THIS FILING IS	
Item 1: ☒ 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)

RECEIVED
2009 MAY 27 AM 10:25
IDAHO PUBLIC
UTILITIES COMMISSION

AVU-G

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 2008/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 2008/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 Christy Burmeister-Smith	06 Title of Contact Person VP and Controller
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) [X] An Original (2) [ ] A Resubmission	04/16/2009

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)*
Mark T. Thies	Mark T. Thies	4 /11 2009
02 Title Sr. 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 Avista Corp.	This report is: [X] An Original [ ] A Resubmission	Date of Report (Mo, Da, Yr) April 16, 2009	Year Ending Dec. 31, 2008

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 16, 2009	Year Ending Dec. 31, 2008

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)
38	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		
39	Taxes Accrued, Prepaid, and Charged During Year	262-263		
40	Accumulated Dererred Investment Tax Credits	266-267		
41	Miscellaneous Current and Accrued Liabilities	268		
42	Other Deferred Credits	269		
43	Accumulated Deferred Income Taxes-Other Property	274-275		
44	Accumulated Deferred Income Taxes-Other	276-277		
45	Other Regulatory Liabilities	278		
	INCOME ACCOUNT SUPPORTING SCHEDULES			
46	Gas Operating Revenues	300-301		
47	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		N/A
48	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		N/A
49	Revenues from Storage Gas of Others	306-307		N/A
50	Other Gas Revenues	308		N/A
51	Gas Operation and Maintenance Expenses	320-325		
52	Exchange and Imbalance Transactions	328		N/A
53	Gas Used in Utility Operations	331		N/A
54	Transmission and Compression of Gas by Others	332		N/A
55	Other Gas Supply Expenses	334		
56	Miscellaneous General Expenses-Gas	335		
57	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
58	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
	COMMON SECTION			
59	Regulatory Commission Expenses	350-351		
60	Distribution of Salaries and Wages	354-355		
61	Charges for Outside Professional and Other Consultative Services	357		
	GAS PLANT STATISTICAL DATA			
62	Compressor Stations	508-509		N/A
63	Gas Storage Projects	512-513		
64	Transmission Lines	514		N/A
65	Transmission System Peak Deliveries	518		N/A
66	Auxiliary Peaking Facilities	519		
67	Gas Account-Natural Gas	520		
68	System Map	522		N/A
69	Footnote Reference	551		shown as 450
70	Footnote Text	552		shown as 450
71	Stockholder's Reports (check appropriate box)			
	[X] Four copies will be submitted [ ] No annual report to stockholders is prepared			

This Page Intentionally Left Blank

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report *(Mo, Da, Yr)* 04/16/2009	Year/Period of Report End of 2008/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.

C. Burmeister-Smith, Vice President and Controller
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	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	04/16/2009	End of 2008/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	75.11	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	Subsidiary of
10				Avista Capital
11				
12	Avista Development, Inc.	Maintains an investment	100	Subsidiary of
13		portfolio of real estate and		Avista Capital
14		other investments.		
15				
16	Avista Energy, Inc.	Inactive	100	Subsidiary of
17				Avista Capital
18				
19	Avista Power, LLC	Inactive	100	Affiliate of
20				Avista Capital
21				
22	Avista Turbine Power, Inc.	Receives assignments of	100	Subsidiary of
23		purchase power agreements.		Avista Capital
24				
25	Avista Ventures, Inc.	Inactive	100	Subsidiary of
26				Avista Capital
27				

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	04/16/2009	End of 2008/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	Pentzer Corporation	Parent company of Bay Area	100	Subsidiary of
2		Manufacturing and Pentzer		Avista Capital
3		Venture Holdings.		
4				
5	Pentzer Venture Holdings	Inactive	100	Subsidiary of
6				Pentzer Corporation
7				
8	Bay Area Manufacturing	Holding Company	100	Subsidiary of
9				Pentzer Corporation
10				
11	Advanced Manufacturing and Development, Inc.	Performs custom sheet metal	82.95	Subsidiary of
12	dba Metalfx	manufacturing of electronic		Bay Area
13		enclosures, parts and systems		Manufacturing.
14		for the computer, telecom and		
15		medical industries. AM&D		
16		also has a wood products		
17		division.		
18				
19	Avista Receivables Corporation	Acquires and sells accounts	100	Subsidiary of
20		receivable of Avista Corp.		Avista Corp.
21				
22	Spokane Energy, LLC	Marketing of energy.	100	Affiliate of
23				Avista Corp.
24				
25	Avista Capital II	An affiliated business trust	100	Affiliate of
26		formed by the Company.		Avista Corp.
27		Issued Pref. Trust Securities		

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	04/16/2009	End of 2008/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				
2	AVA Capital Trust III	An affiliated business trust	100	Affiliate of
3		formed by the Company.		Avista Corp.
4		Issued Pref. Trust Securities		
5				
6	Steam Plant Square, LLC	Commercial office and retail	90	Affiliate of
7		leasing.		Avista Development
8				
9	Courtyard Office Center	Commercial office and retail	100	Affiliate of
10		leasing.		Avista Development
11				
12	AVA Formation Corp.	Holding Company	100	Formed in 2006 for
13				the purpose of
14				completing proposed
15				statutory share
16				exchange and
17				holding company
18				structure. Currently
19				a subsidiary of
20				Avista Corp.
21				
22	Coyote Springs 2, LLC	Owned an interest in a	100	inactive
23		generation plant.		
24				
25				
26				
27				

This Page Intentionally Left Blank

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	04/16/2009	Dec. 31, 2008

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:
December 4, 2008 to pay the December 15, 2008 dividend	Total: 47,570,350 By Proxy: 47,570,350	May 8, 2008 Spokane, WA

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES 4. Number of votes as of (date): 12/4/2008 Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	53,026,750	53,026,750		
6	TOTAL number of security holders	12,888	12,888		
7	TOTAL votes of security holders listed below	490,297	490,297		
8					
9	Gary Ely, Liberty Lake, WA	162,858	162,858		
10	DBH Properties LP, Coeur d'Alene, ID	77,646	77,646		
11	Gary Gail Ely, Liberty Lake, WA	65,218	65,218		
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	Jack W. Gustavel, Coeur d'Alene, ID	21,207	21,207		
16	Ernest C. Gosnay, Jr. & Marie K Gosnay TR, Spokane, WA	20,011	20,011		
17	Robert Eugene Young, Washougal, WA	20,000	20,000		
18	Frederick W. Schott TR, Santa Monica, CA	16,237	16,237		
19					
20					

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report 04/16/2009	Year/Period of Report End of 2008/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. None
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 14, 2008, Avista Corp., ARC and a third-party financial institution amended a Receivables Purchase Agreement. The most significant amendment extended the termination date to March 13, 2009. 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, 2008, ARC had the ability to sell up to $85.0 million of receivables and there was $17.0 million in accounts receivable sold under this revolving agreement, a decrease from the $85.0 million available and sold as of December 31, 2007.

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. The Company had $250.0 million of borrowings outstanding as of December 31, 2008 and no borrowings outstanding as of December 31, 2007. Total letters of credit outstanding were $24.3 million as of December 31, 2008 and $34.8 million as of December 31, 2007. 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.

On November 26, 2008, the Company entered into a 364-day committed line of credit agreement with various banks in the total amount of $200.0 million with an expiration date of November 24, 2009. The Company had no borrowings outstanding as of December 31, 2008. The committed line of credit is secured by $200.0 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. This credit facility was approved by the respective regulatory commissions as follows: WUTC (Docket No. UE-081842); IPUC (AVU-U-08-02); and OPUC (N/A).

On April 3, 2008, the Company issued $250.0 million of 5.95 percent First Mortgage Bonds due in 2018. The net proceeds from the issuance of $249.2 million (net of issuance discount and before Avista Corp.'s expenses), together with other available funds, were used to pay the $272.9 million of 9.75 percent Unsecured Senior Notes that matured on June 1, 2008. This debt issuance was approved by the respective regulatory commissions as follows: WUTC (Docket No. U-080182 Order No. 1); IPUC (Case No. AVU-U-08-01 Order No. 30509); and OPUC (Docket UF 4246 Order No. 08-143).

On December 16, 2008, the Company issued $30.0 million of 7.25 percent First Mortgage Bonds due in 2013. The net proceeds from the issuance of $29.9 million (net of placement agent fees and before Avista Corp.'s expenses) were used to repay $25.0 million of medium term notes that matured on December 10, 2008 and repay a portion of the borrowings outstanding under the Company's $320.0 million committed line of credit. This debt issuance was approved by the respective regulatory commissions as follows: WUTC (Docket No. UE-080182); IPUC (AVU-U-08-03); and OPUC (UF 4246).

On December 31, 2008, $66.7 million of the City of Forsyth, Montana Pollution Control Revenue Refunding Bonds, Series 1999A (Avista Corporation Colstrip Project) due 2034 were remarketed. Avista Corp. purchased these Pollution Control Bonds and expects that at a later date, subject to market conditions, these bonds will be remarketed to unaffiliated investors or refunded by a new issue. Although Avista Corp. is now the holder of these Pollution Control Bonds, the bonds will not be cancelled but will remain outstanding under the City of Forsyth's indenture. However, so long as Avista Corp. is the holder, the bonds will not be reflected as an asset or a liability on Avista Corp.'s Consolidated Balance Sheet. This debt transaction was approved by the respective regulatory commissions as follows: WUTC (Docket No. UE-081859); IPUC (AVU-U-08-03); and OPUC (UF 4253).

On December 30, 2008, the City of Forsyth, Montana issued $17.0 million of its Pollution Control Revenue Refunding Bonds, Series 2008 (Avista Corporation Colstrip Project) due 2034 on behalf of Avista Corp. The proceeds of these bonds were used to refund $17.0 million of Pollution Control Revenue Refunding Bonds, Series 1999B (Avista Corporation Colstrip Project) issued by the City of Forsyth, Montana on behalf of Avista Corp. These bonds are included in the current portion of long-term debt because they are subject to purchase at any time at the option of the bond holder. This debt transaction was approved by the respective regulatory commissions as follows: WUTC (Docket No. UE-081859); IPUC (AVU-U-08-03); and OPUC (UF 4253).

7. At the May 8, 2008 Annual Meeting, the shareholders of Avista Corporation approved a proposal for an amendment of the Restated Articles of Incorporation to change from a plurality voting standard to a majority voting standard in uncontested elections of directors and to eliminate cumulative voting. For further details, see Avista Corporation's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 31, 2008.

As a result of the amendment to the Restated Articles of Incorporation, a conforming amendment was made to the bylaws of Avista Corporation on May 9, 2008. Specifically, section 5 of Article II and Section 11 of Article III of the Bylaws of Avista Corporation was changed to eliminate references to cumulative voting.

8. Average annual wage increases were 3.4% for non-exempt employees effective March 1, 2008. Average annual wage increases were 3.9% for exempt employees effective March 1, 2008. Average annual wage increases were 7.4% for officers effective March 1, 2008. Certain bargaining unit employees received increases ranging from 3.0% to 3.5% effective in March and April 2008.

9. Reference is made to Note 25 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 elected Scott L. Morris to the positions of Chairman of the Board, President and Chief Executive Officer of Avista Corp., effective January 1, 2008.

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.

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.

Mark Thies joined the Company as Senior Vice President and Chief Financial Officer in September 2008. The Chief Financial Officer position was previously held by Malyn Malquist. Malyn Malquist stayed on with the Company as Executive Vice President and then retired from the Company effective March 31, 2009.

On December 8, 2008, Dennis Vermillion was appointed President of Avista Utilities effective January 1, 2009. He will remain Vice President of Avista Corp.

On December 8, 2008, Richard Storro was appointed Vice President of Energy Resources.

14. Proprietary capital is not less than 30 percent.

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	04/16/2009	End of 2008/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	3,340,068,198	3,131,916,272
3	Construction Work in Progress (107)	200-201	75,568,224	75,679,838
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,415,636,422	3,207,596,110
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,142,578,137	1,090,037,407
6	Net Utility Plant (Enter Total of line 4 less 5)		2,273,058,285	2,117,558,703
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)		2,273,058,285	2,117,558,703
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)		4,991,551	4,670,595
19	(Less) Accum. Prov. for Depr. and Amort. (122)		890,639	897,192
20	Investments in Associated Companies (123)		13,903,000	13,903,000
21	Investment in Subsidiary Companies (123.1)	224-225	77,487,962	71,371,272
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)		26,240,546	28,691,550
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		10,234,544	15,878,558
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		49,312,596	55,312,881
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		181,279,560	188,930,664
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		1,674,372	5,264,119
36	Special Deposits (132-134)		1,600,000	5,668,267
37	Working Fund (135)		619,853	679,537
38	Temporary Cash Investments (136)		2,684,444	2,608,103
39	Notes Receivable (141)		63,451	0
40	Customer Accounts Receivable (142)		207,867,900	87,238,080
41	Other Accounts Receivable (143)		6,188,617	9,920,307
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		5,844,603	2,965,676
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		120,021	502,535
45	Fuel Stock (151)	227	3,673,039	2,213,923
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	17,455,835	17,365,306
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

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	04/16/2009	End of 2008/Q4

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)		30,720,371	13,414,238
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		8,415,670	6,438,702
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		10,934	0
60	Rents Receivable (172)		646,271	509,924
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		194,919	6,153,636
63	Derivative Instrument Assets (175)		60,546,323	67,390,448
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		49,312,596	55,312,881
65	Derivative Instrument Assets - Hedges (176)		874,944	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		288,199,765	167,088,568
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		15,852,599	11,576,174
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	455,580,547	281,620,776
73	Prelim. Survey and Investigation Charges (Electric) (183)		3,088,816	234,518
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	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	32,008,980	40,642,265
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)		17,151,844	20,965,705
82	Accumulated Deferred Income Taxes (190)	234	131,055,525	90,823,103
83	Unrecovered Purchased Gas Costs (191)		-18,646,016	2,374,110
84	Total Deferred Debits (lines 69 through 83)		636,092,295	448,236,651
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,378,629,905	2,921,814,586

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	04/16/2009	end of 2008/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	755,903,119	727,945,794
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	19,170,532	2,281,868
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	87,394	3,294,916
11	Retained Earnings (215, 215.1, 216)	118-119	253,478,332	221,313,566
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	-25,488,897	-14,672,673
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)	-6,092,318	-19,607,486
16	Total Proprietary Capital (lines 2 through 15)		996,883,374	913,966,153
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	824,970,979	671,733,175
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	114,603,000	114,603,000
21	Other Long-Term Debt (224)	256-257	0	273,010,231
22	Unamortized Premium on Long-Term Debt (225)		239,850	248,733
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		1,752,256	1,328,472
24	Total Long-Term Debt (lines 18 through 23)		938,061,573	1,058,266,667
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	75,206
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		1,579,821	344,000
29	Accumulated Provision for Pensions and Benefits (228.3)		184,587,850	90,554,881
30	Accumulated Miscellaneous Operating Provisions (228.4)		2,936,173	1,826,000
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		7,140,857	1,899,098
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	10,501,880
34	Asset Retirement Obligations (230)		4,208,327	3,990,011
35	Total Other Noncurrent Liabilities (lines 26 through 34)		200,453,028	109,191,076
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		250,000,000	0
38	Accounts Payable (232)		153,032,408	114,760,498
39	Notes Payable to Associated Companies (233)		2,854,178	2,182,637
40	Accounts Payable to Associated Companies (234)		737,710	600,647
41	Customer Deposits (235)		6,979,171	6,331,722
42	Taxes Accrued (236)	262-263	6,105,577	-4,717,808
43	Interest Accrued (237)		10,871,471	12,577,801
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	04/16/2009	end of 2008/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)		0	252
48	Miscellaneous Current and Accrued Liabilities (242)		32,188,393	41,016,254
49	Obligations Under Capital Leases-Current (243)		75,206	295,029
50	Derivative Instrument Liabilities (244)		78,603,554	21,148,085
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		7,140,857	1,899,098
52	Derivative Instrument Liabilities - Hedges (245)		0	10,501,880
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	10,501,880
54	Total Current and Accrued Liabilities (lines 37 through 53)		534,306,811	192,296,019
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		1,263,086	1,265,933
57	Accumulated Deferred Investment Tax Credits (255)	266-267	373,728	423,036
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	24,985,882	18,072,332
60	Other Regulatory Liabilities (254)	278	55,429,522	65,481,339
61	Unamortized Gain on Reaquired Debt (257)		3,237,373	3,528,194
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		334,892,041	320,049,323
64	Accum. Deferred Income Taxes-Other (283)		288,743,487	239,274,514
65	Total Deferred Credits (lines 56 through 64)		708,925,119	648,094,671
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,378,629,905	2,921,814,586

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	04/16/2009	End of 2008/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	1,657,671,994	1,321,662,326		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	1,278,636,823	965,325,057		
5	Maintenance Expenses (402)	320-323	47,636,921	45,512,775		
6	Depreciation Expense (403)	336-337	82,388,834	81,802,514		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	7,905,829	6,738,444		
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)		382,274	2,979,998		
13	(Less) Regulatory Credits (407.4)		8,388,441	8,618,156		
14	Taxes Other Than Income Taxes (408.1)	262-263	72,057,352	72,443,295		
15	Income Taxes - Federal (409.1)	262-263	3,249,258	22,447,987		
16	- Other (409.1)	262-263	53,201	520,211		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	42,600,284	12,026,706		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	4,970,670	4,122,957		
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)		1,521,601,404	1,197,105,613		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		136,070,590	124,556,713		

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	04/16/2009	End of 2008/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
921,386,136	744,131,553	736,285,858	577,530,773			2
						3
624,698,493	467,293,942	653,938,330	498,031,115			4
40,308,817	37,501,902	7,328,104	8,010,873			5
67,721,188	64,517,110	14,667,646	17,285,404			6
						7
6,448,003	5,686,773	1,457,826	1,051,671			8
99,047	99,047					9
						10
						11
153,132	337,368	229,142	2,642,630			12
6,730,732	7,499,030	1,657,709	1,119,126			13
47,356,209	46,412,373	24,701,143	26,030,922			14
143,777	14,193,471	3,105,481	8,254,516			15
-192,188	378,906	245,389	141,305			16
36,623,690	13,472,601	5,976,594	-1,445,895			17
4,711,220	3,382,861	259,450	740,096			18
		-49,308	-49,308			19
						20
						21
						22
						23
						24
811,918,216	639,011,602	709,683,188	558,094,011			25
109,467,920	105,119,951	26,602,670	19,436,762			26

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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)		136,070,590	124,556,713		
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)		3,869,058	4,477,623		
35	Nonoperating Rental Income (418)		7,726	-18,512		
36	Equity in Earnings of Subsidiary Companies (418.1)	119	4,123,038	-4,595,749		
37	Interest and Dividend Income (419)		10,085,671	7,743,889		
38	Allowance for Other Funds Used During Construction (419.1)		5,692,491	4,736,330		
39	Miscellaneous Nonoperating Income (421)		16,000			
40	Gain on Disposition of Property (421.1)		810,694	257,380		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		16,866,562	3,645,715		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)			2,289,978		
44	Miscellaneous Amortization (425)	340	1,110,571	1,110,572		
45	Donations (426.1)	340	956,059	622,859		
46	Life Insurance (426.2)		2,100,235	2,557,490		
47	Penalties (426.3)		138,152	37,600		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		1,211,097	1,097,891		
49	Other Deductions (426.5)		-1,891,457	3,799,017		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		3,624,657	11,515,407		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	547,911	251,464		
53	Income Taxes-Federal (409.2)	262-263	2,415,034	149,939		
54	Income Taxes-Other (409.2)	262-263	-288,122	-404,584		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	1,523,886	-257,145		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	3,294,942	4,052,315		
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)		903,767	-4,312,641		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		12,338,138	-3,557,051		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		62,954,659	69,538,504		
63	Amort. of Debt Disc. and Expense (428)		922,381	1,063,487		
64	Amortization of Loss on Reaquired Debt (428.1)		3,759,437	5,290,891		
65	(Less) Amort. of Premium on Debt-Credit (429)		8,885	8,885		
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	6,218,511	7,605,326		
68	Other Interest Expense (431)	340	5,554,756	2,899,617		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		4,611,851	3,864,363		
70	Net Interest Charges (Total of lines 62 thru 69)		74,789,008	82,524,577		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		73,619,720	38,475,085		
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)		73,619,720	38,475,085		

This Page Intentionally Left Blank

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	04/16/2009	End of 2008/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		219,765,445	166,534,217
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5	Tax Benefit Received from 401k			(14,870)
6	Dividends received from Subsidiaries			48,260,105
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
10				
11	Stock Options Exercised			
12	Preferred Series K Reclass			(1,334,004)
13	Debt Repurchase Adjustment			(4,392,647)
14	Subsidiary Federal Tax Credits (Avista Energy)		-796,180	
15	TOTAL Debits to Retained Earnings (Acct. 439)		-796,180	(5,726,651)
16	Balance Transferred from Income (Account 433 less Account 418.1)		69,496,682	43,070,834
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			-37,070,823	(31,450,517)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-37,070,823	(31,450,517)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		535,087	1,547,552
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		251,930,211	219,765,445

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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)		253,478,332	221,313,566
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)		-14,672,673	51,109,032
50	Equity in Earnings for Year (Credit) (Account 418.1)		4,123,038	(4,595,749)
51	(Less) Dividends Received (Debit)			48,260,105
52	Subsidiary Expense & Misc Subs Equity Comp		-14,939,262	(12,925,851)
53	Balance-End of Year (Total lines 49 thru 52)		-25,488,897	(14,672,673)

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	04/16/2009	End of 2008/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)	73,619,720	38,475,085
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	90,390,864	88,540,958
5	Amortization of deferred power and natural gas costs	45,835,653	19,629,891
6	Amortization of debt expense	4,672,935	6,345,495
7	Amortization of investment in exchange power	2,450,031	2,450,030
8	Deferred Income Taxes (Net)	41,798,683	4,003,423
9	Investment Tax Credit Adjustment (Net)	-49,308	-49,308
10	Net (Increase) Decrease in Receivables	-116,961,581	1,881,714
11	Net (Increase) Decrease in Inventory	-18,855,778	-3,940,327
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,228,853	-28,529,359
14	Net (Increase) Decrease in Other Regulatory Assets	-20,468,183	-8,395,908
15	Net Increase (Decrease) in Other Regulatory Liabilities	2,372,800	1,888,830
16	(Less) Allowance for Other Funds Used During Construction	5,692,491	4,736,330
17	(Less) Undistributed Earnings from Subsidiary Companies	4,123,038	-4,595,749
18	Other (provide details in footnote):	601,532	696,571
19	Write-down of asset		2,289,978
20	Change in other current assets and liabilities	-10,063,226	-2,782,552
21	Net change in receivables allowance	2,878,927	235,324
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	90,636,393	122,599,264
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-219,796,264	-196,772,585
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)	-219,796,264	-196,772,585
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)	7,998,322	
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies	1,191,118	170,364,287
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	04/16/2009	End of 2008/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	6,013	17,967
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	2,006,496	-2,942,625
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-208,594,315	-29,332,956
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	296,165,000	
62	Preferred Stock		
63	Common Stock	28,564,671	4,977,331
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)	250,000,000	
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	574,729,671	4,977,331
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-401,855,029	-26,156,580
74	Preferred Stock		-26,250,000
75	Common Stock		
76	Other (provide details in footnote):		
77	Long-term debt and short-term borrowing issuance costs	-5,023,987	-164,700
78	Net Decrease in Short-Term Debt (c)		-4,000,000
79	Cash paid for settlement of interest rate swap agreements	-16,395,000	
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-37,070,823	-31,450,517
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	114,384,832	-83,044,466
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-3,573,090	10,221,842
87			
88	Cash and Cash Equivalents at Beginning of Period	8,551,759	-1,670,083
89			
90	Cash and Cash Equivalents at End of period	4,978,669	8,551,759

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 Commission 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.

PAGE 122 INTENTIONALLY LEFT BLANK
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 businesses 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. See Note 3 for further information. 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:

- global financial and economic conditions (including the availability of credit) and their effect on the Company's ability to obtain funding for working capital and long-term capital requirements on acceptable terms,
- economic conditions in the Company's service areas, including the effect on the demand for, and customers' ability to pay for, the Company's utility services,
- 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 and the allowance of a reasonable rate of return on investment,
- 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,
- rate increases may change customer demand for electricity and natural gas, and
- competition.

Also, like other utilities, the Company's facilities and operations are exposed to natural disasters and 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 and have been prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 portion of long-term debt (2) assets and liabilities for cost of removal of assets, (3) assets held for sale, (4) regulatory assets and liabilities, (5) deferred income taxes, 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
Operating 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 $84.3 million (net of $11.4 million of unbilled receivables sold) as of December 31, 2008 and $16.1 million (net of $57.2 million of unbilled receivables sold) as of December 31, 2007. See Note 6 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 2008, 2007 and 2006.

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 $53.9 million in 2008, $51.0 million in 2007 and $48.3 million in 2006.

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 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
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. See Note 24 for further information.

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 23 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 8 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):

	2008	2007	2006
Allowance as of the beginning of the year	$2,966	$2,730	$3,228
Additions expensed during the year	6,336	3,078	2,888
Net deductions	(3,457)	(2,842)	(3,386)
Allowance as of the end of the year	$5,845	$2,966	$2,730

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 8.2 percent in 2008, and 9.11 percent in 2007 and 2006. 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 composite rates for utility plant. Such rates are designed to provide for retirements of properties at the expiration of their service lives. For utility operations, the ratio of depreciation provisions to average depreciable property was 2.77 percent in 2008, 2.89 percent in 2007 and 2.89 percent in 2006.

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

- electric thermal production - 32 years,
- hydroelectric production - 77 years,
- electric transmission - 49 years,
- electric distribution - 39 years, and
- natural gas distribution property - 51 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 7 for further information),
- expenditures for demand side management programs,
- expenditures for conservation programs,
- payments to the Coeur d'Alene Tribe for past water storage, and
- unfunded pensions and other postretirement benefits.

Regulatory liabilities include:

- natural gas deferrals, and
- liabilities offsetting net utility energy commodity derivative assets (see Note 7 for further information).

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. For the Company's primary regulatory jurisdiction and for any debt repurchases beginning in 2007 in all jurisdictions, premiums paid to repurchase debt 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. In the Company's other regulatory jurisdictions, premiums paid to repurchase debt prior to 2007 are being amortized over the average remaining maturity of outstanding debt when no new debt was issued in connection with the debt repurchase. These costs are recovered through retail rates as a component of interest expense.

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 net power supply costs incurred by Avista Corp. and the costs included in base retail rates. This difference in net power supply costs primarily results from changes in:

- short-term wholesale market prices and sales and purchase volumes,
- 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 periodically 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 net 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 6.7 percent as of December 31, 2008.

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. Through December 31, 2008, 50 percent of the annual power supply cost variance in this range was 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 (through December 31, 2008):

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%

Effective January 1, 2009, the ERM was adjusted for the sharing level for the annual power supply cost variance in the $4.0 million to $10.0 million band. The adjustment resulted in a 75 percent customers/25 percent Company sharing when actual power supply expenses are lower (rebate to customers) than the amount included in base retail rates within this band. The 50 percent customers/50 percent Company sharing was maintained when actual power supply expenses are higher (surcharge to customers) than the amount included in base retail rates within this band. The following is a summary of the revised 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%
- between $4 million - $10 million	75%	25%
+/- excess over $10 million	90%	10%

Avista Corp. has a power cost adjustment (PCA) mechanism in Idaho that allows it to modify electric rates on October 1 of each year 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 an annual rate adjustment provision. These annual 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, 2008.

The following table shows activity in deferred power costs for Washington and Idaho during 2006, 2007 and 2008 (dollars in thousands):

	Washington	Idaho	Total

Deferred power costs as of December 31, 2005	$96,191	$7,987	$104,178
Activity from January 1 – December 31, 2006:			
Power costs deferred	-	5,718	5,718
Interest and other net additions	4,291	300	4,591
Recovery of deferred power costs through retail rates	(30,323)	(4,648)	(34,971)
Deferred power costs as of December 31, 2006	$70,159	$9,357	$79,516
Activity from January 1 – December 31, 2007:			
Power costs deferred	$16,344	$16,750	$33,094
Interest and other net additions	3,023	788	3,811
Recovery of deferred power costs through retail rates	(31,002)	(5,732)	(36,734)
Deferred power costs as of December 31, 2007	58,524	21,163	79,687
Activity from January 1 – December 31, 2008:			
Power costs deferred	7,049	10,029	17,078
Interest and other net additions	2,231	1,153	3,384
Recovery of deferred power costs through retail rates	(30,852)	(11,690)	(42,542)
Deferred power costs as of December 31, 2008	$36,952	$20,655	$57,607

Unrecovered Purchased Gas Costs and Recovery Mechanisms

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.

NOTE 2. NEW ACCOUNTING STANDARDS

Effective January 1, 2008, the Company adopted the provisions of SFAS No. 157, "Fair Value Measurements" related to its financial assets and liabilities and nonfinancial assets and liabilities measured at fair value on a recurring basis. In February 2008, the FASB issued Staff Position No. 157-2, which deferred the effective date for certain portions of SFAS No. 157 related to nonrecurring measurements of nonfinancial assets and liabilities. The Company will be required to adopt those provisions of SFAS No. 157 in 2009. The adoption of the provisions of SFAS No. 157 that became effective on January 1, 2008, did not have a material impact on the Company's financial condition and results of operations. However, the Company expanded disclosures with respect to fair value measurements. See Note 21 for the expanded disclosures.

Effective January 1, 2008, the Company adopted 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 did not elect to use the fair value option under SFAS No. 159 for any financial assets and liabilities at implementation and as such the adoption of SFAS No. 159 did not have any material impact on its financial condition and results of operations.

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 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 for 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 does not expect the adoption of SFAS No. 160 to have any material impact on its financial condition and results of operations. The Company is still in the process of evaluating the full impact SFAS No. 160 will have on its financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." This statement will require disclosure of the fair value of derivative instruments and their gains and losses in a tabular format. The statement will also require disclosure of derivative features that are related to credit risk. The Company will be required to adopt SFAS No. 161 in 2009. The Company will have expanded disclosures with respect to derivatives and hedging activities.

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets". This FSP amends FASB statement No. 132(R) "Employer's Disclosures about Pensions and Other Postretirement Benefits." This statement provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The Company will be required to adopt FSP FAS 132(R)-1 at the end of 2009. The Company will have expanded disclosures with respect to its pension and other postretirement benefit plan assets.

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. 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).

Certain assets of Avista Energy with a net book value of approximately $30 million were not sold or 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. Avista Energy also has a power purchase agreement, related to a 270 MW natural gas-fired combined cycle combustion turbine plant located in Idaho (Lancaster Plant). The Lancaster Plant is owned by an unrelated third-party and all of the output from the plant is contracted to Avista Energy through 2026. The majority of the rights and obligations of the power purchase agreement were assigned to Shell Energy through the end of 2009. The Company expects that the power purchase agreement 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 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 25), existing litigation, tax liabilities, matters with respect to natural gas storage rights, 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. The Guaranty will terminate April 30, 2011 except with respect to claims made prior to termination.

As of February 27, 2009, neither party has made any claims under the Indemnification Agreement or Guaranty.

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, and included in other current assets on the Balance Sheet. The impairment charge reduced the carrying value of the assets to the estimated fair value. The turbine was sold in 2008.

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 loss on reacquired debt on the Balance Sheet and were being amortized over the average remaining maturity of outstanding debt.

NOTE 5. ADVANTAGE IQ ACQUISITION

Effective July 2, 2008, Advantage IQ completed the acquisition of Cadence Network, a privately held, Cincinnati-based energy and expense management company. As consideration, the owners of Cadence Network received a 25 percent ownership interest in Advantage IQ. The total value of the transaction was $37 million.

The acquisition of Cadence Network was funded with the issuance of Advantage IQ common stock. Under the transaction agreement, the previous owners of Cadence Network can exercise a right to redeem their shares of Advantage IQ common stock during July 2011 or July 2012 if Advantage IQ is not liquidated through either an initial public offering or sale of the business to a third party. Their redemption rights expire July 31, 2012. The redemption price would be determined based on the fair market value of Advantage IQ at the time of the redemption election as determined by certain independent parties.

NOTE 6. 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 14, 2008, Avista Corp., ARC and a third-party financial institution amended a Receivables Purchase Agreement. The most significant amendment extended the termination date to March 13, 2009. 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 committed lines of credit (see Note 14). At each of December 31, 2008 and 2007, ARC had the ability to sell up to $85.0 million of receivables under this revolving agreement. There was $17.0 million in accounts receivable sold as of December 31, 2008 and $85.0 million in accounts receivable sold as of December 31, 2007 under this revolving agreement.

NOTE 7. ENERGY COMMODITY DERIVATIVES AND RISK MANAGEMENT

Avista Corp. is exposed to risks relating to changes in certain commodity prices. Avista Corp. utilizes derivative instruments, such as forwards, futures, swaps and options in order to manage the various risks relating to these commodity price exposures. The Company has an energy resources risk policy and control procedures to manage these risks, both qualitative and quantitative. The Company's Risk Management Committee establishes the Company's energy resources risk policy and monitors compliance. The Risk Management Committee is comprised of certain Company officers and other management. The Audit Committee of the Company's Board of Directors periodically reviews and discusses risk assessment and risk management policies, including the Company's material financial and accounting risk exposures and the steps management has undertaken to control them.

Avista Corp. engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve Avista Corp.'s load obligations and using these 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:

- electric 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, fuel choices and fuel markets, estimates of streamflows, availability of generating units, historic and forward market information, contract terms, 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 planning horizon up to 36 months ahead are compared against established volumetric guidelines. Management determines the timing and actions to manage these energy imbalances. Management also assesses available resource decisions and actions that are appropriate for longer-term planning periods.

Avista Corp. makes continuing projections of its natural gas loads and assesses available natural gas resources. Forward natural gas contracts are typically for monthly delivery periods. However, daily variations in natural gas demand can be significantly different than monthly demand projections. On the basis of these projections, Avista Corp. plans and executes a series of transactions to hedge a significant portion of its projected natural gas requirements through forward market transactions and derivative instruments. These transactions may extend as much as four years into the future with the highest volumes hedged for the current and most immediately upcoming gas operating year (November through October). Avista Corp. also purchases a significant portion of its gas supply requirements in short-term and spot markets. Natural gas resource optimization activities include:

- wholesale market sales of surplus gas supplies,
- purchases and sales of natural gas to use under utilized pipeline capacity, and
- sales of excess natural gas storage capacity.

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.

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.

In conjunction with the provisions 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 annual 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 may also be influenced to the extent that nonperformance by market participants of their contractual obligations and commitments affects the supply of, or demand for, the commodity.

Credit Risk
Credit risk relates to the potential losses 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 potential counterparty 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 credit limits and duration criteria to existing and prospective counterparties, and
- actively monitoring current credit exposures, and
- conducting some of its transactions on exchanges with clearing arrangements that essentially eliminate counterparty default risk.

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 or affiliated group.

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,
- financial institutions, 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 distribution, 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 8. CASH DEPOSITS FROM COUNTERPARTIES

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.

Cash deposits from counterparties totaled $0.2 million as of December 31, 2008 and $12.5 million as of December 31, 2007. 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.

NOTE 9. 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 $330.9 million and accumulated depreciation was $204.0 million as of December 31, 2008.

NOTE 10. 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):

	2008	2007	2006
Asset retirement obligation at beginning of year	$3,990	$4,810	$4,529
New liability recognized	-	-	-
Liability adjustment due to revision in estimated cash flows	-	(1,063)	-
Liability settled	(29)	(71)	(51)
Accretion expense	247	314	332
Asset retirement obligation at end of year	$4,208	$3,990	$4,810

NOTE 11. PENSION PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has a defined benefit pension plan covering substantially all regular full-time employees at Avista Corp. 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 $28 million in cash to the pension plan in 2008 and $15 million each of 2007 and 2006. The Company expects to contribute $48 million to the pension plan in 2009.

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 $17.5 million in 2009, $18.1 million in 2010, $19.0 million in 2011, $20.0 million in 2012 and $21.2 million in 2013. For the ensuing five years (2014 through 2018), the Company expects that benefit payments under the pension plan and the SERP will total $127.0 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 an internal benefits committee and by the Finance Committee to monitor 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 investment consultant recommends allocation percentages by asset classes. These recommendations are reviewed by the internal benefits committee, which then recommends their adoption by the Finance Committee. 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, 2008 and 2007.

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 2008, the rates at which participants are assumed to retire by age were analyzed based upon historical trends and future projections. The Company revised the rates to assume that a greater percentage of participants would retire between the ages of 55 and 65. The assumed rates were revised to range from 5 percent to 40 percent and 100 percent at age 65. The previous rates ranged from 2 percent to 30 percent and 100 percent at age 65. The change resulted in an increase of $11.0 million to the pension benefit obligation as of December 31, 2008. The change will also increase 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 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 as of December 31, 2007.

The Company expects that benefit payments under other postretirement benefit plans will be $4.0 million in 2009, $3.8 million in 2010, $3.7 million in 2011, $3.6 million in 2012 and $3.6 million in 2013. For the ensuing five years (2014 through 2018), the Company expects that benefit payments under other postretirement benefit plans will total $16.6 million. The Company expects to contribute $4.0 million to other postretirement benefit plans in 2009, representing expected benefit payments to be paid during the year.

The Company uses a December 31 measurement date for its pension and other postretirement plans. The following table sets forth the pension and other postretirement plan disclosures as of December 31, 2008 and 2007 and the components of net periodic benefit costs for the years ended December 31, 2008, 2007 and 2006 (dollars in thousands):

	Pension Benefits		Other Post-retirement Benefits	
	2008	2007	2008	2007
Change in benefit obligation:				
Benefit obligation as of beginning of year	$323,090	$315,691	$34,352	$33,632
Service cost	10,209	10,694	772	672
Interest cost	20,812	19,161	2,371	2,159
Plan amendment	-	-	-	(1,601)
Actuarial loss (gain)	17,041	(5,245)	5,611	2,612
Transfer of accrued vacation	-	-	365	585
Benefits paid	(17,580)	(16,912)	(4,518)	(3,707)
Expenses paid	-	(299)	-	-
Benefit obligation as of end of year	$353,572	$323,090	$38,953	$34,352
Change in plan assets:				
Fair value of plan assets as of beginning of year	$242,561	$225,079	$22,718	$20,878
Actual return on plan assets	(63,575)	18,799	(6,670)	1,840
Employer contributions	28,000	15,000	-	-
Benefits paid	(16,349)	(16,018)	-	-
Expenses paid	-	(299)	-	-
Fair value of plan assets as of end of year	$190,637	$242,561	$16,048	$22,718
Funded status	$(162,935)	$(80,529)	$(22,905)	$(11,634)
Unrecognized net actuarial loss	160,280	62,174	18,357	4,472
Unrecognized prior service cost	2,444	3,098	(1,452)	(1,600)

Unrecognized net transition obligation	-	-	2,021	2,526
Accrued benefit cost	(211)	(15,257)	(3,979)	(6,236)
Additional liability	(162,724)	(65,272)	(18,926)	(5,398)
Accrued benefit liability	$(162,935)	$(80,529)	$(22,905)	$(11,634)
Accumulated pension benefit obligation	$307,413	$275,159	-	-
Accumulated postretirement benefit obligation:				
For retirees			$18,821	$18,572
For fully eligible employees			$8,903	$9,675
For other participants			$11,229	$6,105
Included in accumulated comprehensive loss (income) (net of tax):				
Unrecognized net transition obligation	$ -	$ -	$1,313	$1,642
Unrecognized prior service cost	1,589	2,013	(943)	(1,040)
Unrecognized net actuarial loss	104,182	40,414	11,932	2,907
Total	105,771	42,427	12,302	3,509
Less regulatory asset	(98,850)	(28,560)	(13,131)	(4,594)
Accumulated other comprehensive loss (income)	$6,921	$13,867	$(829)	$(1,085)
Weighted-average asset allocations as of December 31:				
Equity securities	48%	49%	51%	62%
Debt securities	32%	31%	49%	38%
Real estate	6%	6%	-	-
Absolute return	11%	11%	-	-
Other	3%	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%	-	-
Absolute return	10-14%	10-14%	-	-
Other	0-8%	0-8%	-	-
Weighted average assumptions as of December 31:				
Discount rate for benefit obligation	6.25%	6.34%	6.25%	6.20%
Discount rate for annual expense	6.34%	6.15%	6.20%	6.15%
Expected long-term return on plan assets	8.50%	8.50%	8.50%	8.50%
Rate of compensation increase	4.72%	4.66%		
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			2017	2012
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			2015	2011

	2008	2007	2006	2008	2007	2006
Components of net periodic benefit cost:						
Service cost	$10,209	$10,694	$ 9,963	$ 772	$ 672	$ 639
Interest cost	20,812	19,161	17,158	2,371	2,159	1,956
Expected return on plan assets	(21,138)	(19,217)	(16,997)	(1,931)	(1,775)	(1,562)
Transition obligation recognition	-	-	-	505	505	505
Amortization of prior service cost	654	653	653	(149)	-	-
Net loss recognition	3,345	2,978	3,772	575	193	90
Net periodic benefit cost	$13,882	$14,269	$14,549	$2,143	$1,754	$1,628

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, 2008 by $2.1 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, 2008 by $1.8 million and the service and interest cost by $0.2 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 $4.3 million in 2008, $4.6 million in 2007 and $4.4 million in 2006.

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, 2008 and 2007, there were deferred compensation assets of $8.8 million and $12.1 million included in other special funds and corresponding deferred compensation liabilities of $8.8 million and $12.1 million included in other deferred credits on the Balance Sheets.

NOTE 12. 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.

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 completed its examination of the 2004 and 2005 tax years and all issues were resolved related to these years. The IRS is currently conducting an examination of the Company's 2006 and 2007 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.

On the basis of the revenue ruling and related regulations, the IRS 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 believed 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 in April 2006. The Company repaid a portion of the previous tax deductions through tax payments in 2005, 2006 and 2008.

On September 10, 2008, the Company entered into a Settlement Agreement with the Appeals Division of the IRS that resolved all items noted during their audit of the Company's 2001 through 2003 tax years, including, among other things, indirect overhead expenses. The agreement was reviewed and approved by the Joint Committee on Taxation, and a settlement payment was received in December 2008. The original IRS disallowance and the Company's appeal of the indirect overhead issue caused a delay in associated tax refunds for net operating losses that were carried back to several earlier years. The final settlement with the IRS freed up the refund years and set the amount owed for the 2001-2003 tax years. The net result was a refund to the Company of $14.7 million, plus interest of $5.7 million.

The Company had net regulatory assets of $115.0 million at December 31, 2008 and $117.5 million at December 31, 2007 related to the probable recovery of certain deferred tax liabilities from customers through future rates.

NOTE 13. 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 $951.4 million in 2008, $733.5 million in 2007 and $682.5 million in 2006. 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):

	2009	2010	2011	2012	2013	Thereafter	Total
Power resources	$246,114	$127,118	$95,029	$ 82,093	$68,928	$390,303	$1,009,585
Natural gas resources	164,323	94,612	68,038	50,663	44,175	474,329	896,140
Total	$410,437	$221,730	$163,067	$132,756	$113,103	$864,632	$1,905,725

All of the energy purchase contracts were entered into as part of Avista Corp.'s obligation to serve its retail electric and natural gas 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):

	2009	2010	2011	2012	2013	Thereafter	Total
Contractual obligations	$24,546	$27,805	$26,353	$29,116	$29,987	$247,381	$385,188

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 $14.9 million in 2008, $18.0 million in 2007 and $13.1 million in 2006. Information as of December 31, 2008 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	$ 2,116	$1,026	$ 1,320	2011
Douglas County PUD:						
Wells Project	3.5%	30,000	1,791	793	4,411	2018
Grant County PUD:						
Priest Rapids Project	3.3%	28,000	5,253	727	8,485	2055
Wanapum Project (2)	8.2%	78,000	5,715	2,663	15,143	2055
Totals		173,000	$14,875	$5,209	$29,359	

(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 2008. Debt service costs are included in annual costs.

(2) The current contract expires October 31, 2009. A new contract was completed in 2001 with an expiration date of 2055. Beginning in November 2009, our rights to the output will be reduced to 3.3 percent. Under the new contract we will have the rights to the output but not the obligation to take the output. In September of each year we will be required to determine if we will take the output for the subsequent year.

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):

	2009	2010	2011	2012	2013	Thereafter	Total

Minimum payments	$4,527	$2,967	$2,910	$2,491	$2,427	$33,698	$49,020

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

Avista Energy's contractual commitments to purchase energy commodities as well as commitments related to transmission, transportation and other energy-related contracts in future periods are as follows (dollars in thousands):

	2009	2010	2011	2012	2013	Thereafter	Total
Energy purchase contracts	$21,700	$26,728	$26,728	$26,530	$25,543	$290,482	$417,711

These contractual commitments of Avista Energy are primarily related to the power purchase agreement for the Lancaster Plant. The majority of the rights and obligations of this agreement were assigned to Shell Energy through the end of 2009. Beginning in 2010 through 2026, the rights and obligations of the power purchase agreement for the Lancaster Plant are contracted to Avista Energy. The Company expects that these rights and obligations will be transferred to Avista Corp., subject to future regulatory approval.

NOTE 14. COMMITTED LINE OF CREDIT AGREEMENTS

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 $24.3 million as of December 31, 2008 and $34.8 million as of December 31, 2007. 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.

Additionally, the Company has a committed line of credit agreement with various banks in the total amount of $200.0 million with an expiration date of November 24, 2009. The committed line of credit is secured by $200.0 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 agreements contain 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, 2008, the Company was in compliance with this covenant with a ratio of 3.27 to 1. The committed line of credit agreements also have a covenant which does not permit the ratio of " total debt" to " total capitalization" of Avista Corp. to be greater than 70 percent at any time. As of December 31, 2008, the Company was in compliance with this covenant with a ratio of 54.5 percent. If the proposed change in organization becomes effective, the committed line of credit agreements will remain at Avista Corp. The committed line of credit agreements also have a covenant which requires the Company to maintain a minimum funded ratio of the pension plan assets to liabilities. The Pension Protection Act of 2006 (that was implemented in 2008) modified the liability calculation utilized to calculate the funded ratio. Avista Corp. amended the covenant related to the pension funded ratio, under its $320.0 million committed line of credit agreement, to conform with the calculations under the Pension Protection Act of 2006.

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):

	2008	2007	2006
Balance outstanding at end of period	$ 250,000	$ -	$ 4,000
Maximum balance outstanding during the period	$ 250,000	$48,000	$77,000
Average balance outstanding during the period	$ 48,426	$ 6,833	$16,740
Average interest rate during the period	3.04%	7.91%	6.07%
Average interest rate at end of period	0.81%	- %	8.25%

NOTE 15. 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 Interest

Year	Description	Rate	2008	2007
2008	Secured Medium-Term Notes	6.06%-6.95%	$ -	$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
2013	First Mortgage Bonds (1)	7.25%	30,000	-
2018	First Mortgage Bonds (2)	5.95%	250,000	-
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	6.37%	25,000	25,000
2032	Secured Pollution Control Bonds (3)	5.00%	-	66,700
2034	Secured Pollution Control Bonds (4)	1.20%	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 bonds and other long-term debt		835,000	666,700
2008	Unsecured Senior Notes	9.75%	-	272,860
2023	Unsecured Pollution Control Bonds	6.00%	4,100	4,100
	Total unsecured bonds and other long-term debt		4,100	276,960
	Interest rate swaps		(14,129)	1,083
	Total long-term debt		$824,971	$944,743

(1) On December 16, 2008, the Company issued $30.0 million of 7.25 percent First Mortgage Bonds due in 2013. The net proceeds from the issuance of $29.9 million (net of placement agent fees and before Avista Corp.'s expenses) were used to repay $25.0 million of medium term notes that matured on December 10, 2008 and repay a portion of the borrowings outstanding under the Company's $320.0 million committed line of credit.

On April 3, 2008, the Company issued $250.0 million of 5.95 percent First Mortgage Bonds due in 2018. The net proceeds from the issuance of $249.2 million (net of issuance discount and before Avista Corp.'s expenses), together with other available funds, were used to pay the $272.9 million of 9.75 percent Unsecured Senior Notes that matured on June 1, 2008.

On December 31, 2008, $66.7 million of the City of Forsyth, Montana Pollution Control Revenue Refunding Bonds, Series 1999A (Avista Corporation Colstrip Project) due 2034 were remarketed. Avista Corp. purchased these Pollution Control Bonds and expects that at a later date, subject to market conditions, these bonds will be remarketed to unaffiliated investors or refunded by a new issue. Although Avista Corp. is now the holder of these Pollution Control Bonds, the bonds will not be cancelled but will remain outstanding under the City of Forsyth's indenture. However, so long as Avista Corp. is the holder, the bonds will not be reflected as an asset or a liability on Avista Corp.'s Balance Sheet.

On December 30, 2008, the City of Forsyth, Montana issued $17.0 million of its Pollution Control Revenue Refunding Bonds, Series 2008 (Avista Corporation Colstrip Project) due 2034 on behalf of Avista Corp. The proceeds of these bonds were used to refund $17.0 million of Pollution Control Revenue Refunding Bonds, Series 1999B (Avista Corporation Colstrip Project) issued by the City of Forsyth, Montana on behalf of Avista Corp.

The following table details future long-term debt maturities including long-term debt to affiliated trusts (see Note 16) (dollars in thousands):

	2009	2010	2011	2012	2013	Thereafter	Total
Debt maturities	$17,000	$35,000	$ -	$7,000	$75,000	$818,503	$952,503

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 (with certain exceptions in the case of bonds issued on the basis of retired 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, and on all indebtedness of prior rank. As of December 31, 2008, property additions and retired bonds would have entitled the Company to issue $688.9 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, 2008, the net earnings test would limit the principal amount of additional bonds the Company could issue to $545.9 million.

See Note 14 for information regarding First Mortgage Bonds issued to secure the Company's obligations under its $320.0 million and $200.0 million committed line of credit agreements.

NOTE 16. 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 2008 ranged from 3.06 percent to 6.00 percent. As of December 31, 2008, the annual distribution rate was 3.06 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. 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 17. 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 economic hedges against fluctuations in future cash flows associated with changes in interest rates.

In December 2006, Avista Corp. cash settled an interest rate swap agreement and paid $3.7 million. In March 2008, the Company cash settled two interest rate swap agreements and paid a total of $16.4 million. These settlements were deferred as regulatory items (part of long-term debt) and will be amortized as a component of interest expense over the remaining ten year terms of the interest rate swap agreements (forecasted interest payments) in accordance with regulatory accounting practices.

In December 2008, the Company entered into two interest rate swaps totaling $50.0 million. Under the terms of the outstanding interest rate swap agreements as of December 31, 2008, 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 2009. As of December 31, 2008, Avista Corp. had a current derivative asset of $0.9 million and offsetting regulatory liability on the Balance Sheets in accordance with regulatory accounting practices. Upon settlement of the interest rate swaps, the regulatory asset or liability (included as part of long-term debt) will be amortized as a component of interest expense over the life of the forecasted interest payments. The interest rate swap agreements provide for mandatory cash settlement of these contracts in 2009.

In January 2009, the Company entered into two interest rate swaps totaling $50.0 million. Under the terms of the outstanding interest rate swap agreements, 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 2009. Upon settlement of the interest rate swaps, the regulatory asset or liability (included as part of long-term debt) will be amortized as a component of interest expense over the life of the forecasted interest payments. The interest rate swap agreements provide for mandatory cash settlement of these contracts in 2009.

NOTE 18. 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 $4.8 million in 2008, $4.8 million in 2007 and $5.4 million in 2006. Future minimum lease payments required under operating leases having initial or remaining noncancelable lease terms in excess of one year as of December 31, 2008 were as follows (dollars in thousands):

	2009	2010	2011	2012	2013	Thereafter	Total
Minimum payments required	$1,395	$425	$209	$125	$118	$2,119	$4,391

NOTE 19. 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.

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 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 25), 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. The Guaranty will terminate April 30, 2011 except with respect to claims made prior to termination.

NOTE 20. PREFERRED STOCK-CUMULATIVE (SUBJECT TO MANDATORY REDEMPTION)

The Company has 10 million authorized shares of preferred stock. The Company did not have any preferred stock outstanding as of December 31, 2008 and 2007. In September 2007, the Company redeemed the 262,500 remaining outstanding shares of preferred stock for $26.25 million. In September 2006, the Company made a mandatory redemption of 17,500 shares of preferred stock for $1.75 million.

NOTE 21. FAIR VALUE

The carrying values of cash and cash equivalents, restricted cash, accounts and notes receivable, accounts payable and the committed lines of credit are reasonable estimates of their fair values. Long-term debt and long-term debt to affiliated trusts are reported at carrying value on the Balance Sheets. The following table sets forth the carrying value and estimated fair value of the Company's financial instruments not reported at estimated fair value on the Balance Sheets as of December 31, 2008 and 2007 (dollars in thousands):

	2008		2007	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long-term debt	$839,100	$875,451	$943,660	$969,899
Long-term debt to affiliated trusts	113,403	102,027	113,403	109,109

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

Energy commodity derivative assets and liabilities, deferred compensation assets, as well as derivatives related to interest rate swap agreements, are reported at estimated fair value on the Balance Sheets. As disclosed in Note 2, on January 1, 2008, the Company adopted the provisions of SFAS No. 157 related to its financial assets and liabilities and nonfinancial assets and liabilities measured at fair value on a recurring basis. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy defined by SFAS No. 157 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the Company's needs.

As required by SFAS No. 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following table discloses by level within the fair value hierarchy the Company's assets and liabilities measured and reported on the Balance Sheet as of December 31, 2008 at fair value on a recurring basis (dollars in thousands):

	Level 1	Level 2	Level 3	Counterparty Netting	Total
Assets:					
Energy commodity derivatives	$ -	$40,104	$68,047	$(47,604)	$60,547
Deferred compensation assets	6,990	-	-	-	6,990
Interest rate swaps	-	875	-	-	875
Total	$6,990	$40,979	$68,047	$(47,604)	$68,412
Liabilities:					
Energy commodity derivatives	$ -	$110,123	$16,085	$(47,604)	$78,604

Avista Corp. enters into forward contracts to purchase or sell a specified amount of energy at a specified time, or during a specified period, in the future. These contracts are entered into as part of our management of loads and resources and certain contracts are considered derivative instruments. The difference between the amount of derivative assets and liabilities disclosed in respective levels and the amount of derivative assets and liabilities disclosed on the Balance Sheets and at Note 7 is due to netting arrangements with certain counterparties. The Company uses quoted market prices and forward price curves to estimate the fair value of our utility derivative commodity instruments included in Level 2. In particular, electric derivative valuations are performed using broker quotes, adjusted for periods in between quotable periods. Natural gas derivative valuations are estimated using New York Mercantile Exchange (NYMEX) pricing for similar instruments, adjusted for basin differences, which are also quoted under NYMEX. Where observable inputs are available for substantially the full term of the contract, the derivative asset or liability is included in Level 2. The Company also has certain contracts that, primarily due to the length of the respective contract, require the use of internally developed forward price estimates, which include significant inputs that may not be observable or corroborated in the market. These derivative contracts are included in Level 3. Refer to Note 7 for further discussion of the Company's energy commodity derivative assets and liabilities.

Deferred compensation assets and liabilities represent funds held by the Company in a Rabbi Trust for an Executive Deferral Plan. These funds consist of actively traded equity and bond funds with quoted prices in active markets. The balance disclosed excludes cash and cash equivalents of $1.8 million.

The following table presents activity for energy commodity derivative assets measured at fair value using significant unobservable inputs for the year ended December 31 (dollars in thousands):

	2008
Balance as of January 1, 2008	$98,943
Total gains or losses (realized/unrealized)	
Included in net income	-
Included in other comprehensive income	-
Included in regulatory assets/liabilities (1)	(22,586)
Purchases, issuances, and settlements, net	(8,310)
Transfers to other categories	-
Balance as of December 31, 2008	$68,047

The following table presents activity for energy commodity derivative liabilities measured at fair value using significant unobservable inputs for the year ended December 31 (dollars in thousands):

	2008
Balance as of January 1, 2008	$36,506
Total gains or losses (realized/unrealized)	
Included in net income	-
Included in other comprehensive income	-
Included in regulatory assets/liabilities (1)	(18,715)
Purchases, issuances, and settlements, net	(1,706)
Transfers to other categories	-
Balance as of December 31, 2008	$16,085

(1) In conjunction with the provisions 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. As such, the Company does not recognize unrealized gains or losses on utility energy commodity derivative instruments in the Statements of Income. The Company recognizes realized gains or losses in the period of contract settlement, subject to regulatory 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.

NOTE 22. 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 27), 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 Direct Stock Purchase and Dividend Reinvestment 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 contained in the Company's Articles of Incorporation, as amended.

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. In 2008, the Company issued 750,000 shares (total net proceeds of $16.6 million) under the sales agency agreement.

NOTE 23. 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):

	2008	2007	2006
Numerator:			
Net income	$73,620	$38,475	$72,941
Subsidiary earnings adjustment for dilutive securities	(249)	(349)	-
Adjusted net income for computation of diluted earnings per common share	$73,371	$38,126	$72,941
Denominator:			
Weighted-average number of common shares outstanding-basic	53,637	52,796	49,162
Effect of dilutive securities:			
Contingent stock awards	213	168	371
Stock options	178	299	364
Weighted-average number of common shares outstanding-diluted	54,028	53,263	49,897
Total earnings per common share, basic	$1.37	$0.73	$1.48
Total earnings per common share, diluted	$1.36	$0.72	$1.46

Total stock options outstanding that were not included in the calculation of diluted earnings per common share were 250,950 for 2008, 303,950 for 2007 and 26,200 for 2006. 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.

NOTE 24. 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, 2008, 0.7 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, 2008, 1.7 million shares were remaining for grant under this plan.

Stock 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 compensation cost relating to share-based payment transactions be recognized in the 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 $3.0 million for 2008, $2.7 million for 2007 and $4.0 million for 2006. The total income tax benefit recognized in the Statements of Income was $1.1 million for 2008, $1.0 million for 2007 and $1.5 million for 2006.

Stock Options

The following summarizes stock options activity under the 1998 Plan and the 2000 Plan for the years ended December 31:

	2008	2007	2006
Number of shares under stock options:			
Options outstanding at beginning of year	1,411,911	1,541,045	2,095,211
Options granted	-	-	-
Options exercised	(582,238)	(123,134)	(504,452)
Options canceled	(81,000)	(6,000)	(49,714)
Options outstanding at end of year	748,673	1,411,911	1,541,045
Options exercisable at end of year	748,673	1,411,911	1,541,045
Weighted average exercise price:			
Options granted	$ -	$ -	$ -
Options exercised	$13.91	$15.14	$16.12
Options canceled	$21.70	$26.59	$20.77
Options outstanding at end of year	$15.85	$15.38	$15.41
Options exercisable at end of year	$15.85	$15.38	$15.41
Intrinsic value of options exercised (in thousands)	$4,248	$1,022	$3,520
Intrinsic value of options outstanding (in thousands)	$2,643	$8,697	$15,256

Information for options outstanding and exercisable as of December 31, 2008 was as follows:

Range of Exercise Prices	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)
$10.17-$12.41	393,323	$11.04	3.4
$15.88-$17.31	104,400	17.19	1.1
$19.34-$23.00	230,750	22.41	1.9
$26.59-$28.47	20,200	27.63	1.2
Total	748,673	$15.85	2.6

Total cash received from the exercise of stock options was $8.1 million for 2008, $1.9 million for 2007 and $9.9 million for 2006. As of December 31, 2008 and 2007, 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, 2008 was one year. The following table summarizes restricted stock activity for the years ended December 31:

	2008	2007	2006
Unvested shares at beginning of year	28,137	36,180	-
Shares granted	43,400	31,860	36,260
Shares cancelled	(1,230)	(19,936)	(80)
Shares vested	(14,368)	(19,967)	-
Unvested shares at end of year	55,939	28,137	36,180
Weighted average fair value at grant date	$20.05	$25.60	$21.32
Unrecognized compensation expense at end of year (in thousands)	$691	$517	$439
Intrinsic value, unvested shares at end of year (in thousands)	$1,084	$606	$916
Intrinsic value, shares vested during the year (in thousands)	$293	$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:

	2008	2007	2006
Risk-free interest rate	2.2%	4.8%	4.6%
Expected life, in years	3	3	3
Expected volatility	20.2%	19.4%	21.9%
Dividend yield	2.8%	2.5%	2.9%
Weighted average grant date fair value (per share)	$16.96	$18.71	$18.08

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

The following summarizes performance share activity:

	2008	2007	2006
Opening balance of unvested performance shares	207,841	300,406	318,331
Performance shares granted	170,100	114,640	138,710
Performance shares canceled	(5,239)	(45,632)	(1,404)
Performance shares vested	(119,779)	(161,573)	(155,231)
Ending balance of unvested performance shares	252,923	207,841	300,406
Intrinsic value of unvested performance shares (in thousands)	$4,902	$4,477	$7,603

Unrecognized compensation expense (in thousands)	$2,227	$2,058	$2,400

The weighted average remaining vesting period for the Company's performance shares outstanding as of December 31, 2008 was 1.7 years. Unrecognized compensation expense as of December 31, 2008 will be recognized during 2009 and 2010. The following summarizes the impact of the market condition on the vested performance shares:

	2008	2007	2006
Performance shares vested	119,779	161,573	155,231
Impact of market condition on shares vested	21,560	(56,551)	34,151
Shares of common stock earned	141,339	105,022	189,382
Intrinsic value of common stock earned (in thousands)	$2,739	$2,262	$4,793

In 2008, 2007 and 2006, the number of performance shares vested was adjusted by 18 percent, (35) percent and 22 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, 2008 and 2007, the Company had recognized compensation expense and a liability of $0.5 million and $0.4 million related to the dividend component of performance share grants.

NOTE 25. 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 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.

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 (see further discussion regarding the California refund rerun below).

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, 2008, 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.

The CalISO continues to work on its compliance filing for the Refund Period, which will show "who owes what to whom." On September 3, 2008, the CalISO filed its 42nd status report on the California recalculation process confirming that the preparatory and the FERC refund recalculations are complete (as are calculations related to fuel cost allowance offsets, emission offsets, cost-recovery offsets, and the majority of the interest calculations). The CalISO states that there are eleven (11) open issues that the FERC must rule on before any distribution can be made. Once these issues are ruled on, the CalISO states that it then intends to: (1) perform the necessary adjustment to remove refunds associated with non-jurisdictional entities and allocate that shortfall to net refund recipients; and (2) work with the parties to the various global settlements to make appropriate adjustments to the CalISO's data in order to properly reflect those adjustments.

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 of the Company's liability, if any. 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 be entitled to receive refunds from other 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 held that the FERC erred in ruling that it lacked authority to order refunds for violations of its reporting requirement. The Court remanded the case for further proceedings, but did not order any refunds leaving it to the FERC to consider appropriate remedial options. Nonetheless, 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.

In March 2008, the FERC issued an order establishing a trial-type hearing to address "whether any individual public utility seller's violation of the Commission's market-based rate quarterly reporting requirement led to an unjust and unreasonable rate for that particular seller in California during the 2000-2001 period." Purchasers in the California markets will be allowed to present evidence that "any seller that violated the quarterly reporting requirement failed to disclose an increased market share sufficient to give it the ability to exercise market power and thus cause its market-based rates to be unjust and unreasonable." In particular, the parties are directed to address whether the seller at any point reached a 20 percent generation market share threshold, and if the seller did reach a 20 percent market share, whether other factors were present to indicate that the seller did not have the ability to exercise market power. 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.

State of Montana Proceedings

The Attorney General of the State of Montana (Montana AG) 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 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. In December 2008, the MPSC closed the Docket and terminated the investigation, subject to the receipt of a final report from the Montana AG.

Colstrip Generating Project Complaints

In May 2003, various parties (all of which are residents or businesses of Colstrip, Montana) filed complaints 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 alleged damages to buildings as a result of foundation settlement caused by seepage from Colstrip's freshwater surge pond. Avista Corp.'s ownership interest in the freshwater surge pond is approximately 11 percent. The plaintiffs also alleged contamination and trespass damages resulting from leakage from several of Colstrip's process ponds, most of which are for Units 1 & 2 ponds of which Avista Corp. has no ownership interest. In April 2008, the owners of Colstrip reached a settlement with the plaintiffs. Under the settlement, Avista Corp.'s portion of the payment to the plaintiffs was $2.1 million. Avista Corp. may be able to recover a portion of this payment through insurance. The Company filed petitions with the WUTC and the IPUC to defer any payments as a regulatory asset, in order to allow for potential future recovery through future rates. On September 12, 2008, the IPUC issued its order approving the Company's petition. The WUTC petition was subsequently withdrawn and the portion related to the Washington jurisdiction of $1.3 million was expensed in 2008.

In March 2007, two families that own property near the holding ponds from Units 3 & 4 of Colstrip filed a complaint against the owners of Colstrip and Hydrometrics, Inc. in Montana District Court. The plaintiffs allege that the holding ponds and remediation activities have adversely impacted their property. They allege contamination, decrease in water tables, reduced flow of streams on their property and other similar impacts to their property. They also seek punitive damages, attorney's fees and other relief similar to that asserted in the litigation described above. No trial date has been set. Because the resolution of this 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 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 has issued orders, going back to 1991, 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, 2007.

The state of Montana also filed claims assessing additional coal production taxes on Coal Transportation Agreement revenues collected by WECO from the owners of Colstrip Units 3 & 4. Settlement of production tax claims has recently occurred between WECO and the Montana Department of Revenue.

WECO and the owners of Colstrip Units 3 & 4 have agreed to a cost sharing agreement for the payment of the settlements owed to the Montana Department of Revenue for coal production taxes and for the MMS royalty claims as they are determined through litigation or settlement. Avista Corp. estimates that its share of the royalties, taxes and interest alleged would be $2.1 million including payment for the calendar year 2008.

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 ratemaking process, of any amounts paid.

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. and several other parties, as customers 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. and several other parties 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, which provides for joint and several liability. 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 $1.2 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 de minimus volume of waste oil it 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 Tribe owns, among other things, portions of the bed and banks of Lake Coeur d'Alene (Lake) lying within the current boundaries of the Tribe's reservation lands. This action had been brought by the United States on behalf of the Tribe against the state of Idaho. Avista Corp. was not a party to this action. The United States District Court decision was affirmed by the United States Court of Appeals for the Ninth Circuit. The United States Supreme Court affirmed this decision in June 2001. This ownership decision resulted in, among other things, Avista Corp. being liable to the Tribe for water storage on the Tribe's land and for Section 10(e) payments.

The Company's Post Falls Hydroelectric Generating Station (Post Falls), a facility constructed in 1906 with annual generation of 10 average megawatts 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 generating facilities on the Spokane River downstream of Post Falls.

In December 2008, Avista Corp., the Tribe and the United States DOI finalized an agreement regarding a range of issues related to Post Falls and the Lake. The agreement establishes the amount of past and future compensation Avista Corp. will pay for the use of the Tribe's reservation lands under Section 10(e) of the Federal Power Act (Section 10(e) payments) and issues related to licensing of the Company's hydroelectric generating facilities located on the Spokane River (see Spokane River Relicensing below).

Avista Corp. agreed to compensate the Tribe a total of $39 million ($25 million paid in 2008, $10 million paid in 2009 and $4 million paid in 2010) for trespass and Section 10(e) payments for past storage of water for the period from 1907 through 2007. Avista Corp. agreed to compensate the Tribe for future storage of water through Section 10(e) payments of $0.4 million per year beginning in 2008 and continuing through the first 20 years of a new license and $0.7 million per year through the remaining term of the license.

In addition to Section 10(e) payments, Avista Corp. agreed to make annual payments over the life of a new FERC license to fund a variety of protection, mitigation and enhancement measures on the Coeur d'Alene Reservation required under Section 4(e) of the Federal Power Act. These payments involve creation of a Coeur d'Alene resource protection trust fund (the Trust Fund). Annual payments from the Company to the Trust Fund for protection, mitigation and enhancement measurements would commence with the issuance of a new FERC license and are expected to total approximately $100 million over an assumed 50-year license term.

In September 2008, as part of the settlement of the Company's general rate case the IPUC approved deferral of the Idaho jurisdictional allocation of amounts paid to the Tribe, the Trust Fund or related to the licensing of its hydroelectric generating facilities for later recovery through rates in a subsequent general rate filing. Avista Corp. included these items in its general rate case filed in January 2009. In December 2008, the WUTC approved a settlement of the Company's general rate case filing which provides similar treatment of the Washington jurisdictional allocation of amounts paid to the Tribe, the Trust Fund or related to the licensing of its hydroelectric generating facilities.

On January 27, 2009, the Public Counsel Section of the Washington Attorney General's Office (Public Counsel) filed a Petition for Judicial Review of the WUTC's recent order approving the settlement of the Company's general rate case. Public Counsel raised a number of issues that were previously argued before the WUTC. These include whether settlement costs associated with resolving the dispute with the Tribe were prudent and whether recovery of such costs would constitute illegal "retroactive ratemaking." The appeals process may take several months and a decision is not expected until later in 2009. The court will either affirm the decision of the WUTC in its entirety or reverse the decision, in whole or in part, and remand the matter back to the WUTC for further consideration, which could possibly result in refunds.

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 144.1 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 (and subsequent August 1, 2008) expiration of the current license, an annual license was issued for all five plants, in effect extending the current license and its conditions until August 1, 2009. 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 lasted through July 2005, when the Company filed its new license applications with the FERC. The Company initially requested the FERC to consider a license for Post Falls, which has a present capability of 18 MW, separately from the other four hydroelectric plants due to the complexity of issues related to the Post Falls development. 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. FERC licenses are granted for terms of 30 to 50 years.

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 Tribe, the state of Idaho, Washington state agencies, and the United States 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. In January 2007, the FERC issued a draft Environmental Impact Statement (EIS). After review of comments, the FERC issued a final EIS in July 2007. This was the last administrative step for the FERC before the issuance of license orders; however, the FERC was unable to move forward prior to Federal Clean Water Act 401 Water Quality Certifications (Certifications) being issued by the states of Idaho and Washington.

The states of Idaho and Washington issued Certifications for the Project on June 5, 2008 and June 10, 2008, respectively. The Idaho Certification was based on a Settlement Agreement between Avista Corp., Idaho Department of Environmental Quality and the Idaho Department of Fish and Game, and is final. The Washington Certification, which was issued by the Washington Department of Ecology (Ecology); however, was appealed by Avista Corp., Inland Empire Paper and the Sierra Club/Center for Environmental Law and Policy. All issues, with the exception of one appealed by the Sierra Club/Center for Environmental Law and Policy (aesthetic spills at the Upper Falls plant) were resolved through a four-party Settlement Agreement. Avista Corp. is continuing negotiations on the remaining issue. A hearing is scheduled before the Washington Pollution Control Hearing Board in August 2009 to address the remaining issue under appeal.

On December 16, 2008 Avista, the United States DOI, and the Tribe reached agreement resolving Federal Power Act Section 4(e) conditions, as well as the payment of annual charges under Section 10(e) of the FPA regarding Post Falls, which stores water on a portion of the Coeur d'Alene Indian Reservation. The three parties submitted a request to the FERC on January 29, 2009 to incorporate the agreed-upon terms and conditions in a new single 50-year license for all five Spokane River hydroelectric plants.

The United States Department of Fish and Wildlife concurred, via a letter to FERC on July 31, 2008, that the Spokane River Project is not likely to adversely affect any listed or threatened endangered species.

Avista Corp. can not determine exactly when the FERC will complete action on the applications. Once granted, a new license will describe the final conditions Avista Corp. will be responsible to implement, and the term for a new license.

The Company's estimate of the potential cost of the conditions proposed for the Spokane River Project, based on estimates of what it would cost to implement the recommendations and conditions included in the FERC's FEIS and the numerous Settlement Agreements, total approximately $305 million over a 50-year period.

In addition, the December 16, 2008 settlement agreement between the Company and the Tribe resolved FPA Section 10(e), or storage payments related to the Post Falls hydroelectric facility. Under the Agreement, Avista Corp. will pay the Tribe $0.4 million annually for the first 20 years of a new FERC license and $0.7 million annually for the remainder of the license term for section 10(e) charges.

The WUTC approved, for future recovery, costs incurred in relicensing the Spokane River project, as well as the costs related to settlement with the Tribe. The WUTC approved deferred accounting treatment, with a carrying cost, until these costs are reflected in future retail rates. The IPUC approved similar deferred accounting treatment. Our general rate cases, filed in January 2009, reflect recovery of both the direct and deferred costs. The Company will continue to seek recovery, through the ratemaking process, of all operating and capitalized costs related to the relicensing of the Spokane river plants.

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 developed 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 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 has met and will continue meeting with key stakeholders to review and amend the GSCP which includes developing alternatives to the construction of the tunnels. The Company has expended $5.0 million on the tunnel project. The WUTC and IPUC have accepted the recovery of these costs through rates.

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 and carbon dioxide, as well as other greenhouse gas and mercury emissions.

In 2006, the Montana Department of Environmental Quality (Montana DEQ) adopted final rules for the control of mercury emissions from coal-fired plants. 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.

Compliance with 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. The joint owners of Colstrip were encouraged by preliminary results and believe that we will be able to comply with the Montana law without utilizing the temporary alternate emission limit provision. Preliminary estimates indicate that the Company's share of installation capital costs will be $1.5 million and annual operating costs will increase by $2.9 million (beginning in late-2009). The Company will continue to seek recovery, through the ratemaking 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 (governmental or customer owned) utilities. 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. 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.

In February 2008, the BPA initiated its WP-07 Supplemental rate case (WP-07S) to, among other things, determine the level of benefits for customers served by private utilities (including Avista Corp.) for its fiscal year 2009. In addition to resolving residential exchange issues for the long-term, the BPA also proposed an interim payout to private utilities for its fiscal year 2008, which included $9.6 million for customers of Avista Corp. Rate adjustments to pass through the interim payment to Avista Corp.'s customers were approved by the WUTC and IPUC in April 2008. In September 2008, the BPA issued its final Record of Decision in WP-07S. Avista Corp. is evaluating the BPA's final Record of Decision, and may take steps to challenge the BPA's final Record of Decision. Avista Corp. has executed new Residential Exchange contracts with the BPA, for customer benefits in 2009. Rate adjustments to pass through the payments in the amount of $2.4 million for the period November 1, 2008 through October 31, 2009 have been approved by the WUTC and IPUC.

Since the residential exchange settlement payments are passed through to Avista Corp.'s customers as adjustments to electric bills, there is no effect on Avista Corp.'s net income or cash flows.

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, 2008, 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 2010. Two local agreements in Oregon, which cover approximately 50 employees, expire in April 2010.

NOTE 26. REGULATORY MATTERS

The following is a summary of the Company's authorized rates of return in each jurisdiction:

Jurisdiction and service	Implementation Date	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Washington electric and natural gas	January 2009	8.22%	10.2%	46%
Idaho electric and natural gas	October 2008	8.45%	10.2%	48%
Oregon natural gas	April 2008	8.21%	10.0%	50%

Washington General Rate Cases
As approved by the WUTC, on January 1, 2008, electric rates for the Company's Washington customers increased by an average of 9.4 percent, which was designed to increase annual revenues by $30.2 million. As part of this general rate increase, the base level of power supply costs used in the ERM calculations was updated. Also, on January 1, 2008, natural gas rates increased by an average of

1.7 percent, which was designed to increase annual revenues by $3.3 million.

In September 2008, the Company entered into a settlement stipulation with respect to its general rate case that was filed with the WUTC in March 2008. Other parties to the settlement stipulation are the staff of the WUTC, Northwest Industrial Gas Users, and the Energy Project. The Industrial Customers of Northwest Utilities (ICNU) joined in portions of the settlement and the Public Counsel Section of the Washington Attorney General's Office (Public Counsel) did not join in the settlement stipulation. This settlement stipulation was approved by the WUTC in December 2008. The new electric and natural gas rates became effective on January 1, 2009. As agreed to in the settlement, base electric rates for the Company's Washington customers increased by an average of 9.1 percent, which is designed to increase annual revenues by $32.5 million. Base natural gas rates for the Company's Washington customers increased by an average of 2.4 percent, which is designed to increase annual revenues by $4.8 million.

On January 27, 2009, Public Counsel filed a Petition for Judicial Review of the WUTC's recent order approving the Company's multiparty settlement. Public Counsel raised a number of issues that were previously argued before the WUTC. These include whether settlement costs associated with resolving the dispute with the Coeur d'Alene Tribe were prudent and whether recovery of such costs would constitute illegal "retroactive ratemaking." Public Counsel also questioned whether the WUTC's decision to entertain supplemental testimony by the Company to update its filing for power supply costs during the course of the proceedings was appropriate. Finally, Public Counsel argued that the settlement improperly included advertising costs, dues and donations, and certain other expenses.

The appeal itself does not prevent the new rates from going into effect. The appeals process may take several months and a decision is not expected until later in 2009. The court will either affirm the decision of the WUTC in its entirety or reverse the decision, in whole or in part, and remand the matter back to the WUTC for further consideration, which could possibly result in refunds.

In January 2009, the Company filed a general rate case with the WUTC requesting to increase base electric rates for the Company's Washington customers. In the general rate case filing, the Company requested a net electric rate increase of 8.6 percent. The net electric rate increase is based on a requested 16.0 percent increase in billed rates with an offsetting 7.4 percent reduction in the current ERM surcharge. The Company also requested a 2.4 percent increase in natural gas rates. The filing is designed to increase annual base electric service revenues by $69.8 million ($37.5 million net after considering the reduction in the current ERM surcharge) and increase annual natural gas service revenues by $4.9 million. The Company's request is based on a proposed rate of return on rate base of 8.68 percent, with a common equity ratio of 47.5 percent and an 11.0 percent return on equity. The WUTC generally has up to 11 months to review a general rate case filing.

As part of the general rate case settlement agreement that was modified and approved by the WUTC in December 2005, the Company agreed to increase the utility equity component to 35 percent by the end of 2007 and 38 percent by the end of 2008. The utility equity component met this target as it was approximately 47.6 percent as of December 31, 2008.

Idaho General Rate Cases

In August 2008, the Company entered into an all-party settlement stipulation with respect to its general rate case that was filed with the IPUC in April 2008. This settlement stipulation was approved by the IPUC in September 2008. The new electric and natural gas rates became effective on October 1, 2008. As agreed to in the settlement, base electric rates for the Company's Idaho customers increased by an average of 12.0 percent, which is designed to increase annual revenues by $23.2 million. Base natural gas rates for the Company's Idaho customers increased by an average of 4.7 percent, which is designed to increase annual revenues by $3.9 million.

In January 2009, the Company filed a general rate case with the IPUC requesting to increase base electric rates for its Idaho customers. In the general rate case filing, the Company requested a net electric rate increase of 7.8 percent. The net electric rate increase is based on a requested 12.8 percent increase in billed rates with an offsetting 5.0 percent reduction in the current PCA surcharge. The Company also requested a 3.0 percent increase in natural gas rates. The filing is designed to increase annual base electric service revenues by $31.2 million ($18.9 million net after considering the reduction in the current PCA surcharge) and increase annual natural gas service revenues by $2.7 million. The Company's request is based on a proposed rate of return on rate base of 8.8 percent, with a common equity ratio of 50 percent and an 11.0 percent return on equity. The IPUC generally has up to seven months to review a general rate case filing.

Oregon General Rate Case

As approved by the OPUC in March 2008, natural gas rates for the Company's Oregon customers increased 0.4 percent effective April

1, 2008 (designed to increase annual revenues by $0.5 million) and increased an additional 1.1 percent effective November 1, 2008 (designed to increase annual revenues by an additional $1.4 million).

NOTE 27. POTENTIAL HOLDING COMPANY FORMATION

At the 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. 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. The Company cannot predict when the remaining regulatory approvals will be obtained or if they will be on terms acceptable to the Company.

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 among other things 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 47.6 percent as of December 31, 2008. 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. 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 28. INFORMATION SERVICES CONTRACTS

The Company has information services contracts that expire at various times through 2013. Total payments under these contracts were $15.4 million in 2008, $15.4 million in 2007 and $12.5 million in 2006. 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 $15.1 million in 2009, $15.4 million in 2010, $14.5 million in 2011, $14.5 million in 2012 and $14.9 million in 2013. 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 29. SUPPLEMENTAL CASH FLOW INFORMATION

(dollars in thousands)

	2007	2007
Cash paid for interest	$76,434	$78,705
Cash paid for income taxes	$8,116	$28,947
Other Cash Flows from Operating Activities:		
Power and natural gas deferrals	$(2,736)	$(3,899)

Change in special deposits	$4,068	$(1,626)
Change in other current assets	$(2,149)	$(141)
Non-cash stock compensation	$2,541	$2,512
ESOP dividends	$-	$1
Gain on sale of assets	$(1,123)	$-
Regulatory disallowance of debt repurchase costs	$-	$3,850

This Page Intentionally Left Blank

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	04/16/2009	End of 2008/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		(15,981,101)		1,368,559
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				(2,379,000)
3	Preceding Quarter/Year to Date Changes in Fair Value		3,199,837		1,010,441
4	Total (lines 2 and 3)		3,199,837		(1,368,559)
5	Balance of Account 219 at End of Preceding Quarter/Year		(12,781,264)		
6	Balance of Account 219 at Beginning of Current Year		(12,781,264)		
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value		6,688,946		
9	Total (lines 7 and 8)		6,688,946		
10	Balance of Account 219 at End of Current Quarter/Year		(6,092,318)		

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	04/16/2009	End of 2008/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 [Specify] (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	(3,346,361)	(6,682)	(17,965,585)		
2		609,000	(1,770,000)		
3	(3,479,861)	(602,318)	128,099		
4	(3,479,861)	6,682	(1,641,901)	38,475,085	36,833,184
5	(6,826,222)		(19,607,486)		
6	(6,826,222)		(19,607,486)		
7	10,656,750		10,656,750		
8	(3,830,528)		2,858,418		
9	6,826,222		13,515,168	73,619,720	87,134,888
10			(6,092,318)		

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 17, 2009	Dec. 31, 2008

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)	3,313,806,232	2,534,598,235
4	Property Under Capital Leases	2,419,182	
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)	3,316,225,414	2,534,598,235
9	Leased to Others		
10	Held for Future Use	1,631,351	1,457,302
11	Construction Work in Progress	75,568,224	61,824,355
12	Acquisition Adjustments	22,211,433	
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	3,415,636,422	2,597,879,892
14	Accum. Prov. for Depr., Amort., & Depl.	1,142,578,137	862,999,350
15	Net Utility Plant (Enter total of line 13 less 14)	2,273,058,285	1,734,880,542
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service:		
18	Depreciation	1,105,346,502	856,572,707
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights		
20		0	
21	Amort. of Other Utility Plant	17,851,932	6,426,642
22	TOTAL in Service (Enter Total of lines 18 thru 21)	1,123,198,434	862,999,349
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	19,379,703	0
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	1,142,578,137	862,999,349

Name of Respondent	This Report Is:	Date of Report	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 17, 2009	Dec. 31, 2008

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
656,008,542				123,199,455	3
1,619,845				799,337	4
					5
					6
					7
657,628,387				123,998,792	8
					9
174,049					10
6,080,717				7,663,152	11
22,211,433					12
686,094,586				131,661,944	13
248,348,881				31,229,906	14
437,745,705				100,432,038	15
					16
					17
228,174,179				20,599,616	18
					19
					20
794,999				10,630,291	21
228,969,178				31,229,907	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
19,379,703					32
248,348,881				31,229,907	33

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr) Feb. 16, 2009	Dec. 31, 2008

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	1,325,630	279,897
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	1,325,630	279,897
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	0	693
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)	7,628	693
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) Feb. 16, 2009	Dec. 31, 2008

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
125,571	0	0	1,479,956	4
125,571	0	0	1,479,956	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
693	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
693	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) Feb. 16, 2009	Dec. 31, 2008

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)*	7,628	693
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	7,628	693
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	1,124,630	4,536
45	352 Wells	6,197,634	3,734,335
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	819,546	247,470
50	354 Compressor Station Equipment	2,001,664	13,031,771
51	355 Measuring and Regulating Equipment	173,784	0
52	356 Purification Equipment	407,618	0
53	357 Other Equipment	1,709,611	9,500
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	19,336,519	17,027,612
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	19,336,519	17,027,612
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) Feb. 16, 2009	Dec. 31, 2008	

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
693	0	0	7,628	38
693	0	0	7,628	39
				40
				41
0	0	0	412,611	42
0	0	0	59,812	43
0	0	0	1,129,166	44
0	0	0	9,931,969	45
0	0	0	254,354	46
0	0	0	203,330	47
0	0	0	5,971,926	48
0	0	0	1,067,016	49
0	0	0	15,033,435	50
0	0	0	173,784	51
0	0	0	407,618	52
8,757	0	0	1,710,354	53
8,757	0	0	36,355,374	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
8,757	0	0	36,355,374	76
				77
0	0	0	0	78
0	0	0	0	79
0	0	0	0	80

Name of Respondent Avista Corp.	This report is: [X] An Original [ ] A Resubmission	Date of Report (Mo, Da, Yr) Feb. 16, 2009	Year Ending Dec. 31, 2008

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	770,058	74,470
90	376 Mains	284,824,979	29,679,642
91	377 Compressor Station Equipment	0	0
92	378 Measuring and Regulating Equipment-General	5,184,752	1,124,054
93	379 Measuring and Regulating Equipment-City Gate	2,892,018	3,308,147
94	380 Services	177,856,325	6,722,831
95	381 Meters	72,228,415	13,214,858
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	3,253,546	256,734
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)	547,113,538	54,380,736
103	GENERAL PLANT		
104	389 Land and Land Rights	260,131	0
105	390 Structures and Improvements	2,793,934	807,743
106	391 Office Furniture and Equipment	378,871	0
107	392 Transportation Equipment	5,032,890	1,002,081
108	393 Stores Equipment	138,852	3,438
109	394 Tools, Shop, and Garage Equipment	3,143,024	584,070
110	395 Laboratory Equipment	913,631	0
111	396 Power Operated Equipment	3,761,742	1,650
112	397 Communication Equipment	2,191,693	23,365
113	398 Miscellaneous Equipment	31,332	0
114	Subtotal (Enter Totals of lines 104 thru 113)	18,646,099	2,422,347
115	399 Other Tangible Property	0	0
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	18,646,099	2,422,347
117	TOTAL (Accounts 101 and 106)	586,429,415	74,111,285
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)	586,429,415	74,111,285

Name of Respondent	This report is:	Date of Report	Year Ending
	[X] An Original	(Mo, Da, Yr)	
Avista Corp.	[ ] A Resubmission	Feb. 16, 2009	Dec. 31, 2008

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
0	0	0	844,528	89
791,997	0	0	313,712,624	90
0	0	0	0	91
63,343	0	0	6,245,463	92
1,294	0	0	6,198,871	93
473,537	0	0	184,105,619	94
741,129	0	0	84,702,144	95
0	0	0	0	96
0	0	0	0	97
0	0	0	0	98
1,387	0	0	3,508,893	99
0	0	0	0	100
0	0	0	539	101
2,072,687	0	0	599,421,587	102
				103
0	0	0	260,131	104
30,499	0	0	3,571,178	105
0	0	0	378,871	106
101,356	0	0	5,933,615	107
792	0	0	141,498	108
71,858	0	0	3,655,236	109
312,450	0	0	601,181	110
0	0	0	3,763,392	111
156,318	0	0	2,058,740	112
31,332	0	0	0	113
704,605	0	0	20,363,841	114
0	0	0	0	115
704,605	0	0	20,363,841	116
2,912,313	0	0	657,628,387	117
	0	0	0	118
0	0	0	0	119
0	0	0	0	120
2,912,313	0	0	657,628,387	121

Name of Respondent	This report is:		Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	Feb. 16, 2009	Dec. 31, 2008

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	174,049
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Total			174,049

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr) April 17, 2009	Dec. 31, 2008

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	9 Mile Gate Station and 12inch HP	1,155,571	295,096
3	Minor Projects (30) Under $1,000,000	1,187,617	1,861,637
4	**Total**	2,343,188	
5			
6	STATE OF IDAHO		
7	Minor Projects (17) Under $1,000,000	496,327	784,925
8	**Total**	496,327	
9			
10	STATE OF OREGON		
11	Minor Projects (42) under $1,000,000	2,913,108	2,743,062
12	**Total**	2,913,108	
13			
14			
15	COMMON-WA/ID		
16	Minor Projects (4) under $1,000,000	299,895	30,324
17	**Total**	299,895	
18			
19	COMMON-WA/ID/OR		
20	Minor Projects (1) under $1,000,000	28,200	0
21	**Total**	28,200	
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42	TOTAL	6,080,717	5,715,044

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	17-Apr-09	December 31, 2008

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	218,127,944	218,127,944		
2	Depreciation Provisions for Year,				
	Charged to				
3	(403) Depreciation Expense	12,852,059	12,852,059		
4	(413) Exp. of Gas Plt. Leas. to Others				
5	Transportation Expenses-Clearing	268,901	268,901		
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)	13,120,960	13,120,960		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	2,786,742	2,786,742		
12	Cost of Removal	535,280	535,280		
13	Salvage (Credit)	58,432	58,432		
14	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	3,263,590	3,263,590		
15	Other Debit or Credit Items (Describe)	188,865	188,865		
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	228,174,179	228,174,179	0	0

Section B. Balances at End of Year According to Functional Classifications

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)
18	Production-Manufactured Gas	0			
19	Prod. and Gathering-Natural Gas				
20	Products Extraction-Natural Gas				
21	Underground Gas Storage	10,681,838	10,681,838		
22	Other Storage Plant				
23	Base Load LNG Term and Proc. Plt.				
24	Transmission	0			
25	Distribution	168,874,084	168,874,084		
26	General	48,618,257	48,618,257		
27	TOTAL (Enter Total of lines 18 thru 26)	228,174,179	228,174,179	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 17, 2009	Dec. 31, 2008

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					13,414,238			13,414,238
2	Gas Delivered to Storage					60,778,745			60,778,745
3	Gas Withdrawn from Storage					43,247,748			43,247,748
4	Other Debits and Credits					(224,863)			(224,863)
5	Balance at End of Year					30,720,371			30,720,371
6	Dth					3,932,204			3,932,204
7	Amount Per Dekatherm					$7.8125			$7.8125
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) 04/16/2009	Year/Period of Report End of 2008/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			-103,783,905
4	OCI Investment in Subs			
5	Avista Capital - Other Changes in Net Investment			-11,378,300
6	Avista Capital - Other Changes in Net Investment			2,281,868
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	Total Cost of Account 123.1 $ 0		TOTAL	71,371,272

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	04/16/2009	End of 2008/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
4,123,038		-99,660,867		3
				4
	3,629,762	-7,748,538		5
	-1,636,110	645,758		6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
4,123,038	1,993,652	77,487,962		42

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	*(Mo, Da, Yr)* April 17, 2009	Dec. 31, 2008

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	4,808,486
2	Prepaid Rents	-
3	Prepaid Taxes	-
4	Prepaid Interest	-
5	Miscellaneous Prepayments	3,607,184
6	TOTAL	**8,415,670**

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	04/16/2009	End of 2008/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 (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	Regulatory Asset FAS 106	2,363,760		926/107	472,752	1,891,008
2	Guaranteed Residual Value-Airplane	1,826,000	1,110,173			2,936,173
3	Reg Asset Post Ret Liab	51,006,123	121,271,624			172,277,747
4	Regulatory Asset FAS109 Utility Plant	102,061,458		283	2,596,433	99,465,025
5	Regulatory Asset FAS109 DSIT Non Plant	3,050,796	256,092			3,306,888
6	Regulatory Asset FAS109 DFIT State Tax Cr	3,972,764	595,466			4,568,230
7	Regulatory Asset FAS109 WNP3	8,603,769		283	737,482	7,866,287
8	Reg Assets- Decouplings Surcharge	225,167	254,426			479,593
9						
10	Regulatory Asset AMR	23,387,754		Various	23,640,523	-252,769
11	Regulatory Asset RTO Deposits- ID	283,223		Various	70,806	212,417
12	Regulatory Asset BPA Residential Exchange	3,836,996		Various	3,587,767	249,229
13	Regulatory Asset BPA Residential Exch Interest	161,862		Various	161,862	
14	Regulatory Asset ERM Approved for Recovery	41,958,848		Various	12,230,664	29,728,184
15						
16	ID Wind Gen AFUDC		35,194			35,194
17						
18	Regulatory Asset Wartsila Units	3,343,865		Vaious	1,018,612	2,325,253
19	MTM St Regulatory Asset	7,171,420	53,057,550			60,228,970
20	MTM LT Regulatory Asset					
21	Regulatory Asset FAS143 Asset Retirement Obligation	3,085,123	250,156			3,335,279
22						
23	Reg Asset AN- CDA Lake Settlement		41,733,385			41,733,385
24						
25	Regulatory Asset Workers Comp	2,851,024	246,144			3,097,168
26	CS2 Lev Ret	1,267,775	174,560			1,442,335
27	Regulatory Asset ID PCA Deferral 1	7,516,287		Various	7,516,287	
28	Regulatory Asset ID PCA Deferral 2	13,646,762	3,434,232			17,080,994
29	Regulatory Asset ID PCA Deferral 3		3,573,957			3,573,957
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL	281,620,776	225,992,959		52,033,188	455,580,547

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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				1,110,999
3	Regulatory Asset-Decoupling def	594,442			4,505	589,937
4	WA Deferred Power Costs	16,564,895			9,341,072	7,223,823
5	WA ERM YTD Company Band	8,482,641			4,482,641	4,000,000
6	WA ERM YTD Contra Account	-8,482,641	4,482,641			-4,000,000
7	Regulatory Asset ROT Deposit	553,747			158,213	395,534
8	Regulatory Asset-Mt lease pymt	1,366,800	1,428,501			2,795,301
9	Regulatory Asset-Mt lease pymt	2,633,200	2,779,808			5,413,008
10	Colstrip Common Fac.	2,355,642				2,355,642
11	Regulatory Asset- COLS		738,101			738,101
12						
13						
14						
15	Payroll Accrual	14,022			14,022	
16						
17	Plant Allocation of clearing jr	1,038,165	1,133,859			2,172,024
18						
19	Misc Error Suspense	-1,038	13,495			12,457
20						
21						
22	Misc susp acct-non w/o	200,000			171,673	28,327
23	Unamortized A/R sale	8,103	17,664			25,767
24						
25	Intangible Pension Asset					
26						
27	Nez Perce Settlement	186,809			5,212	181,597
28	Misc Deferred Debit Centralia	656,829	19,161			675,990
29						
30						
31						
32	ID Panhandle Forest Use Permit	207,424	16,913			224,337
33	Metro-Sunset 115KV TE	351,506			351,506	
34						
35	UPRR Permit Conv	333,585	16,578			350,163
36	Insurance Recvy CDA Lake	161,991			161,991	
37	Corp reorg stk iss. costs	118,086				118,086
38						
39						
40						
41	Nez Perce Permit Conversion	-964	964			
42						
43	PG & E Canada to N Cal trans	44,051	449,556			493,607
44	Misc Work Orders <$50,000	83,795	31,935			115,730
45	Subsidiary Billings	2,125,708			57,883	2,067,825
46	"Null" Projects directly to 186	4,458			350,163	-345,705
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	40,642,265				32,008,980

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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	Regulatory Assets Consv	2,564,057			1,280,292	1,283,765
3	Oregon Gas Comm Consvt	40,060			24,096	15,964
4						
5	Oregon Common Gas Eff	414,778			272,477	142,301
6	WPNG HE Wtr Htrs-Oregon	260,525			258,779	1,746
7	WPNG HE Furnaces	2,121,880			2,081,157	40,723
8						
9	WPNG OR Res Low 1	342,978			191,262	151,716
10						
11	Oregon DSM Gen admin		9,073			9,073
12	Tankless Water Heater Rebate		7,194			7,194
13	Chimney Damper Rebate		594			594
14	Programmable Thermostat Rebate		8,843			8,843
15	High eff Space Heater Rebate		675			675
16						
17	Oregon DSM Program Amort		2,536,269			2,536,269
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32	Energy Star Homes	275,659			275,563	96
33	Energy Star Manufactored Homes	16,225			16,205	20
34	HE Washing Machines	95,701			95,617	84
35	Regulatory Assets Consv	354,695			101,144	253,551
36	Regulatory Assets Consv	784,023			336,413	447,610
37						
38						
39	Regulatory Assets Conservation	154,919			154,919	
40						
41	Dry Creek Transport	364,432	1,774			366,206
42	Glendale Cust Premises Equip	183,654			183,654	
43	Lake CDA Issues	1,950,624			1,950,624	
44	Shareholder Lawsuit 2002	5,800			5,800	
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	40,642,265				32,008,980

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

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	Balance at Beginning of Year	CHANGES DURING YEAR Amounts credited to Account 410.1	Amounts Credited to Account 411.1
	(a)	*(b)*	*(c)*	*(d)*
1	Account 190			
2	Electric	13,791,782	2,103,517	4,234,612
3	Gas	3,123,263	1,391,041	724,528
4	Other (Define)	0		
5	Total (Total of lines 2 thru 4)	**16,915,045**	**3,494,558**	**4,959,140**
6	Other (Specify)	73,908,058	8,750,785	(1,833,945)
6				
6.01	SFAS 123R True Up			
6.02	FAS 109 BETC ITC		0	0
6.03	Relieve Stock OP		0	0
6.04	Interest Rate Swap		0	0
6.05	FAS 106		0	0
6.06	Mark-To-Market		0	0
6.07	Colstrip Generation			
6.08	SFAS 158		0	0
7	TOTAL Account 190 (Total of lines 5 thru 6)	**90,823,103**	**12,245,343**	**3,125,195**
8	Classification of TOTAL			
9	Federal Income Tax			
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	12/31/2008

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					
		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)*	Balance at End of Year *(k)*	Line No.
							1
27,983					70,642	**15,824,252**	2
(5,085)	0	254010 / 283010		254180	206,183	**2,255,652**	3
						0	4
22,898	**0**		**0**		**276,825**	**18,079,904**	5
(142,054)	(62,845)					**63,402,537**	6
				176100	874,944	**(874,944)**	6
				214000/236000	3,956,685	**(3,956,685)**	6.01
0	0	254005	1,234,857			**1,234,857**	6.02
0	0			214050	116,695	**(116,695)**	6.03
0	0	245100	7,394,935	219000/253170	10,501,880	**(3,106,945)**	6.04
0	0	283150	63,575			**63,575**	6.05
0	0	283740	16,757,037	283740		**16,757,037**	6.06
		283366	729,555			**729,555**	6.07
0	0	Various	38,843,329			**38,843,329**	6.08
(119,156)	**(62,845)**		**65,023,288**		**15,727,029**	**131,055,525**	7
							8
							9
						0	10
						0	11

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	04/16/2009	End of 2008/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		
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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
54,487,574	755,903,119					2
				55,939	1,121,577	3
54,487,574	755,903,119			55,939	1,121,577	4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
						41
						42

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	04/16/2009	End of 2008/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	87,394
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22	TOTAL	87,394

This Page Intentionally Left Blank

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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			
3			
4	Secured Medium Term Notes A	250,000,000	787,692
5	Discount		50,200
6	Secured Medium Term Notes B	161,000,000	788,947
7	Secured Medium Term Notes C	109,000,000	969,770
8	FMB's 6.125%	45,000,000	825,301
9	Discount		204,750
10	FMB's 5.45%	90,000,000	1,054,153
11	Discount		239,400
12	FMB's 6.25%	150,000,000	1,812,935
13	(Premium)		-266,500
14	Discount		634,000
15	FMB's 5.70%	150,000,000	4,702,304
16	Discount		222,000
17	FMB's 5.95%	250,000,000	2,246,419
18			835,000
19	FMB's 7.25%	30,000,000	420,306
20	Pollution Control Revenue Bonds		
21	6% Series due 2023	4,100,000	115,355
22	Colstrip 1999A due 2032	66,700,000	2,700,582
23	Discount		20,500
24	Colstrip 1999B due 2034	17,000,000	954,386
25			
26	Acct. 222		
27	Acct. 223 Advances from associated companies	1,200,000	
28	LTD - AVA Trust III	61,856,000	1,658,634
29	LTD - AVA Trust II	51,547,000	3,633,783
30	Acct. 224 Other		
31	Senior Notes	400,000,000	9,128,000
32	Discount		2,716,000
33	TOTAL	1,837,403,000	36,453,917

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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)	Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
						1
						2
						3
Var.	Var.	Var.	Var.	48,000,000	4,099,869	4
						5
6-9-1995	7-1-2010	6-9-1995	7-1-2010	5,000,000	345,000	6
Var.	Var.	Var.	Var.	50,000,000	5,024,125	7
9-8-2003	9-1-2013	9-8-2003	9-1-2013	45,000,000	2,756,250	8
						9
11-18-2004	12-1-2019	11-18-2004	12-1-2019	90,000,000	4,905,000	10
						11
11-17-2005	12-1-2035	11-17-2005	12-1-2035	153,989,418	9,375,000	12
						13
						14
12-15-2006	7-1-2037	12-15-2006	7-1-2037	147,067,094	8,550,000	15
						16
4-3-2008	6-1-2018	4-3-2008	6-1-2018	234,814,467	11,073,611	17
						18
12-16-2008	12-16-2013	12-16-2008	12-16-2013	30,000,000	90,625	19
						20
12-18-1984	12-1-2023	12-18-1984	12-1-2032	4,100,000	246,000	21
9-1-1999	10-1-2032	9-1-1999	10-1-2032	66,700,000	3,345,934	22
						23
9-1-1999	3-1-2034	9-1-1999	3-1-2034	17,000,000	872,388	24
						25
						26
				1,200,000		27
4-5-2004	4-1-2034	4-30-2004	3-31-2034	61,856,000	4,020,640	28
6-3-1997	6-1-2037	6-30-1997	5-31-2037	51,547,000	2,120,149	29
						30
4-3-2001	6-1-2008	5-1-2001	6-1-2008		11,084,938	31
						32
				1,006,273,979	67,909,529	33

This Page Intentionally Left Blank

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	04/16/2009	End of 2008/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)	73,619,720
2		
3		
4	Taxable Income Not Reported on Books	
5		9,501,848
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		91,483,730
11	Federal Income Tax	5,376,170
12	Deferred Income Tax	35,858,558
13	Investment Tax Credit & State Income Tax	3,893
14	Income Recorded on Books Not Included in Return	
15		59,774,306
16	Equity in Sub Earnings (Income)/Loss	-4,123,038
17	Corporate Overhead Unallocated Subs	823,208
18		
19	Deductions on Return Not Charged Against Book Income	
20		-262,942,348
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	9,376,046
28	Show Computation of Tax:	
29		
30	Federal Tax Net Income	9,376,046
31	State Tax	171,437
32	Federal Tax Net Income including State Tax	9,547,483
33		
34	Federal Tax @ 35%	3,341,619
35		
36		
37	Prior Years Tax Return, Revenue Agent Report & Misc True Ups	3,865,437
38	Kettle Falls & Cabinet Gorge Tax Credits	-1,830,887
39		
40	Total Federal Tax Expense (agrees to line 11)	5,376,169
41		
42		
43		
44		

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 3/10/2009	Year/Period of Report End of: 2008/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 203) (b)	Prepaid Taxes (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
1	FEDERAL:					
2	Income Tax 2005 & Older	-		19,767,521	(6,011,211)	
3	Income Tax 2006	(23,161,363)		5,020,161	-	
4	Income Tax 2007	1,535,388		(3,835,702)	-	
5	Income Tax (Current)			3,195,302	14,227,203	
6	Retained Earnings	(1,850,177)			-	
7	Retained Earnings	(3,163,344)		-	-	
	Prior Retained Earnings	(2,127,838)		-	-	
8	Current Retained Earnings			(2,374,114)	(938,493)	
9	Total Federal	**(28,767,334)**	-	**21,773,168**	**7,277,499**	-
10						
11	**STATE OF WASHINGTON:**					
12	Property Tax 2006	(556)		-	-	556
13	Property Tax 2007	10,692,000		(3,157,737.00)	7,533,707	(556)
14	Property Tax 2008	-		7,771,834.00	660	(0)
15	Excise Tax 2005 & 2006	90,988		-	-	
16	Excise Tax 2007	2,614,792		353,169.00	2,567,961	0
17	Excise Tax 2008	-		24,034,759.00	21,549,461	
18	Natural Gas Use Tax	34,707		93,266.00	94,757	(1)
19	Municipal Occupation Tax	2,695,522		21,642,563.00	21,723,299	0
20	Sales & Use Tax (2005 & 2006)	(7,943)		-	-	-
21	Sales & Use Tax (2007)	60,189		-	46,546	
22	Sales & Use Tax (2008)	-		763,350	713,084	
23	Motor Vehicle Tax 2008	-		11,090	11,090	
24	**Total Washington**	**16,179,699**	-	**51,512,294**	**54,240,566**	**(1)**
25						
26	**STATE OF IDAHO:**					
27	Income Tax 2006	487,826		-	-	-
28	Income Tax 2007	(180,121)		(100,628)	(176,233)	-
29	Income Tax 2008	-		41,224	485,000	-
30	Property Tax 2006	0		-	-	-
31	Property Tax 2007	2,121,077		(8,245)	2,112,832	-
32	Property Tax 2008	-		3,737,222	1,225,086	-
33	Motor Vehicle Tax 2008	-		10,098	10,098	
34	Sales & Use Tax 2005	436		-	-	-
35	Sales & Use Tax 2007	5,173		-	5,186	-
36	Sales & Use Tax 2008	-		75,499	52,263	-
37	Irrigation Credits 2007			(470)	(470)	
38	KWH Tax 2006	(0)		-	-	
39	KWH Tax 2007	34,357		(9,496)	24,862	-
40						

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 3/10/2009	Year/Period of Report End of: 2008/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 Adjustments (l)	Line No.
						1
25,778,732		3,742,962	1,476,240	2,216,994	12,331,325	2
(18,141,202)		-	-	-	5,020,161	3
(2,300,314)		213,585	(3,936)	(3,885,763)	(159,588)	4
(11,031,901)		(2,617,399)	2,098,966	2,134,521	1,579,214	5
(1,850,177)					-	6
(3,163,344)					-	7
(2,127,838)					-	
(1,435,621)					(2,374,114)	8
(14,271,665)	**-**	**1,339,148**	**3,571,270**	**465,752**	**16,396,998**	9
						10
						11
-		-	-	-	-	12
(0)		(2,392,149)	(778,099)	12,856	(345)	13
7,771,174		6,258,500	1,476,746	36,000	588	14
90,988		-	-	-	-	15
400,000		(48,417)	(4,981)	406,567	(0)	16
2,485,298		15,767,570	8,178,424	91,342	(2,577)	17
33,215		-	-		93,266	18
2,614,786		13,959,887	7,633,614		49,062	19
(7,943)		-			-	20
13,643					-	21
50,265					763,350	22
-					11,090	23
13,451,426	**-**	**33,545,391**	**16,505,704**	**546,765**	**914,434**	24
						25
						26
487,826					-	27
(104,516)		(54,969)	(45,659)		-	28
(443,776)		(49,822)	91,046		-	29
0		-	-		-	30
0		10	(3.00)	(8,118)	(134)	31
2,512,135		3,043,418	706,000	9,264	(21,460)	32
-		-	-		10,098	33
436				-	-	34
(13)		-	-	-	-	35
23,236					75,499	36
-		-			(470)	37
(0)					-	38
-		(9,495)			(1)	39
						40

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 3/10/2009	Year/Period of Report End of: 2008/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 203) (b)	Prepaid Taxes (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
1	KWH Tax 2008	-		338,468	317,213	-
2	Franchise Tax 2006	(2,346)		-	-	2,346
3	Franchise Tax 2007	1,619,792		6	1,617,452	(2,346)
4	Franchise Tax 2008	-		4,107,494	2,433,731	-
5	**Total Idaho**	**4,086,194**	-	**8,191,172**	**8,107,020**	-
6						
7	STATE OF MONTANA:					
8	Income Tax (2006)	516,192		-	(4,053)	
9	Income Tax (2007)	(9,721)		(181,898)	(132,184)	
10	Income Tax (2008)	-		27,219	375,000	
11	Property Tax (2006)	5,672		(5,672)	-	
12	Property Tax (2007)	3,084,105		(2,990)	3,081,115	
13	Property Tax (2008)			6,676,978	3,340,662	
14	Colstrip Generation Tax			4,228	4,228	
15	KWH Tax 2005	-		-	-	
16	KWH Tax 2006	-		-	-	
17	KWH Tax 2007	240,285		-	240,285	
18	KWH Tax 2008	-		1,183,035	915,808	-
19	Motor Vehicle Tax (2008)			3,287	3,287	
20	Consumer Council Tax	4,865		46,489	26,904	
21	Public Commission Tax	8		24	26	
22	**Total Montana**	**3,841,406**	-	**7,750,700**	**7,851,078**	-
23						
24	STATE OF OREGON:					
25	Income Tax (2006)	266,087		-	-	
26	Income Tax (2007)	(528,274)		151,254	(377,015)	
27	Income Tax (2008)			(214,586)	335,000	
28	Property Tax (2005 & 2006)	2,891		(2,891)	-	
29	Property Tax (2007)	(759,157)		759,157	-	
30	Property Tax (2008)			900,406	1,910,406	
31	Motor Vehicle Tax (2008)			1,807	1,807	
32	BETC Credit (2000)	(387,653)		-	-	387,653
33	BETC Credit (2001)	163,940		-	-	(163,940)
34	BETC Credit (2002)	(46,118)		-	-	46,118
35	BETC Credit (2003)	25,292		-	-	(25,292)
36	BETC Credit (2004)	37,086		-	-	(37,086)
37	BETC Credit (2005)	(82,896)		-	-	82,896
38	BETC Credit (2006)	(208,108)		-	-	(290,349)
39	BETC Credit (2007)	17,786		191,873	-	
40	BETC Credit (2008)	-		(46,847)	-	

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission		Date of Report (Mo, Da, Yr) 3/10/2009	Year/Period of Report End of: 2008/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 Adjustments (l)	Line No.
21,254		338,468	-		-	1
-					-	2
(0)		6			-	3
1,673,762		2,544,119	1,558,955		4,419	4
4,170,346	-	**5,811,735**	**2,310,339**	**1,146**	**67,952**	5
						6
						7
520,245		-		-	-	8
(59,435)		(181,898)			-	9
(347,781)		27,219			-	10
-		(5,672)			(0.4200)	11
(0)		(2,990)			(0.2000)	12
3,336,316		6,676,978			0.0100	13
0		4,228			0.2000	14
-		-			-	15
-		-			-	16
(0)		-			-	17
267,227		1,183,035			(0.4200)	18
(0)		-			3,287	19
24,450		46,489			-	20
6		24			0.3600	21
3,741,028	-	**7,747,413**	-	-	**3,287**	22
						23
						24
266,087					-	25
(5)		(70,944)	222,198	-	-	26
(549,586)		(53,647)	(160,939)		-	27
(0)		(2,891)	-		-	28
-		(76,843)	836,000		0	29
(1,010,000)		71,933	828,473		0	30
-					1,807	31
-					-	32
-					-	33
-					-	34
-					-	35
-					-	36
-					-	37
(498,457)					-	38
209,659		191,873			(0)	39
(46,847)			-		(46,847)	40

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 3/10/2009	Year/Period of Report End of: 2008/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 203) (b)	Prepaid Taxes (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
1	**STATE OF OREGON:**					
2	Glendale Regulatory Tax Cr.	-		(351,469.00)		-
3	Franchise Tax (2004)	(62,168)		-	-	62,168
4	Franchise Tax 2005	60,185		-	-	(60,185)
5	Franchise Tax 2006	37,494		-	32,123	(4,616)
6	Franchise Tax 2007	1,413,741		-	1,416,374	2,633
6	Franchise Tax 2008			4,293,223	3,296,833	-
7	**Total Oregon**	**(49,872)**	**-**	**5,681,927**	**6,615,528**	**-**
8						
9	**STATE OF CALIFORNIA:**					
10	Income Tax (2005)	(10,400)		-	(8,531)	
11	Income Tax (2006)	(800)		-	(486)	-
12	Income Tax (2007)			(1,838)	1,362	
13	**Total California**	**(11,200)**	**-**	**(1,838)**	**(7,655)**	**-**
14						
15	**MISC. STATES**					
16	Income Tax (2007)	0		0	0	
17	Income Tax (2008)	0		-1125	-1124	
18	**Total Misc States**	**-**	**-**	**(1,125)**	**(1,124)**	**-**
19						
20	**COUNTY & MISCELLANEOUS**					
21	Forrest Fire Protection					
22	Greenacres Irrigation					
23	City of Spokane PBIA	-		-	-	
24	Spokane Utility Tax	-		-		
25	Quincy Basin/Columbia Irrigation					
26	City of Spokane Bus. License					
27	WA Renewable Energy	-		(9,614)	(9,614)	
28	Misc./Distribution	3,299		19,310	19,310	
29	**Total Miscellaneous**	**3,299**	**-**	**9,696**	**9,696**	**-**
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	**TOTALS**	**(4,717,808)**	**-**	**94,915,994**	**84,092,608**	**(1)**

Name of Respondent: Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 3/10/2009	Year/Period of Report End of: 2008/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 Adjustments (l)	Line No.
						1
(351,469.00)			140,580.00	-	(492,049)	2
-			-		-	3
-			-		-	4
755					-	5
-					-	6
996,390			4,266,014		27,209	6
(983,473)	-	**59,481**	**6,132,327**	-	**(509,881)**	7
						8
						9
(1,869)			-		-	10
(314)			-		-	11
(3,200)			(1,838)		-	12
(5,383)	-	-	**(1,838)**	-	-	13
						14
						15
-				-	-	16
(1)		0	0		(1,125)	17
(1)	-	-	-	-	**(1,125)**	18
						19
						20
-					-	21
-					-	22
-					-	23
-					-	24
-					-	25
-					-	26
0					(9,614)	27
3,299					19,310	28
3,299	-	-	-	-	**9,696**	29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
6,105,577	-	**48,503,169**	**28,517,801**	**1,013,663**	**16,881,361**	40

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	04/16/2009	End of 2008/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 Account No. (c)	Deferred for Year Amount (d)	Allocations to Current Year's Income Account No. (e)	Allocations to Current Year's Income Amount (f)	Adjustments (g)
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 Propertry (100%	423,036			411400	49,308	
11							
12	TOTAL PROPERTY	423,036				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							

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
373,728			10
			11
373,728			12
			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 of Report
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission		December 31, 2008

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)	220,000
2		
3	Titus (242050)	57,000
4		
5	Forest Use Permits (242060)	182,081
6		
7	Settlement Payable (242090)	1,799,906
8		
9	Audit Exp Acc (242200)	(132,208)
10		
11	FERC Administrative Fee Accrual (242300 & 242310)	531,499
12		
13	Montana Lease Payments (242375)	4,171,200
14		
15	Non-monetary Power Exchange (242500)	186,600
16		
17	Demand Side Mgmt Tariff Rider (242600)	(11,137,180)
18		
19	Payroll Equalization (242700)	12,730,817
20		
21	Low Income Energy Assistance (242770)	2,449,973
22		
23	Avista Grants Eng Sustain WSU-ASL	407,924
24		
25	Mobius (242790)	450,000
26		
27	Workers Compensation Reg Liab (242830)	3,097,168
28		
29	Accounts Payable - Inventory Accrual (242900)	359,299
30		
31	Accounts Payable - Expense Accrual (242910)	2,011,019
32		
33	Benefit Liability, Current Portion (242999)	3,918,854
34		
35	Gas Imbalance Account	943,137
36		
37	Customer Liability Accounts	8,714,072
38		
39	Current Portion of Oregon SB 408	1,001,777
40		
41	Clearing Liability Account	225,457
42		
43		
44	TOTAL	32,188,393

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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)	164	419000	164		
2	Pacificorp Capacitor (253080)	14,058	456100	9,372		4,686
3						
4	Centralia Environmental (253110)	965,260	232650	1,374		963,886
5	Rathdrum Refund (253120)	408,686	550000	33,822		374,864
6	NE Tank Spil (253130)	135,540	186200	36,933		98,607
7	Bills Pole Rentals (253140)	202,867			8,753	211,620
8	CR-CS2 GE LTSA (253150)				4,739,221	4,739,221
9	IR Swaps (254170)				568,713	568,713
10	Sale/Leaseback on Bldg (253850)	1,045,824	931000	261,456		784,368
11	Clark Fork Relicensing (253890)	-949,317	184999	274,403		-1,223,720
12	Defer Comp Retired Execs (253900)	236,392	431100	55,944		180,448
13	Defer Comp Active Execs (253910)	12,114,655	128250	3,306,934		8,807,721
14	Executive Incent Plan (253920)	140,000				140,000
15	Unbilled Revenue (253990)	3,758,203			1,577,265	5,335,468
16	Regulatory Accruals (253650)				4,000,000	4,000,000
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	18,072,332		3,980,402	10,893,952	24,985,882

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	04/16/2009	End of 2008/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	243,603,622	20,991,257	
3	Gas	65,325,660	9,585,595	
4	Other	11,120,041	1,257,180	
5	TOTAL (Enter Total of lines 2 thru 4)	320,049,323	31,834,032	
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	320,049,323	31,834,032	
10	Classification of TOTAL			
11	Federal Income Tax	309,404,482	31,412,550	
12	State Income Tax	10,644,841	421,482	
13	Local Income Tax			

NOTES

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/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
		236000	12,489,079			252,105,800	2
264,791		236/409	4,931,847			70,244,199	3
164,821						12,542,042	4
429,612			17,420,926			334,892,041	5
							6
							7
							8
429,612			17,420,926			334,892,041	9
							10
429,612			17,420,926			323,825,718	11
						11,066,323	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	04/16/2009	End of 2008/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	47,772,530	842,539	1,068,560
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	47,772,530	842,539	1,068,560
10	Gas			
11	Gas	3,246,029	-9,824,248	-285,262
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	3,246,029	-9,824,248	-285,262
18	Other	188,255,955	4,301,642	-3,620
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	239,274,514	-4,680,067	779,678
20	Classification of TOTAL			
21	Federal Income Tax	236,223,718	-4,680,067	779,678
22	State Income Tax	3,050,796		
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
480,536		182	737,483	190	729,555	48,019,117	3
		407	46,569	191	78,414	31,845	4
				236	402,332	402,332	5
							6
							7
							8
480,536			784,052		1,210,301	48,453,294	9
							10
-60,649	16,366	182	69,457			-6,439,429	11
							12
							13
							14
							15
							16
-60,649	16,366		69,457			-6,439,429	17
	3,357,882	182	1,745,275	190/283	59,271,562	246,729,622	18
419,887	3,374,248		2,598,784		60,481,863	288,743,487	19
							20
419,887	3,374,248		2,598,784		53,868,087	279,078,915	21
					6,613,776	9,664,572	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	04/16/2009	End of 2008/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 (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	Idaho Investment Tax Credit (254005)	7,120,008			1,234,857	8,354,865
2	Oregon BETC Credit (254010)	257,984	190005	128,992		128,992
3	Deffered Gas Exchange (254028)		495028	494,565		-494,565
4	FAS 109 Invest Tax Credit (254180)	227,796	190180	6,639		221,157
5	Nez Perce (254220)	792,404	various	5,502		786,902
6	Oregon Senate Bill (254250)	3,638,488	407431	1,118,862		2,519,626
7	Reg liability CCX CR ID (254300)				754,484	754,484
8	BPA Res Exch Regulatory Liab (254345)		407450	1,629,929		-1,629,929
9	Unrealized Currency Exchange (254399)	30,876			49,757	80,633
10	Mark to Market FAS133 (254750)	53,413,783		8,706,426		44,707,357
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	65,481,339		12,090,915	2,039,098	55,429,522

This Page Intentionally Left Blank

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, 2009	Dec. 31, 2008

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	276,386,377	264,545,904
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	156,309,372	151,908,092
5	Large (or Ind.) (See Instr. 6)	7,996,232	7,792,244
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	562,758	490,070
8	TOTAL Sales to Ultimate Consumers	441,254,739 (1)	424,736,310
9	(483) Sales for Resale	283,746,846	142,464,487
10	TOTAL Nat. Gas Service Revenues	725,001,585	567,200,797
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	725,001,585	567,200,797
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	165,749	111,420
17	(489) Rev. from Trans. of Gas of Others	6,326,968	6,638,317
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	24,703	15,060
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	4,766,853	3,565,179
24	TOTAL Other Operating Revenues	11,284,273	10,329,976
25	TOTAL Gas Operating Revenues	736,285,858	577,530,773
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	736,285,858	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	432,695,749	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	7,996,232	
30	Sales for Resale	283,746,846	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	562,758	
33	TOTAL (Same as Line 10, Columns (b) and (d))	725,001,585	

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 18,2009	Dec. 31, 2008

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
210,124,761	195,756,484	277,892	273,415	2
				3
132,632,391	125,041,383	32,928	32,353	4
7,788,215	7,348,725	270	276	5
				6
526,078	437,882	54	52	7
351,071,445 (2)	328,584,474	311,144	306,096	8
348,969,400	223,615,011			9
700,040,845	552,199,485	311,144	306,096	10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33

NOTES

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

(1) Includes $11,927,340 unbilled revenues.

(2) Includes 10,759,965 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 17, 2009	December 31, 2008

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 17, 2009	December 31, 2008

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	600,873,113	434,093,210
73	804.1 Liquefied Natural Gas Purchases	-	-
74	805 Other Gas Purchases	-	167,566
75	(Less) 805.1 Purchased Gas Cost Adjustments	20,372,022	16,853,121
76			
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	621,245,135	451,113,897
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	42,570,383	15,273,047
87	(Less) 808.2 Gas Delivered to Storage-Credit	(60,553,881)	(16,073,809)
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	(1,563,044)	-
93	812 Gas used for Other Utility Operations-Credit	-	-
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	(1,563,044)	-
95	813 Other Gas Supply Expenses	1,709,497	1,696,768
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	603,408,090	452,009,904
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	603,408,090	452,009,904

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 17, 2009	December 31, 2008

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	20,862	25,088
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	322,129	303,177
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Enter Total of lines 101 thru 113)	342,991	328,265
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	272,007	297,109
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	272,007	297,109
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	614,999	625,374
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
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 17, 2009	December 31, 2008

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)	614,999	625,374
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)	-	-

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 17, 2009	December 31, 2008

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	939,535	853,853
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	2,866,257	2,838,125
209	875 Measuring and Regulating Station Expenses-General	439,736	235,910
210	876 Measuring and Regulating Station Expenses-Industrial	36,822	7,762
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	221,031	97,236
212	878 Meter and House Regulator Expenses	1,641,297	2,024,058
213	879 Customer Installations Expenses	2,111,891	1,775,093
214	880 Other Expenses	2,113,941	2,102,151
215	881 Rents	28,691	23,991
216	TOTAL Operation (Enter Total of lines 204 thru 215)	10,399,201	9,958,179
217	Maintenance		
218	885 Maintenance Supervision and Engineering	156,885	246,526
219	886 Maintenance of Structures and Improvements	-	-
220	887 Maintenance of Mains	1,976,738	2,751,258
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	207,875	261,794
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	231,212	161,525
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	29,819	76,876
225	892 Maintenance of Services	897,764	1,017,281
226	893 Maintenance of Meters and House Regulators	1,036,861	796,312
227	894 Maintenance of Other Equipment	143,651	131,608
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	4,680,806	5,443,180
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	15,080,007	15,401,359
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	433,739	470,638
233	902 Meter Reading Expenses	1,523,098	1,401,730
234	903 Customer Records and Collection Expenses	5,989,706	5,888,220
235	904 Uncollectible Accounts	1,703,343	1,442,353
236	905 Miscellaneous Customer Accounts Expenses	130,303	167,628
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	9,780,190	9,370,570

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 17, 2009	December 31, 2008

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	9,408,812	8,199,066
242	909 Informational and Instructional Expenses	211,834	3,566
243	910 Miscellaneous Customer Service and Informational Expenses	91,139	71,454
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	9,711,784	8,274,085
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	455,305	667,884
249	913 Advertising Expenses	144,271	204,901
250	916 Miscellaneous Sales Expenses	131,256	115,494
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	730,832	988,279
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	7,455,414	6,996,590
255	921 Office Supplies and Expenses	1,493,583	1,409,098
256	(Less) (922) Administrative Expenses Transferred-Cr.	(24,846)	(17,993)
257	923 Outside Services Employed	4,208,920	4,175,631
258	924 Property Insurance	335,230	338,376
259	925 Injuries and Damages	2,179,076	734,709
260	926 Employee Pensions and Benefits	304,978	251,683
261	927 Franchise Requirements	-	-
262	928 Regulartory Commission Expenses	2,004,112	1,795,583
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	1,060	2,258
265	930.2 Miscellaneous General Expenses	1,371,393	1,145,940
266	931 Rents	236,320	269,960
267	TOTAL Operation (Enter Total of lines 254 thru 266)	19,565,240	17,101,834
268	Maintenance		
269	935 Maintenance of General Plant	2,375,291	2,270,584
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	21,940,531	19,372,419
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	661,266,434	506,041,988

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	194
3. Total Part-Time and Temporary Employees allocation of General Employees	9	18
4. Allocation of General Employees	369	337
5. Total Employees	572	549

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 17, 2009	Dec. 31, 2008

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	705,725
3	Labor Loading	460,997
4	Other Expenses (Professional Services, Travel, Training etc.)	232,752
5		
6	Amortization of Gas Operations Database	97,733
7		
8	Credit Exposure Reserve	10,000
9		
10		
11	Regulatory Affairs	
12	Labor	76,477
13	Labor Loading	55,989
14	Other Expenses (Professional Services, Travel, Training etc.)	69,824
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	1,709,497

Name of Respondent	This report is:	Date of Report	Year of Report
Avista Corp.	(1) (X)An Original (2) ( ) A Resubmission	(Mo, Da, Yr) April 17, 2009	Dec. 31, 2008

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	308,497
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	39,924
4	Directors fees and expenses	183,128
5	Miscellaneous General Expenses	614,017
6	Community Relations	129,098
7	Educational - Informational	8,473
8	Other Miscellaneous General Expenses	88,256
9	Other Miscellaneous Labor	
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43	TOTAL	1,371,393

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 17, 2009	December 31, 2008

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			227
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas			
4	Products extraction plant			
5	Underground gas storage plant	416,672		
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant			
9	Distribution plant	11,785,738		
10	General plant	649,649		
11	Common General plant-Allocated	1,815,587		
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTAL	14,667,646	0	227

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
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 17, 2009	December 31, 2008

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.
176,148			176,375	Intangible plant	1
			0	Production plant, manufactured gas	2
				Production and gathering plant, natural gas	3
				Products extraction plant	4
			416,672	Underground gas storage plant	5
				Other storage plant	6
				Base load LNG terminating and processing plant	7
			0	Transmission plant	8
			11,785,738	Distribution plant	9
	5,660		655,309	General plant	10
1,272,902	2,889		3,091,378	Common general plant-Allocated	11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
1,449,050	8,549	0	16,125,472	TOTAL	25

Name of Respondent	This Report Is:	Date of Report	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	(Mo, Da, Yr) April 17, 2009	complete December 31, 2008

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	2.05%
3	351	1,129	1.75%
4	352	8,914	2.00%
5	352.1 (Leasehold Improvements)	254	2.22%
6	352.2	245	2.53%
7	352.3	6,948	2.54%
8	353	1,067	2.06%
9	354	15,033	2.32%
10	355	174	2.66%
11	356	408	2.97%
12	357	1,711	2.77%
13	Total	35,943	
14			
15	Production - Manufactured Gas:		
16	2305	0	
17	2311	0	
18	Total	0	
19			
20	Distribution Plant:		
21	375	845	2.19%
22	376	313,721	2.38%
23	378	6,237	2.13%
24	379	6,207	2.24%
25	380	184,097	2.67%
26	381	84,702	1.94%
27	385	3,509	2.43%
28	387	1	
29	Total	599,319	
30			
31	General Plant:		
32	390.1	3,511	2.61%
33	390.2	60	20.00%
34	391	379	4.53%
35	391.1	0	6.30%
36	392	5,430	
37	393	141	2.51%
38	394	3,655	4.24%
39	395	601	3.27%
40	396	1,910	
41	397	2,059	9.28%
42	398	0	1.28%
43	Total	17,746	
44			
45	Total Depreciable Gas Plant	653,008	

This Page Intentionally Left Blank

Name of Respondent	This report is:	Date of Report	Year of Report
Avista Corp.	(1) (X)An Original (2) ( ) A Resubmission	(Mo, Da, Yr) April 18, 2009	Dec. 31, 2008

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.	1,110,571
4	Total - 425.00	1,110,571
5		
6	Acct. 426.10 - DONATIONS	
7		
8		
9	Brett Sports and Entertainment	80,000
10	Project Share	218,100
11	Items Under $50,000	657,959
12		
13	Total 426.10	956,059
14		
15	Acct. 426.20 - LIFE INSURANCE	
16	Officers Life	181,955
17	SERP	1,918,280
18	Total 426.20	2,100,235
19		
20	Acct. 426.30 - PENALTIES	
21	Emission Penalty	58,000
22	WUTC non-compliance terms of order	50,000
23	All Items Under $20,000	30,152
24	Total 426.30	138,152
25		
26	Acct. 426.40 - EXPENDITURES FOR CERTAIN CIVIC, POLITICAL,	
27	AND RELATED ACTIVITIES	
28	Items Under $250,000	1,211,097
29	Total 426.40	1,211,097
30		
31	Acct. 426.50 - OTHER DEDUCTIONS	
32		
33		
34	Kettle Falls Reserve Amortization	(53,066)
35	Executive Deferred Compensation	(2,394,079)
36	Cash Reduction for PGE Monetization	88,125
37	Acquisition Costs	169,563
38	Ratings Assessment Service Fees	250,000
39	Misc items	48,000
40	Total 426.50	-1,891,457
41		
42		

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

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)	2,120,149
4	AVA Capital Trust III (interest rate of 6.5 percent)	4,020,640
5	Avista Capital, Inc.	77,722
6		
7	Total 430.00	6,218,511
8		
9		
10		
11		
12		
13		
14		
15	Acct. 431.00 - OTHER INTEREST EXPENSE	
16	Other	114,391
17	Interest on collateral deposits from counterparties	607,804
18	Interest on power and natural gas deferrals	1,191,895
19	Interest on committed line of credit	1,956,478
20	Interest on BPA residential exchange	91,417
21	Interest on customer deposits	186,319
22	Interest on amount due to IRS	1,406,452
23	Total 431.00	5,554,756
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		

Name of Respondent Avista Corporation	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report End of 2008/Q4

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.	1,886,187	344,169	2,230,356	
5					
6					
7					
8					
9	Washington Utilities and Transportation				
10	Commission: includes annual fee and various				
11	other electric dockets	746,339	333,218	1,079,557	
12					
13	Includes annual fee and various other natural				
14	gas dockets	438,327	226,012	664,339	
15					
16	Idaho Public Utilities Commission				
17	Includes annual fee and various other electric				
18	dockets	509,718	240,302	750,020	
19					
20	Includes annual fee and various other natural				
21	gas dockets	218,450	114,501	332,951	
22					
23	Public Utility Commission of Oregon				
24	Includes annual fees and various other natural				
25	gas dockets	544,741	180,056	724,797	
26					
27	Not directly assigned electric		723,772	723,772	
28	Not directly assigned natural gas		282,026	282,026	
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	4,343,762	2,444,056	6,787,818	

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	04/16/2009	End of 2008/Q4

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	2,230,356					4
							5
							6
							7
							8
							9
							10
Electric	928	1,079,557					11
							12
							13
Gas	928	664,339					14
							15
							16
							17
Electric	928	750,020					18
							19
							20
Gas	928	332,951					21
							22
							23
							24
Gas		724,797					25
							26
Electric	928	723,772					27
Gas	928	282,026					28
							29
							30
							31
							32
							33
							34
							35
							36
							37
							38
							39
							40
							41
							42
							43
							44
							45
		6,787,818					46

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	04/16/2009	End of 2008/Q4

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	8,977,551		
4	Transmission	2,490,980		
5	Regional Market			
6	Distribution	4,626,264		
7	Customer Accounts	5,449,349		
8	Customer Service and Informational	339,599		
9	Sales	389,128		
10	Administrative and General	12,012,969		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	34,285,840		
12	Maintenance			
13	Production	2,380,308		
14	Transmission	833,610		
15	Regional Market			
16	Distribution	4,241,139		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	7,455,057		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	11,357,859		
21	Transmission (Enter Total of lines 4 and 14)	3,324,590		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	8,867,403		
24	Customer Accounts (Transcribe from line 7)	5,449,349		
25	Customer Service and Informational (Transcribe from line 8)	339,599		
26	Sales (Transcribe from line 9)	389,128		
27	Administrative and General (Enter Total of lines 10 and 17)	12,012,969		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	41,740,897	8,035,812	49,776,709
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	752,515		
34	Storage, LNG Terminaling and Processing	8,397		
35	Transmission			
36	Distribution	3,864,070		
37	Customer Accounts	2,411,740		
38	Customer Service and Informational	162,043		
39	Sales	151,966		
40	Administrative and General	4,649,383		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	12,000,114		
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission	499,826		

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	2,068,178		
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	2,568,004		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	752,515		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru	8,397		
56	Transmission (Lines 35 and 47)	499,826		
57	Distribution (Lines 36 and 48)	5,932,248		
58	Customer Accounts (Line 37)	2,411,740		
59	Customer Service and Informational (Line 38)	162,043		
60	Sales (Line 39)	151,966		
61	Administrative and General (Lines 40 and 49)	4,649,383		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	14,568,118	2,804,833	17,372,951
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	56,309,015	10,840,645	67,149,660
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	24,609,596	4,726,535	29,336,131
69	Gas Plant	6,599,555	1,267,514	7,867,069
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	31,209,151	5,994,049	37,203,200
72	Plant Removal (By Utility Departments)			
73	Electric Plant	908,961	171,862	1,080,823
74	Gas Plant	83,692	15,824	99,516
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	992,653	187,686	1,180,339
77	Other Accounts (Specify, provide details in footnote):			
78	Stores Expense	1,594,474	-1,594,474	
79	Regulatory Assets	214,454		214,454
80	Preliminary Survey and Investigation	-3,566		-3,566
81	Small Tool Expense	2,424,013	-2,424,013	
82	Miscellaneous Deferred Debits	23,023,863		23,023,863
83	Non-operating Expenses	396,265		396,265
84				
85	Expenditures of Certain Civic, Political and Related	238,729		238,729
86	Employee Incentive	3,015,100	-3,015,100	
87	DSM Tarrif Rider and Payroll Equilization Liability	15,086,274	-13,720,024	1,366,250
88	Incentive/ Stock Compensations	42,804		42,804
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	46,032,410	-20,753,611	25,278,799
96	TOTAL SALARIES AND WAGES	134,543,229	-3,731,231	130,811,998

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	April 17, 2009	December 31, 2008

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	AT&T		286,379
2	Advance Engineering Corp		341,185
3	Cerium Networks		357,196
4	Davis Wright Tremaine LLP		766,968
5	Dewey & Leboeuf LLP		659,622
6	Deloitte & Touchee LLP		1,452,858
7	Fujitsu Consulting Inc		500,677
8	GEI Consultants Inc		291,905
9	Heller Ehrman		663,621
10	James A Carothers		286,000
11	Pacific Gas & Electric Company		365,859
12	Paine Hamblen Coffin Brooke		738,553
13	Regulas Integrated Solutions LLC		366,009
14	The Ultimate Software Group Inc		317,486
15	Thomson Property Tax Services		613,710
16	US Fish & Wildlife Service		299,445
17	Van Ness Feldman		449,234
18	Western Electricity		502,705
19	Winston & Strawn LLP		429,617
20	Golder Associated Inc		280,319
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			

This Page Intentionally Left Blank

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 17, 2009	Dec. 31, 2008

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	34,209	0	34,209
3	February	4,914	0	4,914
4	March	0	0	0
5	April	108,278	0	108,278
6	May	1,211,624	0	1,211,624
7	June	1,183,179	0	1,183,179
8	July	2,422,393	0	2,422,393
9	August	1,388,083	0	1,388,083
10	September	1,233,780	0	1,233,780
11	October	22,146	0	22,146
12	November	834	0	834
13	December	13,249	0	13,249
14	TOTAL (Enter Total of Lines 2 Thru 13)	7,622,689	0	7,622,689
15	Gas Withdrawn from Storage			
16	January	(1,184,899)	0	(1,184,899)
17	February	(1,316,559)	0	(1,316,559)
18	March	(453,687)	0	(453,687)
19	April	(47,780)	0	(47,780)
20	May	(11,053)	0	(11,053)
21	June	(9,577)	0	(9,577)
22	July	(34,485)	0	(34,485)
23	August	(584,930)	0	(584,930)
24	September	(925,308)	0	(925,308)
25	October	(12,110)	0	(12,110)
26	November	(187,735)	0	(187,735)
27	December	(1,843,707)	0	(1,843,707)
28	TOTAL (Enter Total of Lines 16 Thru 27)	(6,611,830)	0	(6,611,830)
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 17, 2009	Dec. 31, 2008

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)	6,078,789
2	Cushion Gas (Including Native Gas)	7,368,462
3	Total Gas in Reservoir (Enter Total of Line 1 and 2)	13,447,251
4	Certificated Storage Capacity	15,353,156
5	Number of Injection - Withdrawal Wells	54
6	Number of Observation Wells	48
7	Maximum Day's Withdrawal from Storage	236,572
8	Date of Maximum Days' Withdrawal	December 15, 2008
9	LNG Terminal Companies (In Dth)	
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 1.0400	
22		
23		
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 17, 2009	Dec. 31, 2008

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"	10,301,280	10,560	258,720	10,053,120
3	Steel Wrapped	2" to 4"	2,803,680	26,400	58,080	2,772,000
4	Steel Wrapped	4" to 8"	2,893,440	21,120	63,360	2,851,200
5	Steel Wrapped	8" to 12"	200,640	10,560	0	211,200
6	Steel Wrapped	Over 12"	52,800	0	52,800	0
7						
8	Plastic	Less than 2"	17,793,600	692,894	0	18,486,494
9	Plastic	2" to 4"	3,579,840	290,030	0	3,869,870
10	Plastic	4" to 8"	733,920	371,131	0	1,105,051
11	Plastic	8" to 12"	0	2,851	0	2,851
12	Plastic	Over 12"	0	0	0	0
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37	TOTALS		38,359,200	1,425,546	432,960	39,351,786

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 17, 2009	December 31, 2008

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	87,156	153	0	87,309	Not Available
3	Steel Wrapped	1" thru 2"	1,852	9	25	1,836	
4	Steel Wrapped	2" thru 4"	65	6	3	68	
5	Steel Wrapped	4" thru 8"	10	0	0	10	
6	Steel Wrapped	Over 8"	1	0	0	1	
7							
8	Plastic	1' or Less	219,803	16,491	0	236,294	
9	Plastic	1" thru 2"	2,969	123	0	3,092	
10	Plastic	2" thru 4"	104	5	0	109	
11	Plastic	4" thru 8"	5	0	0	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		311,965	16,787	28	328,724	

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 17, 2009	Dec. 31, 2008

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				333,823	14,168	7,879	340,112

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 17, 2009	Dec. 31, 2008

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.

Line No.	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)
1						
2	Chehalis, Washington	Underground Natural Gas	268,667	31,294,474	X	
3		Storage Field				
4		Washington & Idaho Supply				
5						
6	Chehalis, Washington	Underground Natural Gas	26,000	5,060,898	X	
7		Storage Field				
8		Oregon Supply				
9						
10	Chehalis, Washington	Underground Natural Gas	2,623	(1)	X	
11		Storage Field				
12		Oregon Supply				
13						
14	Mist, Oregon	Underground Natural Gas	15,000	(1)	X	
15		Storage Field				
16		Oregon Supply				
17						
18	Rock Springs, Wyoming	Underground Natural Gas	186,125	(1)		X
19		Storage Field				
20		Washington & Idaho Supply				
21						
22	Rock Springs, Wyoming	Underground Natural Gas	63,875	(1)		X
23		Storage Field				
24		Oregon Supply				
25						
26						
27	Notes:					
28						
29	(1) Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.					
30						
31						
32						
33						
34						
35						
36						
37						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 17, 2009	Dec. 31, 2008

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)		72,536,091
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)		14,872,326
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.?)		87,408,417
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		35,107,144
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)		14,872,326
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		2,532,007
27	Other Deliveries (Specify): Sales for Resale		34,896,940
28	Total Deliveries (Total lines 17 thru 27.?)		87,408,417
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		0
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		87,408,417

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: 256 Line No.: 22 Column: h

Background

On December 31, 2008, the City of Forsyth, Montana Pollution Control Revenue Refunding Bonds, Series 1999A (Avista Corporation Colstrip Project) due 2034 were remarketed on behalf of Avista Corp. in the amount of $66.7 million. Avista Corp. **purchased** the Bonds and expects that at a later date, subject to market conditions, the bonds will be refunded or remarketed to unaffiliated investors.

The trust Indenture indicates the following:

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE STATE OR OF ANY SUCH POLITICAL SUBDIVISION, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES AND PROCEEDS PROVIDED THEREFOR. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE SAME NOR INTEREST THEREON EXCEPT FROM THE REVENUES AND PROCEEDS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS.

Accounting Guidance

SFAS 140 paragraph 16 indicates that there are specific criteria that must be met in order to remove a liability from the financial statements.

Paragraph 16 - A debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:

a. The debtor pays the creditor and is relieved of its obligation for the liability. Paying the creditor includes delivery of cash, other financial assets, goods, or services or reacquisition by the debtor of its outstanding debt securities whether the securities are canceled or held as so-called treasury bonds.

b. The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.

Conclusion

The $66.7 million of pollution control bonds should be excluded from Avista Corp's balance sheet based upon the following:

Avista Corp. has effectively paid the creditors by purchasing the outstanding Bonds, which meets the requirements of paragraph 16a.

Although the Bonds are not in Avista Corp's name, the trust indenture indicates that the Bonds shall not be deemed to be an obligation of the issuer (the City of Forsyth). The bonds are effectively a "conduit bond" which indicates they are the obligation of Avista Corp. Therefore, the reacquisition of bonds that Avista Corp is the primary obligor would meet the requirements of paragraph 16a to extinguish the bonds.

Schedule Page: 256 Line No.: 31 Column: h

The $272,860,000 Senior Notes matured June 1, 2008.

Schedule Page: 261 Line No.: 8 Column: a

Schedule Page: 261 Line No: 5 Column: b

Taxable Income Not Reported on Books

Tax NOT Book Income	BPA C&RD Receipts	-
Tax NOT Book Income	Contributions in Aid of Construction - Electric	6,259,362
Tax NOT Book Income	CSS Temp Service Fees - ID	54,920
Tax NOT Book Income	CSS Temp Service Fees - WA	73,800
Tax NOT Book Income	Customer Uncollectibles - Sales for Resale - ED AN	2,705,100
Tax NOT Book Income	Contributions In Aid of Construction - Gas North	304,971
Tax NOT Book Income	BETC - Oregon Purchased Tax Credits (@ 87%)	(96,870)
Tax NOT Book Income	Contributions in Aid of Construction - OR	32,762
Tax NOT Book Income	Customer Uncollectibles (excluding ED AN)	125,086
Tax NOT Book Income	Customer Uncollectibles (excluding ED AN)	33,340
Tax NOT Book Income	Customer Uncollectibles (excluding ED AN)	15,401
Tax NOT Book Income	BETC Interest - Perm Diff	(6,023)
		9,501,848

Schedule Page: 261 Line No:10 Column: b

Deductions Recorded on Books Not deducted for Return

Book NOT Tax Expense	Book Depreciation - Electric	71,818,207
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	(1,428,501)
Book NOT Tax Expense	Montana Settlement - ED WA	(2,779,808)
Book NOT Tax Expense	Non-monetary Purchased Power	(277,615)
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	11,614,556

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	04/16/2009	2008/Q4

FOOTNOTE DATA

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	4,510,915
Book NOT Tax Expense	Transportation Book Depreciation	113,228
Book NOT Tax Expense	Airplane Lease Payments	215,186
Book NOT Tax Expense	FAS 106 (68.6% O&M)	(955,212)
Book NOT Tax Expense	Meal Disallowances	272,755
Book NOT Tax Expense	Paid Time Off Equalization	427,699
Book NOT Tax Expense	Redemption Expense Amort	2,394,894
Book NOT Tax Expense	Transportation Book Depreciation	999,769
Book NOT Tax Expense	Airplane Lease Payments	57,355
Book NOT Tax Expense	FAS 106 (68.6% O&M)	(254,599)
Book NOT Tax Expense	Meal Disallowances	72,699
Book NOT Tax Expense	Paid Time Off Equalization	113,998
Book NOT Tax Expense	Redemption Expense Amort	638,328
Book NOT Tax Expense	Transportation Book Depreciation	263,810
Book NOT Tax Expense	Airplane Lease Payments	26,495
Book NOT Tax Expense	FAS 106 (68.6% O&M)	(117,609)
Book NOT Tax Expense	Meal Disallowances	33,583
Book NOT Tax Expense	Paid Time Off Equalization	52,660
Book NOT Tax Expense	Redemption Expense Amort	294,869
Book NOT Tax Expense	401(k) ESOP Dividend Deduction	(1,044,570)
Book NOT Tax Expense	AVA Holding Co - Corporate Restructure	7,921
Book NOT Tax Expense	Impairment on LM 2500	(2,289,978)
Book NOT Tax Expense	Political Contributions	1,211,098
Book NOT Tax Expense	Preferred Dividend Requirement	-
Book NOT Tax Expense	SERP - Supplemental Executive Retirement Plan	629,528

Name of Respondent Avista Corporation	This Report is: (1) X An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) 04/16/2009	Year/Period of Report 2008/Q4

FOOTNOTE DATA

Book NOT Tax Expense	Penalties	138,152
		91,483,730

Schedule Page:261 Line No:15 Column b

Income Recorded on Books Not Included in Return

Book NOT Tax Income	AFUDC - Electric	(1,934,908)
Book NOT Tax Income	Boulder Park Disallow - IPUC Order 10/2004	(103,530)
Book NOT Tax Income	Clark Fork PMEs - ED ID	(274,403)
Book NOT Tax Income	CS2 Retention - ED ID	(174,560)
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	1,660,797
Book NOT Tax Income	Injury & Damages - Electric	135,500
Book NOT Tax Income	Kettle Falls Disallowance - ED WA	(134,954)
Book NOT Tax Income	NE Tank Spill	(36,933)
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	Unbilled Revenue Add-ons - ED ID	598,226
Book NOT Tax Income	Unbilled Revenue Add-ons - ED WA	747,631
Book NOT Tax Income	WA Deferred Power Costs	23,802,834
Book NOT Tax Income	Wartsila Units	233,428
Book NOT Tax Income	Wartsila Units	785,184
Book NOT Tax Income	AFUDC - Gas North	(295,526)
Book NOT Tax Income	Decoupling Mechanism - WA Gas	(249,921)
Book NOT Tax Income	Deferred Gas - GD ID	3,217,554
Book NOT Tax Income	Deferred Gas - GD WA	8,749,580
Book NOT Tax Income	Deferred Gas - GD AN	1,597,806
Book NOT Tax Income	Gain General Office Building - GD	

		(65,364)
Book NOT Tax Income	Injury & Damages - Gas North	1,100,321
Book NOT Tax Income	Unbilled Revenue Add-ons - GD ID	48,717
Book NOT Tax Income	Unbilled Revenue Add-ons - GD WA	182,690
Book NOT Tax Income	AFUDC - Gas South	
		(119,981)
Book NOT Tax Income	Deferred Gas - OR	8,148,345
Book NOT Tax Income	DSM OR - Additions - 186700 - GD OR	2,628,336
Book NOT Tax Income	DSM OR - Amortization - 495600	
		(38,608)
Book NOT Tax Income	DSM OR - Amortization - 908250	1,263,423
Book NOT Tax Income	DSM OR - Amortization Accrual - 908250 (DJ 235)	50,056
Book NOT Tax Income	Injury & Damages - Oregon	-
Book NOT Tax Income	Deferred Gas - ID - Interest	201,846
Book NOT Tax Income	Deferred Gas - WA - Interest	540,412
Book NOT Tax Income	DFIT on Equity Stock Comp	2,411,528
Book NOT Tax Income	DFIT on Liability Stock Comp	284,319
Book NOT Tax Income	Idaho PCA - Interest	
		(1,152,699)
Book NOT Tax Income	Kettle Falls Nonoperating - ED ID	
		(53,066)
Book NOT Tax Income	Officers Life Insurance (Cash Surrender)	
		(960,878)
Book NOT Tax Income	Officer Life Insurance Benefit Accrual	
		(11,007)
Book NOT Tax Income	PGE Monetization (Spokane Energy)	9,593,949
Book NOT Tax Income	WA Deferred Power Costs - Interest	
		(2,231,098)
Book NOT Tax Income	Tax-Exempt Interest Income	
		(317,272)
Book NOT Tax Income	OR Deferred Gas - Interest	162,390
Book NOT Tax Income	OR DSM Deferred - Interest	
		(213,177)
Book NOT Tax Income	Wind Generation AFUDC	
		(35,194)
Book NOT Tax Income	Colstrip Settlement - ED ID	
		(738,101)
Book NOT Tax Income	Colstrip Settlement - ED WA	-

Book NOT Tax Income	Chicago Climate Exchange - ED ID	754,484
Book NOT Tax Income	Chicago Climate Exchange - ED WA	-
		59,774,306

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	609,223
Tax NOT Book Expense	BPA Residential Exchange - ED WA	3,140,406
Tax NOT Book Expense	Cost of Removal / Salvage - Electric	(1,760,187)
Tax NOT Book Expense	DSM Tariff Rider - ED ID	(1,768,539)
Tax NOT Book Expense	DSM Tariff Rider - ED WA	(1,587,898)
Tax NOT Book Expense	DSM Tariff Rider - ED AN	320,000
Tax NOT Book Expense	Tax Depreciation - Electric	(132,192,708)
Tax NOT Book Expense	Tax Depreciation - Rathdrum Turbine	(3,836,432)
Tax NOT Book Expense	Cost of Removal / Salvage - Gas North	(117,163)
Tax NOT Book Expense	DSM Tariff Rider - GD ID	(627,887)
Tax NOT Book Expense	DSM Tariff Rider - GD WA	(1,273,972)
Tax NOT Book Expense	DSM Tariff Rider - GD AN	0
Tax NOT Book Expense	Tax Depreciation - Gas North	(29,658,937)
Tax NOT Book Expense	Cost of Removal / Salvage - Oregon	(359,686)
Tax NOT Book Expense	Tax Depreciation - OR Gas	(15,594,413)
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	1,110,571
Tax NOT Book Expense	Tax Amortization WPNG Acquisition - OR	(631,039)
Tax NOT Book Expense	Section 199 Manufacturing Deduction	(2,830,350)
Tax NOT Book Expense	Oregon Senate Bill 408 (SB 408)	(1,186,711)
Tax NOT Book Expense	Deferred Compensation Accrual	(4,856,348)
Tax NOT Book Expense	FASB 87 & Retirement Pay Accrual (68.6% O&M)	

		(17,760,785)
Tax NOT Book Expense	Interest Rate Swaps - Amortization	(10,838,756)
Tax NOT Book Expense	Deferred Compensation Accrual	(1,294,396)
Tax NOT Book Expense	FASB 87 & Retirement Pay Accrual (68.6% O&M)	(4,733,906)
Tax NOT Book Expense	Interest Rate Swaps - Amortization	(2,888,929)
Tax NOT Book Expense	Deferred Compensation Accrual	(597,933)
Tax NOT Book Expense	FASB 87 & Retirement Pay Accrual (68.6% O&M)	(2,186,778)
Tax NOT Book Expense	Interest Rate Swaps - Amortization	(1,334,511)
Tax NOT Book Expense	CDA Lake Settlement ED ID	-
Tax NOT Book Expense	CDA Lake Settlement ED WA	-
Tax NOT Book Expense	CDA Lake Settlement ED AN	(27,733,385)
		(262,942,348)

Name of Respondent	This report is: (1) (X)An Original	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(2) ( ) A Resubmission	April 17, 2009	December 31, 2008

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

FOOTNOTE DATA

Schedule Page: 335 Line No.: 5

Directors	2008	Expenses
Vendor Name		
HEIDI B STANLEY		$9,008
BRIAN W DUNHAM		$16,041
ERIK J ANDERSON		$27,373
KRISTIANNE BLAKE		$25,875
JOHN F KELLY		$30,024
MICHAEL L NOEL		$20,960
R JOHN TAYLOR		$10,172
JACK W GUSTAVEL		$8,904
LURA J POWELL		$8,678
ROY EIGUREN		$26,095

Schedule Page: 335 Line No.: 6

Vendor	Purpose	Amount
Vendors Under $5000		117,815
ADVENTURES IN ADVERTISING	Pay Stations	5994.22
BOARDVANTAGE INC	Subscriptions	8050.97
BOWNE OF LOS ANGELES INC	Professional Services	7744.32
BROADRIDGE	General Services	14087.81
CITIBANK NA	Miscellaneous	13693.69
CITY OF SPOKANE	Miscellaneous	5393.07
CORP CREDIT CARD	Subscriptions	28321.11
DEWEY & LEBOEUF LLP	General Services	12425.56
EDISON ELECTRIC INSTITUTE	Donations	6598.28
EXECUTIVE MBA PROGRAM	Employee Misc Expenses	7010
FITCH RATINGS	Miscellaneous	11917
KORN FERRY INTERNATIONAL	Miscellaneous	49958.59
MELLON INVESTOR SERVICES LLC	Miscellaneous	40463.89
MOODYS INVESTORS SERVICE	Miscellaneous	26357.6
NYSE MARKET INC	General Services	13802.97
OEDA	Miscellaneous	5000
PAT NEWMANN	Professional Services	10336.9
STEVE L VINCENT	Employee Misc Expenses	11524.42
THE BANK OF NEW YORK	Miscellaneous	7997.74
THE COEUR D ALENE	Miscellaneous	5923.11
THE COEUR D ALENE RESORT	Employee Lodging	10547.12
THE LAUREL HILL ADVISORY GROUP LLC	General Services	6198.44

RECEIVED
2009 MAY 27 AM 10: 26
IDAHO PUBLIC
UTILITIES COMMISSION

2008 Form 2
State Supplements

RECEIVED
2009 MAY 27 AM 10: 25
IDAHO PUBLIC
UTILITIES COMMISSION

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 17, 2009	December 31, 2008

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	1,633,474	
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Investment in Kettle Falls		
8	TOTAL (Enter Total of lines 3 thru 7)	798,456,756	670,684,893
9	Leased to Others		
10	Held for Future Use	39,828	
11	Construction Work in Progress	3,583,492	3,037,585
12	Acquisition Adjustments	0	0
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	802,080,076	673,722,478
14	Accum. Prov. for Depr., Amort., & Depl.	0	0
15	Net Utility Plant (Enter total of line 13 less 14)	802,080,076	673,722,478
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

Name of Respondent	This Report Is:	Date of Report	Year of Report
Avista Corporation	(1) [X] An Original (2) [ ] A Resubmission	April 17, 2009	December 31, 2008

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				1,230,285	4
					5
					6
					7
121,188,512				6,583,351	8
					9
39,828					10
495,965				49,942	11
					12
121,724,305				6,633,293	13
0					14
121,724,305				6,633,293	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	Feb. 16, 2009	Dec. 31, 2008

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	168,450	0
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	168,450	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) Feb. 16, 2009	Dec. 31, 2008

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

Name of Respondent	This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	Feb. 16, 2009	Dec. 31, 2008

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)*		
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	

State of Idaho

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr) Feb. 16, 2009	Dec. 31, 2008

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 (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	Feb. 16, 2009	Dec. 31, 2008

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	130,150	31,419
90	376 Mains	63,795,110	8,563,747
91	377 Compressor Station Equipment	0	
92	378 Measuring and Regulating Equipment-General	1,146,355	396,396
93	379 Measuring and Regulating Equipment-City Gate	1,014,203	3,146,228
94	380 Services	41,575,050	2,326,735
95	381 Meters	10,455,280	7,412,072
96	382 Meter Installations	0	
97	383 House Regulators	0	
98	384 House Regulator Installations	0	
99	385 Industrial Measuring and Regulating Station Equipment	523,538	54,274
100	386 Other Property on Customers' Premises	0	
101	386 Other Equipment	0	
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	118,664,356	21,930,871
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	775,347	152,412
108	393 Stores Equipment	0	
109	394 Tools, Shop, and Garage Equipment	436,906	22,622
110	395 Laboratory Equipment	58,689	
111	396 Power Operated Equipment	763,033	0
112	397 Communication Equipment	321,734	2,719
113	398 Miscellaneous Equipment	0	
114	Subtotal (Enter Totals of lines 104 thru 113)	2,355,707	177,753
115	399 Other Tangible Property	0	
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	2,355,707	177,753
117	TOTAL (Accounts 101 and 106)	121,188,512	22,108,624
118	Gas Plant Purchased (See Instruction 8)		
119	*(Less)* Gas Plant Sold (See Instruction 8)		
120	Experimental Gas Plant Unclassified	0	
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	121,188,512	22,108,624

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr) Feb. 16, 2009	Dec. 31, 2008

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
0			161,569	89
413,266		0	71,945,591	90
			0	91
15,995		0	1,526,756	92
			4,160,431	93
61,897		0	43,839,888	94
		0	17,867,352	95
			0	96
			0	97
			0	98
			577,812	99
			0	100
			0	101
491,158	0	0	140,104,069	102
				103
			0	104
			0	105
			0	106
0			927,759	107
			0	108
4,826			454,702	109
24,837			33,852	110
			763,033	111
46,423			278,030	112
			0	113
76,086	0	0	2,457,374	114
			0	115
76,086	0	0	2,457,374	116
567,244	0	0	142,729,892	117
			0	118
			0	119
			0	120
567,244	0	0	142,729,892	121

This Page Intentionally Left Blank

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	[X] An Original [ ] A Resubmission	April 17, 2009	Dec. 31, 2008

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

1 If during 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					3,530,721			3,530,721
2	Gas Delivered to Storage					16,858,958			16,858,958
3	Gas Withdrawn from Storage					11,934,494			11,934,494
4	Other Debits and Credits					(39,283)			(39,283)
5	Balance at End of Year					8,415,902			8,415,902
6	Dth					1,093,250			1,093,250
7	Amount Per Dekatherm					$7.6981			$7.6981
8	Storage is reported using the inventory method.								

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 18,2009	Dec. 31, 2008

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)	OPERATING REVENUES Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	(480) Residential Sales	59,551,396	54,528,355
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	30,200,878	28,211,458
5	Large (or Ind.) (See Instr. 6)	2,296,889	2,194,100
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	53,195	51,399
8	TOTAL Sales to Ultimate Consumers	92,102,358 (1)	84,985,312
9	(483) Sales for Resale		
10	TOTAL Nat. Gas Service Revenues	92,102,358	84,985,312
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	92,102,358	84,985,312
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	12,673	12,145
17	(489) Rev. from Trans. of Gas of Others	455,756 (1)	794,474
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	18,397	14,676
24	TOTAL Other Operating Revenues	486,826	821,295
25	TOTAL Gas Operating Revenues	92,589,184	85,806,607
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	92,589,184	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	89,752,274	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	2,296,889	
30	Sales for Resale	0	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	53,195	
33	TOTAL (Same as Line 10, Columns (b) and (d))	92,102,358	

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 18,2009	Dec. 31, 2008

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
49,093,706	44,583,042	64,014	62,345	2
				3
27,337,124	25,103,633	8,145	7,858	4
2,273,064	2,120,805	99	100	5
				6
50,207	47,342	7	6	7
78,754,101 (2)	71,854,822	72,265	70,309	8
				9
78,754,101	71,854,822	72,265	70,309	10

NOTES

(1) Includes $3,458,370 unbilled revenues.

(2) Includes 2,102,090 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 17, 2009	December 31, 2008

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 17, 2009	December 31, 2008

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	134,315,561	87,313,213
73	804.1 Liquefied Natural Gas Purchases	-	-
74	805 Other Gas Purchases	-	-
75	(Less) 805.1 Purchased Gas Cost Adjustments	3,217,554	2,601,001
76			
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	137,533,115	89,914,214
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	11,823,573	4,134,151
87	(Less) 808.2 Gas Delivered to Storage-Credit	(16,003,035)	(4,098,585)
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	(336,544)	-
93	812 Gas used for Other Utility Operations-Credit	-	-
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	(336,544)	-
95	813 Other Gas Supply Expenses	381,910	383,007
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	133,399,020	90,332,787
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	133,399,020	90,332,787

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 17, 2009	December 31, 2008

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	6,065	7,002
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	93,643	84,617
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Enter Total of lines 101 thru 113)	99,708	91,619
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	79,072	82,923
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	79,072	82,923
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	178,780	174,542
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
Avista Corp.	(1) [X] An Original (2) [ ] A Resubmission	April 17, 2009	December 31, 2008

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)	178,780	174,542
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)	-	-

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 17, 2009	December 31, 2008

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	228,281	160,782
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	572,145	680,485
209	875 Measuring and Regulating Station Expenses-General	91,449	49,044
210	876 Measuring and Regulating Station Expenses-Industrial	1,497	2,414
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	65,412	39,483
212	878 Meter and House Regulator Expenses	625,492	335,654
213	879 Customer Installations Expenses	538,010	417,412
214	880 Other Expenses	554,353	506,972
215	881 Rents	7,911	5,346
216	TOTAL Operation (Enter Total of lines 204 thru 215)	2,684,549	2,197,593
217	Maintenance		
218	885 Maintenance Supervision and Engineering	11,989	28,399
219	886 Maintenance of Structures and Improvements	-	-
220	887 Maintenance of Mains	187,300	542,333
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	68,814	93,336
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	117,759	60,547
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	13,090	43,210
225	892 Maintenance of Services	260,467	243,106
226	893 Maintenance of Meters and House Regulators	276,775	162,679
227	894 Maintenance of Other Equipment	8,861	19,067
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	945,055	1,192,677
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	3,629,604	3,390,270
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision	100,364	108,514
233	902 Meter Reading Expenses	144,938	168,212
234	903 Customer Records and Collection Expenses	1,295,628	1,298,400
235	904 Uncollectible Accounts	394,139	332,562
236	905 Miscellaneous Customer Accounts Expenses	30,151	38,650
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	1,965,220	1,946,338

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 17, 2009	December 31, 2008

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	1,770,146	1,633,286
242	909 Informational and Instructional Expenses	9,671	927
243	910 Miscellaneous Customer Service and Informational Expenses	30,426	23,816
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	1,810,243	1,658,030
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	137,142	156,639
249	913 Advertising Expenses	24,186	51,290
250	916 Miscellaneous Sales Expenses	13	5
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	161,340	207,934
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	1,706,522	1,556,771
255	921 Office Supplies and Expenses	331,787	283,821
256	(Less) (922) Administrative Expenses Transferred-Cr.	(8,395)	(5,817)
257	923 Outside Services Employed	973,034	933,491
258	924 Property Insurance	77,466	75,649
259	925 Injuries and Damages	406,250	168,023
260	926 Employee Pensions and Benefits	57,688	43,139
261	927 Franchise Requirements	-	-
262	928 Regulartory Commission Expenses	398,134	314,531
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	-	-
265	930.2 Miscellaneous General Expenses	308,157	247,280
266	931 Rents	48,005	56,678
267	TOTAL Operation (Enter Total of lines 254 thru 266)	4,298,648	3,673,566
268	Maintenance		
269	935 Maintenance of General Plant	591,077	523,657
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	4,889,725	4,197,223
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	146,033,932	101,907,124

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	28	26
3. Total Part-Time and Temporary Employees allocation of General Employees	1	5
4. Total Employees	29	31

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 17, 2009	Dec. 31, 2008

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"	1,911,360		137,280	1,774,080
2	Steel Wrapped	2" to 4"	654,720		5,280	649,440
3	Steel Wrapped	4" to 8"	364,320	21,120		385,440
4	Steel Wrapped	8" to 12"	5,280			5,280
5	Steel Wrapped	Over 12"				0
6						
7						
8	Plastic	Less than 2"	5,132,160	221,760		5,353,920
9	Plastic	2" to 4"	1,341,120	121,440		1,462,560
10	Plastic	4" to 8"	337,920	200,640		538,560
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		9,746,880	564,960	142,560	10,169,280

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	4/17/2009	12/31/2008

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	12,350	40		12,390	Not
2	Steel Wrapped	1" thru 2"	174	2		176	Available
3	Steel Wrapped	2" thru 4"	4			4	
4	Steel Wrapped	4" thru 8"	0			0	
5	Steel Wrapped	Over 8"	0			0	
6							
7							
8	Plastic	1' or Less	56,041	4,286		60,327	
9	Plastic	1" thru 2"	194	35		229	
10	Plastic	2" thru 4"	5	2		7	
11	Plastic	4" thru 8"	0			0	
12	Plastic	Over 8"	0			0	
13							
14	Other	Unknown	0			580	
15							
16							
17	TOTALS		68,768	4,365	0	73,713	

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	April 17, 2009	Dec. 31, 2008

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				72,066	1,710		73,776

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 17, 2009	Dec. 31, 2008

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)		16,488,276
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)		4,593,277
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.?)		21,081,553
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		7,875,410
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)		4,593,277
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		610,521
27	Other Deliveries (Specify): Sales for Resale		8,002,345
28	Total Deliveries (Total lines 17 thru 27.?)		21,081,553
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		0
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		21,081,553

This Page Intentionally Left Blank

RECEIVED
2009 MAY 27 AM 11: 12
IDAHO PUBLIC
UTILITIES COMMISSION

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	Feb. 16, 2009	Dec. 31, 2008

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) Feb. 16, 2009	Dec. 31, 2008

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
125,571			597,680	4
125,571	0	0	597,680	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 (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	Feb. 16, 2009	Dec. 31, 2008

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)*		
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) Feb. 16, 2009	Dec. 31, 2008

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 (Mo, Da, Yr)	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	Feb. 16, 2009	Dec. 31, 2008

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	331,529	83,036
108	393 Stores Equipment	0	
109	394 Tools, Shop, and Garage Equipment	840,375	414,623
110	395 Laboratory Equipment	331,601	
111	396 Power Operated Equipment	368,144	
112	397 Communication Equipment	949,816	0
113	398 Miscellaneous Equipment	31,332	
114	Subtotal (Enter Totals of lines 104 thru 113)	3,365,038	497,659
115	399 Other Tangible Property	0	
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	3,365,038	497,659
117	TOTAL (Accounts 101 and 106)	4,088,289	497,659
118	Gas Plant Purchased (See Instruction 8)		
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)	4,088,289	497,659

Name of Respondent	This report is:	Date of Report	Year Ending
Avista Corp.	[X] An Original [ ] A Resubmission	(Mo, Da, Yr) Feb. 16, 2009	Dec. 31, 2008

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
23,910			390,655	107
			0	108
4,551			1,250,447	109
141,774			189,827	110
			368,144	111
29,145			920,671	112
31,332			0	113
230,712	0	0	3,631,985	114
			0	115
230,712	0	0	3,631,985	116
356,283	0	0	4,229,665	117
			0	118
			0	119
			0	120
356,283	0	0	4,229,665	121

This Page Intentionally Left Blank