-	-
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	-	-
168	847.2 Maintenance of Structures and Improvements	-	-
169	847.3 Maintenance of LNG Processing Terminal Equipment	-	-
170	847.4 Maintenance of LNG Transportation Equipment	-	-
171	847.5 Maintenance of Measuring and Regulating Equipment	-	-
172	847.6 Miantenance of Compressor Station Equipment	-	-
173	847.7 Maintenance of Communication Equipment	-	-
174	847.8 Maintenance of Other Equipment	-	-
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	-	-
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	-	-
177	TOTAL Natural Gas storage (Enter Total of lines 125, 146, and 176)	174,542	178,722
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	-	-
181	851 System Control and Load Dispatching	-	-
182	852 Communication System Expenses	-	-
183	853 Compressor Station Labor and Expenses	-	-
184	854 Gas for Compressor Station Fuel	-	-
185	855 Other Fuel and Power for Compressor Stations	-	-
186	856 Mains Expenses	-	-
187	857 Measuring and Regulating Station Expenses	-	-
188	858 Transmission and Compression of Gas by Others	-	-
189	859 Other Expenses	-	-
190	860 Rents	-	-
191	TOTAL Operation (Enter Total of lines 180 thru 190)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	3. TRANSMISSION EXPENSES (Continued)		
192	Maintenance		
193	861 Maintenance Supervision and Engineering	-	-
194	862 Maintenance of Structures and Improvements	-	-
195	863 Maintenance of Mains	-	-
196	864 Maintenance of Compressor Station Equipment	-	-
197	865 Maintenance of Measuring and Reg. Station Equipment	-	-
198	866 Maintenance of Communication Equipment	-	-
199	867 Maintenance of Other Equipment	-	-
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	-	-
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	-	-
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	160,782	129,321
205	871 Distribution Load Dispatching	-	-
206	872 Compressor Station Labor and Expenses	-	-
207	873 Compressor Station Fuel and Power	-	-
208	874 Mains and Services Expenses	680,485	573,922
209	875 Measuring and Regulating Station Expenses-General	49,044	66,847
210	876 Measuring and Regulating Station Expenses-Industrial	2,414	1,458
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	39,483	35,171
212	878 Meter and House Regulator Expenses	335,654	262,001
213	879 Customer Installations Expenses	417,412	359,225
214	880 Other Expenses	506,972	453,729
215	881 Rents	5,346	4,618
216	TOTAL Operation (Enter Total of lines 204 thru 215)	2,197,593	1,886,290
217	Maintenance		
218	885 Maintenance Supervision and Engineering	28,399	8,629
219	886 Maintenance of Structures and Improvements	-	-
220	887 Maintenance of Mains	542,333	347,794
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	93,336	54,742
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	60,547	33,418
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	43,210	17,922
225	892 Maintenance of Services	243,106	220,776
226	893 Maintenance of Meters and House Regulators	162,679	188,187
227	894 Maintenance of Other Equipment	19,067	8,409
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	1,192,677	879,876
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	3,390,270	2,766,166
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	108,514	102,606
233	902 Meter Reading Expenses	168,212	287,295
234	903 Customer Records and Collection Expenses	1,298,400	1,273,653
235	904 Uncollectible Accounts	332,562	308,344
236	905 Miscellaneous Customer Accounts Expenses	38,650	36,522
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	1,946,338	2,008,420

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GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	-	-
241	908 Customer Assistance Expenses	1,633,286	819,914
242	909 Informational and Instructional Expenses	927	916
243	910 Miscellaneous Customer Service and Informational Expenses	23,816	21,470
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	1,658,030	842,300
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	156,639	157,279
249	913 Advertising Expenses	51,290	51,089
250	916 Miscellaneous Sales Expenses	5	-
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	207,934	208,368
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	1,556,771	1,400,472
255	921 Office Supplies and Expenses	283,821	327,329
256	(Less) (922) Administrative Expenses Transferred-Cr.	(5,817)	(3,670)
257	923 Outside Services Employed	933,491	796,494
258	924 Property Insurance	75,649	79,520
259	925 Injuries and Damages	168,023	210,509
260	926 Employee Pensions and Benefits	43,139	45,043
261	927 Franchise Requirements	-	-
262	928 Regulartory Commission Expenses	314,531	280,634
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	-	-
265	930.2 Miscellaneous General Expenses	247,280	249,726
266	931 Rents	56,678	86,305
267	TOTAL Operation (Enter Total of lines 254 thru 266)	3,673,566	3,472,361
268	Maintenance		
269	935 Maintenance of General Plant	523,657	408,503
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	4,197,223	3,880,865
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	101,907,124	90,412,000

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.

2. If the respondent's payroll for the reporting period includes any special constrction personnel, include such employees on line 3, and show the number of such special construction employees in a foonote.

3. The number of employees assignable to the gas department from joint function of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1. Payroll Period Ended (Date) December 31, 2007		
2. Total Regular Full-Time Employees	26	23
3. Total Part-Time and Temporary Employees allocation of General Employees	5	2
4. Total Employees	31	25

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DISTRIBUTION MAINS

Show Particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1	Steel Wrapped	Less than 2"	1,652,640	258,720		1,911,360
2	Steel Wrapped	2" to 4"	601,920	52,800		654,720
3	Steel Wrapped	4" to 8"	332,640	31,680		364,320
4	Steel Wrapped	8" to 12"	5,280			5,280
5	Steel Wrapped	Over 12"	0			0
6						
7						
8	Plastic	Less than 2"	4,334,880	797,280		5,132,160
9	Plastic	2" to 4"	1,166,880	174,240		1,341,120
10	Plastic	4" to 8"	279,840	58,080		337,920
11	Plastic	8" to 12"	0			0
12	Plastic	Over 12"	0			0
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23	TOTALS		8,374,080	1,372,800	0	9,746,880

State of Idaho

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	4/18/2008	12/31/2007

SERVICE PIPES GAS

Show the particulars called for concerning the line service pipe in possession of the respondent at the close of the y

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Removed or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1	Steel Wrapped	1' or Less	13,179		829	12,350	Not
2	Steel Wrapped	1" thru 2"	264		90	174	Available
3	Steel Wrapped	2" thru 4"	14		10	4	
4	Steel Wrapped	4" thru 8"	0			0	
5	Steel Wrapped	Over 8"	0			0	
6							
7							
8	Plastic	1' or Less	66,045		10,004	56,041	
9	Plastic	1" thru 2"	417		223	194	
10	Plastic	2" thru 4"	22		17	5	
11	Plastic	4" thru 8"	1		1	0	
12	Plastic	Over 8"	0			0	
13							
14							
15							
16							
17	TOTALS		79,942	0	11,174	68,768	

State of Idaho

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				70,009	2,057		72,066

State of Idaho

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS ACCOUNT - NATURAL GAS

1 The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
4 Indicated in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
6 Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
7 Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation, and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
8 Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

01 NAME OF SYSTEM

Line No.	Item (a)		Amount of Dth (1) (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		11,158,654
4	Gas of Others Received for Gathering (Account 489.1)		
5	Gas of Others Received for Transmission (489.2)		
6	Gas of Others Received for Distribution (Account 489.3)		4,583,315
7	Gas of Others Received for Contract Storage (Account 489.4)		
8	Exchanged Gas Received from Others (Account 806)		
9	Gas Received as Imbalances (Account 806)		
10	Receipts pf Respondent's Gas Transported by Others (Account 858)		
11	Other Gas Withdrawn from Storage (Explain)		
12	Gas Received from Shippers as compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify):		
15	Total Receipts (Total lines 3 thru 14.?)		15,741,969
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		7,185,482
18	Deliveries of Gas Gathered for Others (Account 489.1)		
19	Deliveries of Gas Transported for Others (Account 489.2)		
20	Deliveries of Gas Distributed for Others (Account 489.3)		4,583,315
21	Deliveries of Contract Storage Gas (Account 489.4)		
22	Exchange Gas Delivered to Others (Account 806)		
23	Gas Delivered as Imbalances (Account 806)		
24	Deliveries of Gas to Others for Transportation (Account 858)		
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel		
27	Other Deliveries (Specify): Sales for Resale		4,448,742
28	Total Deliveries (Total lines 17 thru 27.?)		16,217,539
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		(475,570)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		(475,570)
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		15,741,969

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OREGON

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission		Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, *Gas Plant in Service (Classified)*, this page and the next include Account 102, *Gas Plant Purchased or Sold*, Account 103, *Experimental Gas Plant Unclassified*, and Account 106, *Completed Construction Not Classified-Gas*.
3. Include in column (c) and (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	0	
3	302 Franchises and Consents	0	
4	303 Miscellaneous Intangible Plant	48,799	127,870
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	48,799	127,870
6	PRODUCTION PLANT		
7	Manufactured Gas Production Plant		
8	304 Land and Land Rights	7,628	
9	305 Structures and Improvements	0	
10	306 Boiler Plant Equipment	0	
11	307 Other Power Equipment	0	
12	308 Coke Ovens	0	
13	309 Producer gas equipment	0	
14	310 Water Gas Generating Equipment	0	
15	311 Liquefied Petroleum Gas Equipment	60,402	0
	312 Oil Gas Generating Equipment	0	
17	313 Generating Equipment-Other Processes	0	
18	314 Coal, Coke, and ash handling equipment	0	
19	315 Catalytic Cracking Equipment	0	
20	316 Other reforming equipment	0	
21	317 Purification equipment	0	
22	318 Residual refining equipment	0	
23	319 Gas mixing equipment	0	
24	320 Other Equipment	0	
25			
26	TOTAL Manuafactured Gas Production Plant (Enter Total of lines 8 thru 24)	68,030	0
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights	0	
29	341 Structures and Improvements	0	
30	342 Extraction and Refining Equipment	0	
31	343 Pipe Lines	0	
32	344 Extracted Products Storage Equipment	0	
33	345 Compressor Equipment	0	

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission		Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a suplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			0	2
			0	3
0			176,669	4
0	0	0	176,669	5
				6
				7
			7,628	8
			0	9
			0	10
			0	11
			0	12
			0	13
			0	14
60,401			0	15
			0	16
			0	17
			0	18
			0	19
			0	20
			0	21
			0	22
			0	23
			0	24
				25
60,401	0	0	7,628	26
				27
			0	28
			0	29
			0	30
			0	31
			0	32
			0	33

State of Oregon

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346 Gas Measuring and Regulating Equipment	0	
35	347 Other Equipment	0	
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0
38	Manufactured Gas Production Plant *(Submit Supplementary Statement)*	68,030	0
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	68,030	0
40	NATURAL GAS STORAGE AND PROCESSING PLANT		
41	Underground Storage Plant		
42	350.1 Land	0	
43	350.2 Rights-of-Way	0	
44	351 Structures and Improvements	0	
45	352 Wells	0	
46	352.1 Storage Leaseholds and Rights	0	
47	352.2 Reservoirs	0	
48	352.3 Non-recoverable Natural Gas	0	
49	353 Lines	0	
50	354 Compressor Station Equipment	0	
51	355 Measuring and Regulating Equipment	0	
52	356 Purification Equipment	0	
53	357 Other Equipment	0	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	0	0
55	Other Storage Plant		
56	360 Land and Land Rights	0	
57	361 Structures and Improvements	0	
58	362 Gas Holders	0	
59	363 Purification Equipment	0	
60	363.1 Liquefaction Equipment	0	
61	363.2 Vaporizing Equipment	0	
62	363.3 Compressor Equipment	0	
63	363.4 Measuring and Regulating Equipment	0	
64	363.5 Other Equipment	0	
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
67	364.1 Land and Land Rights	0	
68	364.2 Structures and Improvements	0	
69	364.3 LNG Processing Terminal Equipment	0	
70	364.4 LNG Transporation Equipment	0	
71	364.5 Measuring and Regulating Equipment	0	
72	364.6 Compressor Station Equipment	0	
73	364.7 Communications Equipment	0	
74	364.8 Other Equipment	0	
75	TOTAL Base Load Liq Nat'l Gas, Terminal and Processing Plant (lines 67-74)	0	0
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	0	0
77	TRANSMISSION PLANT		
78	365.1 Land and Land Rights	0	
79	365.2 Rights-of-Way	0	
80	366 Structures and Improvements	0	

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	34
			0	35
0	0	0	0	36
0	0	0	0	37
60,401	0	0	7,628	38
60,401	0	0	7,628	39
				40
				41
			0	42
			0	43
			0	44
			0	45
			0	46
			0	47
			0	48
			0	49
			0	50
			0	51
			0	52
			0	53
0	0	0	0	54
				55
			0	56
			0	57
			0	58
			0	59
			0	60
			0	61
			0	62
			0	63
			0	64
0	0	0	0	65
				66
			0	67
			0	68
			0	69
			0	70
			0	71
			0	72
			0	73
			0	74
0	0	0	0	75
0	0	0	0	76
				77
		0	0	78
		0	0	79
		0	0	80

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission		Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	367 Mains	0	0
82	368 Compressor Station Equipment	0	
83	369 Measuring and Regulating Equipment	0	
84	370 Communications Equipment	0	
85	371 Other Equipment	0	
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	0	0
87	DISTRIBUTION PLANT		
88	374 Land and Land Rights	17,965	0
89	375 Structures and Improvements	203,753	25,976
90	376 Mains	87,037,949	17,916,895
91	377 Compressor Station Equipment	0	
92	378 Measuring and Regulating Equipment-General	1,371,191	210,141
93	379 Measuring and Regulating Equipment-City Gate	753,045	373,756
94	380 Services	52,571,722	2,558,345
95	381 Meters	26,798,952	2,514,440
96	382 Meter Installations	0	
97	383 House Regulators	0	
98	384 House Regulator Installations	0	
99	385 Industrial Measuring and Regulating Station Equipment	798,279	36,111
100	386 Other Property on Customers' Premises	0	
101	387 Other Equipment	539	
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	169,553,394	23,635,663
103	GENERAL PLANT		
104	389 Land and Land Rights	260,131	
105	390 Structures and Improvements	1,775,232	22,214
106	391 Office Furniture and Equipment	9,685	0
107	392 Transportation Equipment	1,640,074	5,656
108	393 Stores Equipment	55,173	
109	394 Tools, Shop, and Garage Equipment	841,190	181,671
110	395 Laboratory Equipment	343,390	
111	396 Power Operated Equipment	43,834	0
112	397 Communication Equipment	463,232	14,099
113	398 Miscellaneous Equipment	0	
114	Subtotal (Enter Totals of lines 104 thru 113)	5,431,939	223,641
115	399 Other Tangible Property	0	
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	5,431,939	223,641
117	TOTAL (Accounts 101 and 106)	175,102,161	23,987,174
118	Gas Plant Purchased (See Instruction 8)	0	
119	*(Less)* Gas Plant Sold (See Instruction 8)	0	
120	Experimental Gas Plant Unclassified	0	
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	175,102,161	23,987,174

Name of Respondent	This report is:	Date of Report	Year Ending
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GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
		0	0	81
			0	82
0		0	0	83
		0	0	84
			0	85
0	0	0	0	86
				87
0			17,965	88
0			229,729	89
96,241		0	104,858,603	90
			0	91
18,366		0	1,562,966	92
0			1,126,800	93
318,305			54,811,762	94
441,699		0	28,871,693	95
			0	96
			0	97
			0	98
793			833,597	99
			0	100
			539	101
875,404	0	0	192,313,653	102
				103
0			260,131	104
2,901			1,794,545	105
9,685			0	106
87,189			1,558,541	107
593			54,580	108
85,221			937,639	109
			343,390	110
			43,834	111
0			477,331	112
			0	113
185,588	0	0	5,469,991	114
			0	115
185,588	0	0	5,469,991	116
1,121,394	0	0	197,967,942	117
			0	118
			0	119
			0	120
1,121,394	0	0	197,967,942	121

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State of Oregon

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, AND 164.3)

1 If durring the year adjustments were made to the stored gas inventory reported in columns (d). (f). (g), and (h) (such as to correct cumulative inaccuracies of gas measurements). explain in a footnote the reason for the adjustments. the Dth and dollar amount of adjustment, and account charged or credited.

2 Report in column (e) all encroachments during the year upon the volumes designated as base gas. column (b). and system balancing gas. column (c), and gas property recordable in the plant accounts.

3 State in a footnote the basis of segregation of inventory between current and noncurrent protions. Also state in a footnote the method used to report storage (I.e. fixed asset method or inventory method).

Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of Year					570,439	545,714		1,116,153
2	Gas Delivered to Storage					2,152,196	0		2,152,196
3	Gas Withdrawn from Storage					873,471	545,714		1,419,185
4	Other Debits and Credits					(32,513)	0		(32,513)
5	Balance at End of Year					1,816,651	0		1,816,651
6	Dth					412,465	0		412,465
7	Amount Per Dekatherm					$4.4044	$0.0000		$4.4044
8	Storage is reported using the inventory method.								

State of Oregon

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18,2008	Dec. 31, 2007

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in tot

2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3. Report number of customers, columns (f) and (g), on the basis of meter, in addition to the number of flat rate ac counts; except that where separate meter readings a added for billing purposes, one customer should be counte for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

4. Report quantities of natural gas sold in Mcf (14.73 psia at 60 degrees F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.

5. If increases or decreases from previous year (columns (c), (e) and (g), are not derived from previously

Line No.	Title of Account (a)	OPERATING REVENUES: Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	(480) Residential Sales	77,807,555	74,144,635
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	46,799,447	42,803,235
5	Large (or Ind.) (See Instr. 6)	2,059,555	5,057,282
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	22,179	23,605
8	TOTAL Sales to Ultimate Consumers	126,688,736 (1)	122,028,757
9	(483) Sales for Resale	51,581,986	43,984,846
10	TOTAL Nat. Gas Service Revenues	178,270,722	166,013,603
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	178,270,722	166,013,603
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	85,981	97,950
17	(489) Rev. from Trans. of Gas of Others	2,586,079 (1)	2,549,555
18	(490) Sales of Prod. Ext. from Nat. Gas		
19	(491) Rev. from Nat. Gas Proc. by Others		
20	(492) Incidental Gasoline and Oil Sales		
21	(493) Rent from Gas Property	15,060	15,060
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	964,574	981,554
24	TOTAL Other Operating Revenues	3,651,694	3,644,119
25	TOTAL Gas Operating Revenues	181,922,416	169,657,722
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	181,922,416	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	124,607,002	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	2,059,555	
30	Sales for Resale	51,581,986	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	22,179	
33	TOTAL (Same as Line 10, Columns (b) and (d))	178,270,722	

State of Oregon

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 18,2008	Dec. 31, 2007

GAS OPERATING REVENUES (Account 400) (Continued)

reported figures, explain any inconsistencies in a footnote.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See page 108, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
				1
49,373,106	49,622,540	82,981	81,447	2
				3
34,066,278	32,240,936	11,001	10,860	4
1,900,849	4,848,651	33	48	5
				6
15,482	17,590	15	15	7
85,355,715 (2)	86,729,717	94,030	92,370	8
79,406,882	69,405,847			9
164,762,597	156,135,564	94,030	92,370	10
				11
				12
				13
				14
				15
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				32
				33

NOTES

(1) Includes $275,540 unbilled revenues.

(2) Includes 55,802 therms relating to unbilled revenues.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production	-	-
3	Manufactured Gas Production (Submit Supplemental Statement)		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation	-	-
7	750 Operation Supervision and Engineering	-	-
8	751 Production Maps and Records	-	-
9	752 Gas Wells Expenses	-	-
10	753 Field Lines Expenses	-	-
11	754 Field Compressor Station Expenses	-	-
12	755 Field Compressor Station Fuel and Power	-	-
13	756 Field Measuring and Regulating Station Expenses	-	-
14	757 Purification Expenses	-	-
15	758 Gas Well Royalties	-	-
16	759 Other Expenses	-	-
17	760 Rents	-	-
18	TOTAL Operation (Enter Total of lines 7 thru 17)	-	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering	-	-
21	762 Maintenance of Structures and Improvements	-	-
22	763 Maintenance of Producing Gas Wells	-	-
23	764 Maintenance of Field Lines	-	-
24	765 Maintenance of Field Compressor Station Equipment	-	-
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	-	-
26	767 Maintenance of Purification Equipment	-	-
27	768 Maintenance of Drilling and Cleaning Equipment	-	-
28	769 Maintenance of Other Equipment	-	-
29	TOTAL Maintenance (Enter Total of lines 20 thru 28)	-	-
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	-	-
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	-	-
34	771 Operation Labor	-	-
35	772 Gas Shrinkage	-	-
36	773 Fuel	-	-
37	774 Power	-	-
38	775 Materials	-	-
39	776 Operation Supplies and Expenses	-	-
40	777 Gas Processed by Others	-	-
41	778 Royalties on Products Extracted	-	-
42	779 Marketing Expenses	-	-
43	780 Products Purchased for Resale	-	-
44	781 Variation in Products Inventory	-	-
45	(Less) 782 Extracted Products Used by the Utility-Credit	-	-
46	783 Rents	-	-
47	TOTAL Operation (Enter Total of Lines 33 thru 46)	-	-

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	B2. Products Extraction (Continued)		
48	Maintenance		
49	784 Maintenance Supervision and Engineering	-	-
50	785 Maintenance of Structures and Improvements	-	-
51	786 Maintenance of Extraction and Refining Equipment	-	-
52	787 Maintenance of Pipe Lines	-	-
53	788 Maintenance of Extracted Products Storage Equipment	-	-
54	789 Maintenance of Compressor Equipment	-	-
55	790 Maintenance of Gas Measuring and Reg. Equipment	-	-
56	791 Maintenance of Other Equipment	-	-
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	-	-
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	-	-
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals	-	-
62	796 Nonproductive Well Drilling	-	-
63	797 Abandoned Leases	-	-
64	798 Other Exploration	-	-
65	TOTAL Exploration and Development (Enter Total of lines 61 thru 64)	-	-
	D. Other Gas Supply Expenses		
66	Operation		
67	800 Natural Gas Well Head Purchases	-	-
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	-	-
69	801 Natural Gas Field Line Purchases	-	-
70	802 Natural Gas Gasoline Plant Outlet Pruchases	-	-
71	803 Natural Gas Transmission Line Purchases	-	-
72	804 Natural Gas City Gate Purchases	137,490,090	126,805,403
73	804.1 Liquefied Natural Gas Purchases	-	-
74	805 Other Gas Purchases	167,566	727,550
75	(Less) 805.1 Purchased Gas Cost Adjustments	4,433,466	6,222,232
76			
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	142,091,122	133,755,185
78	806 Exchange Gas	-	-
79	Purchased Gas Expenses		
80	807.1 Well Expenses-Purchased Gas	-	-
81	807.2 Operation of Purchased Gas Measuring Stations	-	-
82	807.3 Maintenance of Purchased Gas Measuring Stations	-	-
83	807.4 Purchased Gas Calculations Expenses	-	-
84	807.5 Other Purchased Gas Expenses	-	-
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	-
86	808.1 Gas Withdrawn from Storage-Debit	1,200,301	548,744
87	(Less) 808.2 Gas Delivered to Storage-Credit	(2,122,129)	(542,630)
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-
90	Gas Used in Utility Operations-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	-	-
92	811 Gas Used for Products Extraction-Credit	-	-
93	812 Gas used for Other Utility Operations-Credit	-	-
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-
95	813 Other Gas Supply Expenses	521,756	417,736
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	141,691,049	134,179,035
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	141,691,049	134,179,035

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	-	-
102	815 Maps and Records	-	-
103	816 Wells Expenses	-	-
104	817 Lines Expense	-	-
105	818 Compressor Station Expenses	-	-
106	819 Compressor Station Fuel and Power	-	-
107	820 Measuring and Regulating Station Expenses	-	-
108	821 Purification Expenses	-	-
109	822 Exploration and Development	-	-
110	823 Gas Losses	-	-
111	824 Other Expenses	-	-
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Enter Total of lines 101 thru 113)	-	-
115	Maintenance		
116	830 Maintenance Supervision and Engineering	-	-
117	831 Maintenance of Structures and Improvements	-	-
118	832 Maintenance of Reservoirs and Wells	-	-
119	833 Maintenance of Lines	-	-
120	834 Maintenance of Compressor Station Equipment	-	-
121	835 Maintenance of Measuring and Regulating Station Equipment	-	-
122	836 Maintenance of Purification Equipment	-	-
123	837 Maintenance of Other Equipment	-	-
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	-	-
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	-	-
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	-	-
129	841 Operation Labor and Expenses	-	-
130	842 Rents	-	-
131	842.1 Fuel	-	-
132	842.2 Power	-	-
133	842.3 Gas Losses	-	-
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-	-
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	-	-
137	843.2 Maintenance of Structures and Improvements	-	-
138	843.3 Maintenance of Gas Holders	-	-
139	843.4 Maintenance of Purification Equipment	-	-
140	843.5 Maintenance of Liquefaction Equipment	-	-
141	843.6 Maintenance of Vaporizing Equipment	-	-
142	843.7 Maintenance of Compressor Equipment	-	-
143	843.8 Maintenance of Measuring and Regulating Equipment	-	-
144	843.9 Maintenance of Other Equipment	-	-
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-	-
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	-	-

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	-	-
150	844.2 LNG Processing Terminal Labor and Expenses	-	-
151	844.3 Liquefaction Processing Labor and Expenses	-	-
152	844.4 Liquefaction Transportation Labor and Expenses	-	-
153	844.5 Measuring and Regulating Labor and Expenses	-	-
154	844.6 Compressor Station Labor and Expenses	-	-
155	844.7 Communication System Expenses	-	-
156	844.8 System Control and Load Dispatching	-	-
157	845.1 Fuel	-	-
158	845.2 Power	-	-
159	845.3 Rents	-	-
160	845.4 Demurrage Charges	-	-
161	(Less) 845.5 Wharfage Receipts-Credit	-	-
162	845.6 Processing Liquefied or Vaporized Gas by Others	-	-
163	846.1 Gas Losses	-	-
164	846.2 Other Expenses	-	-
165	TOTAL Operation (Enter Total of lines 149 thru 164)	-	-
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	-	-
168	847.2 Maintenance of Structures and Improvements	-	-
169	847.3 Maintenance of LNG Processing Terminal Equipment	-	-
170	847.4 Maintenance of LNG Transportation Equipment	-	-
171	847.5 Maintenance of Measuring and Regulating Equipment	-	-
172	847.6 Miantenance of Compressor Station Equipment	-	-
173	847.7 Maintenance of Communication Equipment	-	-
174	847.8 Maintenance of Other Equipment	-	-
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	-	-
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	-	-
177	TOTAL Natural Gas storage (Enter Total of lines 125, 146, and 176)	-	-
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	-	-
181	851 System Control and Load Dispatching	-	-
182	852 Communication System Expenses	-	-
183	853 Compressor Station Labor and Expenses	-	-
184	854 Gas for Compressor Station Fuel	-	-
185	855 Other Fuel and Power for Compressor Stations	-	-
186	856 Mains Expenses	-	-
187	857 Measuring and Regulating Station Expenses	-	-
188	858 Transmission and Compression of Gas by Others	-	-
189	859 Other Expenses	-	-
190	860 Rents	-	-
191	TOTAL Operation (Enter Total of lines 180 thru 190)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	3. TRANSMISSION EXPENSES (Continued)		
192	Maintenance		
193	861 Maintenance Supervision and Engineering	-	-
194	862 Maintenance of Structures and Improvements	-	-
195	863 Maintenance of Mains	-	-
196	864 Maintenance of Compressor Station Equipment	-	-
197	865 Maintenance of Measuring and Reg. Station Equipment	-	-
198	866 Maintenance of Communication Equipment	-	-
199	867 Maintenance of Other Equipment	-	-
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	-	-
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	-	-
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering	353,863	326,647
205	871 Distribution Load Dispatching	-	-
206	872 Compressor Station Labor and Expenses	-	-
207	873 Compressor Station Fuel and Power	-	-
208	874 Mains and Services Expenses	960,563	799,991
209	875 Measuring and Regulating Station Expenses-General	139,650	91,708
210	876 Measuring and Regulating Station Expenses-Industrial	1,761	981
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	3,606	1,906
212	878 Meter and House Regulator Expenses	723,073	401,319
213	879 Customer Installations Expenses	733,105	684,077
214	880 Other Expenses	560,818	645,169
215	881 Rents	8,160	7,411
216	TOTAL Operation (Enter Total of lines 204 thru 215)	3,484,598	2,959,208
217	Maintenance		
218	885 Maintenance Supervision and Engineering	116,151	151,295
219	886 Maintenance of Structures and Improvements	-	-
220	887 Maintenance of Mains	1,028,724	874,829
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	70,451	91,298
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	10,574	11,045
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	3,639	6,410
225	892 Maintenance of Services	371,833	319,233
226	893 Maintenance of Meters and House Regulators	231,003	271,512
227	894 Maintenance of Other Equipment	82,991	105,901
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	1,915,366	1,831,524
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	5,399,964	4,790,732
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	145,072	139,720
233	902 Meter Reading Expenses	187,545	179,078
234	903 Customer Records and Collection Expenses	1,870,169	1,851,892
235	904 Uncollectible Accounts	444,599	419,876
236	905 Miscellaneous Customer Accounts Expenses	51,671	49,732
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	2,699,056	2,640,299

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 18, 2008	December 31, 2007

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	-	-
241	908 Customer Assistance Expenses	1,957,698	982,166
242	909 Informational and Instructional Expenses	783	703
243	910 Miscellaneous Customer Service and Informational Expenses	-	-
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	1,958,481	982,869
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	217,933	220,717
249	913 Advertising Expenses	46,997	47,450
250	916 Miscellaneous Sales Expenses	-	-
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	264,930	268,167
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	2,225,165	1,996,967
255	921 Office Supplies and Expenses	531,730	578,014
256	(Less) (922) Administrative Expenses Transferred-Cr.	-	-
257	923 Outside Services Employed	1,288,167	1,080,415
258	924 Property Insurance	104,380	107,906
259	925 Injuries and Damages	214,981	354,605
260	926 Employee Pensions and Benefits	62,428	64,589
261	927 Franchise Requirements	-	-
262	928 Regulartory Commission Expenses	832,195	623,639
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	-	-
265	930.2 Miscellaneous General Expenses	313,212	312,771
266	931 Rents	93,878	133,819
267	TOTAL Operation (Enter Total of lines 254 thru 266)	5,666,136	5,252,726
268	Maintenance		
269	935 Maintenance of General Plant	718,167	594,588
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	6,384,303	5,847,314
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	158,397,783	148,708,415

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special constrction personnel, include such employees on line 3, and show the number of such special construction employees in a foonote.
3. The number of employees assignable to the gas department from joint function of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1. Payroll Period Ended (Date) December 31, 2007		
2. Total Regular Full-Time Employees	60	70
3. Total Part-Time and Temporary Employees allocation of General Employees	4	3
4. Total Employees	64	73

State of Oregon

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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DISTRIBUTION MAINS

Show Particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1	Steel Wrapped	Less than 2"	2,740,320	5,280		2,745,600
2	Steel Wrapped	2" to 4"	844,800		21,120	823,680
3	Steel Wrapped	4" to 8"	770,880	58,080		828,960
4	Steel Wrapped	8" to 12"	15,840			15,840
5	Steel Wrapped	Over 12"	0			0
6						
7						
8	Plastic	Less than 2"	4,968,480	264,000		5,232,480
9	Plastic	2" to 4"	776,160	47,520		823,680
10	Plastic	4" to 8"	63,360	10,560		73,920
11	Plastic	8" to 12"	0			0
12	Plastic	Over 12"	0			0
13						
14						
15						
16						
17						
18						
19	Change in footage relects additions net of retirements.					
20						
21						
22						
23						
24	TOTALS		10,179,840	385,440	21,120	10,544,160

State of Oregon

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	4/18/2008	12/31/2007

SERVICE PIPES GAS

Show the particulars called for concerning the line service pipe in possession of the respondent at the close of the year.

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Removed or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1	Steel Wrapped	1' or Less	32,045		10	32,035	Not Available
2	Steel Wrapped	1" thru 2"	589	82		671	
3	Steel Wrapped	2" thru 4"	21		1	20	
4	Steel Wrapped	4" thru 8"	0	2		2	
5	Steel Wrapped	Over 8"	0			0	
6							
7							
8	Plastic	1' or Less	66,045	4,890		70,935	
9	Plastic	1" thru 2"	1,831		31	1,800	
10	Plastic	2" thru 4"	75			75	
11	Plastic	4" thru 8"	4			4	
12	Plastic	Over 8"	0			0	
13							
14							
15	Number added is net of retirements						
16							
17	TOTALS		100,610	4,974	42	105,542	

State of Oregon

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				106,725	5,390	3,901	108,214

State of Oregon

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 18, 2008	Dec. 31, 2007

GAS ACCOUNT - NATURAL GAS

1 The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
4 Indicated in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
6 Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
7 Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation, and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
8 Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

01 NAME OF SYSTEM

Line No.	Item (a)		Amount of Dth (1) (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		15,861,449
4	Gas of Others Received for Gathering (Account 489.1)		
5	Gas of Others Received for Transmission (489.2)		
6	Gas of Others Received for Distribution (Account 489.3)		3,328,576
7	Gas of Others Received for Contract Storage (Account 489.4)		
8	Exchanged Gas Received from Others (Account 806)		
9	Gas Received as Imbalances (Account 806)		
10	Receipts pf Respondent's Gas Transported by Others (Account 858)		
11	Other Gas Withdrawn from Storage (Explain)		
12	Gas Received from Shippers as compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify):		
15	Total Receipts (Total lines 3 thru 14.?)		19,190,025
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		8,535,572
18	Deliveries of Gas Gathered for Others (Account 489.1)		
19	Deliveries of Gas Transported for Others (Account 489.2)		
20	Deliveries of Gas Distributed for Others (Account 489.3)		3,328,576
21	Deliveries of Contract Storage Gas (Account 489.4)		
22	Exchange Gas Delivered to Others (Account 806)		
23	Gas Delivered as Imbalances (Account 806)		
24	Deliveries of Gas to Others for Transportation (Account 858)		
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel		
27	Other Deliveries (Specify): Sales for Resale		7,377,528
28	Total Deliveries (Total lines 17 thru 27.?)		19,241,676
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		(51,651)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		(51,651)
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		19,190,025

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NOT DIRECTLY ASSIGNED TO STATES

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission		Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, *Gas Plant in Service (Classified)*, this page and the next include Account 102, *Gas Plant Purchased or Sold*, Account 103, *Experimental Gas Plant Unclassified*, and Account 106, *Completed Construction Not Classified-Gas*.
3. Include in column (c) and (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	0	
3	302 Franchises and Consents	0	
4	303 Miscellaneous Intangible Plant	723,251	0
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	723,251	0
6	PRODUCTION PLANT		
7	Manufactured Gas Production Plant		
8	304 Land and Land Rights	0	
9	305 Structures and Improvements	0	
10	306 Boiler Plant Equipment	0	
11	307 Other Power Equipment	0	
12	308 Coke Ovens	0	
13	309 Producer gas equipment	0	
14	310 Water Gas Generating Equipment	0	
15	311 Liquefied Petroleum Gas Equipment	0	
16	312 Oil Gas Generating Equipment	0	
17	313 Generating Equipment-Other Processes	0	
18	314 Coal, Coke, and ash handling equipment	0	
19	315 Catalytic Cracking Equipment	0	
20	316 Other reforming equipment	0	
21	317 Purification equipment	0	
22	318 Residual refining equipment	0	
23	319 Gas mixing equipment	0	
24	320 Other Equipment	0	
25			
26	TOTAL Manuafactured Gas Production Plant (Enter Total of lines 8 thru 24)	0	0
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights	0	
29	341 Structures and Improvements	0	
30	342 Extraction and Refining Equipment	0	
31	343 Pipe Lines	0	
32	344 Extracted Products Storage Equipment	0	
33	345 Compressor Equipment	0	

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a suplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			0	2
			0	3
0			723,251	4
0	0	0	723,251	5
				6
				7
			0	8
			0	9
			0	10
			0	11
			0	12
			0	13
			0	14
			0	15
			0	16
			0	17
			0	18
			0	19
			0	20
			0	21
			0	22
			0	23
			0	24
0	0	0	0	26
				27
			0	28
			0	29
			0	30
			0	31
			0	32
			0	33

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346 Gas Measuring and Regulating Equipment	0	
35	347 Other Equipment	0	
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0
38	Manufactured Gas Production Plant *(Submit Supplementary Statement)*	0	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	0	0
40	NATURAL GAS STORAGE AND PROCESSING PLANT		
41	Underground Storage Plant		
42	350.1 Land		
43	350.2 Rights-of-Way	0	
44	351 Structures and Improvements	0	
45	352 Wells	0	
46	352.1 Storage Leaseholds and Rights	0	
47	352.2 Reservoirs	0	
48	352.3 Non-recoverable Natural Gas	0	
49	353 Lines	0	
50	354 Compressor Station Equipment	0	
51	355 Measuring and Regulating Equipment	0	
52	356 Purification Equipment	0	
53	357 Other Equipment	0	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	0	0
55	Other Storage Plant		
56	360 Land and Land Rights	0	
57	361 Structures and Improvements	0	
58	362 Gas Holders	0	
59	363 Purification Equipment	0	
60	363.1 Liquefaction Equipment	0	
61	363.2 Vaporizing Equipment	0	
62	363.3 Compressor Equipment	0	
63	363.4 Measuring and Regulating Equipment	0	
64	363.5 Other Equipment	0	
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
67	364.1 Land and Land Rights	0	
68	364.2 Structures and Improvements	0	
69	364.3 LNG Processing Terminal Equipment	0	
70	364.4 LNG Transporation Equipment	0	
71	364.5 Measuring and Regulating Equipment	0	
72	364.6 Compressor Station Equipment	0	
73	364.7 Communications Equipment	0	
74	364.8 Other Equipment	0	
75	TOTAL Base Load Liq Nat'l Gas, Terminal and Processing Plant (lines 67-74)	0	0
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	0	0
77	TRANSMISSION PLANT		
78	365.1 Land and Land Rights	0	
79	365.2 Rights-of-Way	0	
80	366 Structures and Improvements	0	

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)*	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	34
			0	35
0	0	0	0	36
0	0	0	0	37
			0	38
0	0	0	0	39
				40
				41
			0	42
			0	43
			0	44
			0	45
			0	46
			0	47
			0	48
			0	49
			0	50
			0	51
			0	52
			0	53
0	0	0	0	54
				55
			0	56
			0	57
			0	58
			0	59
			0	60
			0	61
			0	62
			0	63
			0	64
0	0	0	0	65
				66
			0	67
			0	68
			0	69
			0	70
			0	71
			0	72
			0	73
			0	74
0	0	0	0	75
0	0	0	0	76
				77
			0	78
			0	79
			0	80

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	367 Mains	0	
82	368 Compressor Station Equipment	0	
83	369 Measuring and Regulating Equipment	0	
84	370 Communications Equipment	0	
85	371 Other Equipment	0	
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	0	0
87	DISTRIBUTION PLANT		
88	374 Land and Land Rights	0	
89	375 Structures and Improvements	0	
90	376 Mains	0	
91	377 Compressor Station Equipment	0	
92	378 Measuring and Regulating Equipment-General	0	
93	379 Measuring and Regulating Equipment-City Gate	0	
94	380 Services	0	
95	381 Meters	0	
96	382 Meter Installations	0	
97	383 House Regulators	0	
98	384 House Regulator Installations	0	
99	385 Industrial Measuring and Regulating Station Equipment	0	
100	386 Other Property on Customers' Premises	0	
101	386 Other Equipment	0	
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	0	0
103	GENERAL PLANT		
104	389 Land and Land Rights	0	
105	390 Structures and Improvements	133,370	0
106	391 Office Furniture and Equipment	378,871	
107	392 Transportation Equipment	424,676	0
108	393 Stores Equipment	0	
109	394 Tools, Shop, and Garage Equipment	725,260	119,617
110	395 Laboratory Equipment	331,822	
111	396 Power Operated Equipment	368,144	
112	397 Communication Equipment	896,948	57,862
113	398 Miscellaneous Equipment	31,332	
114	Subtotal (Enter Totals of lines 104 thru 113)	3,290,423	177,479
115	399 Other Tangible Property	0	
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	3,290,423	177,479
117	TOTAL (Accounts 101 and 106)	4,013,674	177,479
118	Gas Plant Purchased (See Instruction 8)	0	
119	*(Less)* Gas Plant Sold (See Instruction 8)	0	
120	Experimental Gas Plant Unclassified	0	
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	4,013,674	177,479

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr)	Dec. 31, 2007

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	81
			0	82
			0	83
			0	84
			0	85
0	0	0	0	86
				87
			0	88
			0	89
			0	90
			0	91
			0	92
			0	93
			0	94
			0	95
			0	96
			0	97
			0	98
			0	99
			0	100
			0	101
0	0	0	0	102
				103
			0	104
			133,370	105
			378,871	106
93,147			331,529	107
			0	108
4,502			840,375	109
221			331,601	110
			368,144	111
4,994			949,816	112
			31,332	113
102,864	0	0	3,365,038	114
			0	115
102,864	0	0	3,365,038	116
102,864	0	0	4,088,289	117
			0	118
			0	119
			0	120
102,864	0	0	4,088,289	121

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