

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)



04/14/05
04/14/05 11:12:06
UTILITIES COMMISSION

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) Avista Corporation	Year/Period of Report End of <u>2005/Q4</u>
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**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 <u>2005/Q4</u>	
03 Previous Name and Date of Change (if name changed during year) / /			
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 1411 East Mission Avenue, Spokane, WA, 99202			
05 Name of Contact Person M. K. Malquist		06 Title of Contact Person Senior VP and CFO	
07 Address of Contact Person (Street, City, State, Zip Code) 1411 East Mission Avenue, Spokane, WA, 99202			
08 Telephone of Contact Person, Including Area Code (509) 495-8000	09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		10 Date of Report (Mo, Da, Yr) 04/17/2006

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 M. K. Malquist	03 Signature 	04 Date Signed (Mo, Da, Yr) 04/17/2006
02 Title Senior 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: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
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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		
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		
	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		N/A
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		
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

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List of Schedules (Natural Gas Company)

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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	Miscellaneous Current and Accrued Liabilities	268		
41	Other Deferred Credits	269		
42	Accumulated Deferred Income Taxes-Other Property	274-275		
43	Accumulated Deferred Income Taxes-Other	276-277		
44	Other Regulatory Liabilities	278		
	INCOME ACCOUNT SUPPORTING SCHEDULES			
45	Gas Operating Revenues	300-301		
46	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		N/A
47	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		N/A
48	Revenues from Storage Gas of Others	306-307		N/A
49	Other Gas Revenues	308		N/A
50	Gas Operation and Maintenance Expenses	317-325		
51	Exchange and Imbalance Transactions	328		N/A
52	Gas Used in Utility Operations	331		N/A
53	Transmission and Compression of Gas by Others	332		N/A
54	Other Gas Supply Expenses	334		
55	Miscellaneous General Expenses-Gas	335		
56	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
57	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
	COMMON SECTION			
58	Regulatory Commission Expenses	350-351		
59	Distribution of Salaries and Wages	354-355		
60	Charges for Outside Professional and Other Consultative Services	357		
	GAS PLANT STATISTICAL DATA			
61	Compressor Stations	508-509		N/A
62	Gas Storage Projects	512-513		
63	Transmission Lines	514		
64	Transmission System Peak Deliveries	518		
65	Auxiliary Peaking Facilities	519		
66	Gas Account-Natural Gas	520		
67	System Map	522		N/A
68	Footnote Reference	551		
69	Footnote Text	552		shown as 450
70	Stockholder's Reports (check appropriate box) <input checked="" type="checkbox"/> Four copies will be submitted <input type="checkbox"/> No annual report to stockholders is prepared			

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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GENERAL INFORMATION

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

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

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

State of Washington, Incorporated March 15, 1889

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

Not Applicable

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

Electric service in the states of Washington, Idaho and Montana

Natural gas service in the states of Washington, Idaho, Oregon, and California (sold California operations to Southwest Gas Corporation in April 2005)

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) No

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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	Avista Advantage, Inc.	Provider of utility bill	99.95	Subsidiary of
5		processing, payment and		Avista Capital
6		information services to multi		
7		site customers in North Amer.		
8				
9	Avista Communications, Inc.	Telecommunications	100	Inactive
10				Subsidiary of
11				Avista Capital
12				
13				
14				
15				
16	Avista Development, Inc.	Nonoperating company which	100	Subsidiary of
17		maintains an investment		Avista Ventures
18		portfolio of real estate and		
19		other investments.		
20				
21	Avista Energy, Inc.	Wholesale electricity and	99.9	Subsidiary of
22		natural gas trading, marketing		Avista Capital
23		and resource management.		
24				
25	Avista Laboratories, Inc.	Holds a cost based investment	100	
26		in a fuel cell technology		Inactive subsidiary
27		company.		of Avista Capital.

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1				
2	Avista Power, LLC	Owns non-regulated generation	100	Subsidiary of
3		assets.		Avista Capital
4				
5	Avista Turbine Power, Inc.	Receives assignments of	100	Subsidiary of
6		purchase power agreements.		Avista Power
7				
8	Avista Rathdrum, LLC	Owns 49 percent of Rathdrum	100	Subsidiary of
9		Power, LLC		Avista Power
10				
11	Avista Ventures, Inc.	Invests in emerging business.	100	Subsidiary of
12		Parent of Avista Development		Avista Capital
13		and Pentzer Corporation		
14				
15	Pentzer Corporation	Parent company of Advanced	100	Subsidiary of
16		Manufacturing and		Avista Ventures
17		Development.		
18				
19	Advanced Manufacturing and Development, Inc.	Performs custom sheet metal	93	Subsidiary of
20		manufacturing of electronic		Pentzer Corporation
21		enclosures, parts and systems		
22		for the computer, telecom and		
23		medical industries. AM&D		
24		also has a wood products		
25		division that provides		
26		complete fabrication and		
27		turnkey assembly for arcade		

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1		games, kiosks, store fixtures		
2		and displays.		
3				
4	Avista Receivables Corporation	Acquires and sells accounts	100	
5		receivable of Avista Corp.		
6				
7	Avista Energy Canada, Ltd.	A wholly owned subsidiary of	100	Subsidiary of
8		Avista Energy, Inc. that		Avista Energy
9		provides natural gas service		
10		to approximately 250		
11		individual customers in		
12		British Columbia, Canada		
13				
14	Rathdrum Power, LLC	Developed and owns an	49	
15		electric generation asset.		
16				
17	Coyote Springs 2, LLC	Developed and owns an	100	
18		electric generation asset.		
19				
20	WP Funding LP	Owned an electric generation	0	Controlled pursuant
21		asset.		to FIN 46. No longer
22				controlled effective
23				September 2005.
24				
25	Spokane Energy, LLC	Marketing of energy.	100	
26				
27				

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Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	Avista Capital I	An affiliated business trust	100	Dissolved in 2005.
2		formed by the Company.		
3		Issued Pref. Trust Securities		
4				
5	Avista Capital II	An affiliated business trust	100	
6		formed by the Company.		
7		Issued Pref. Trust Securities		
8				
9	AVA Capital Trust III	An affiliated business trust	100	
10		formed by the Company.		
11		Issued Pref. Trust Securities		
12				
13	Steam Plant Square, LLC	Commercial office and retail	90	Subsidiary of
14		leasing.		Avista Development
15				
16	Courtyard Office Center	Commercial office and retail	100	Subsidiary of
17		leasing.		Avista Development
18				
19				
20				
21				
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27				

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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 the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

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 are actual or contingent; if contingent, describe the contingency.

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 material information relating to exercise of the options, warrants or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued prorata basis.

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: November 30, 2005 to pay the December 15, 2005 dividend.	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. Total: 43,155,573 By Proxy: 43,155,573	3. Give the date and place of such meeting: May 12, 2005 Spokane, Washington
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Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
		4. Number of votes as of (date): 11/30/2005			
5	TOTAL votes of all voting securities	48,473,059	48,473,059		
6	TOTAL number of security holders	15,226	15,226		
7	TOTAL votes of security holders listed below	297,437	297,437		
8					
9	D&H Properties LP, Coeur d'Alene, ID	77,646	77,646		
10	Margaret Anne Brosnan Trust A/C 2, Akron, OH	55,000	55,000		
11	Alfred C Glassell, Jr, Houston, TX	30,028	30,028		
12	Gladys L Rikerd, Spokane, WA	26,671	26,671		
13	Kay Kobayashi, Los Angeles, CA	22,092	22,092		
14	Ernest C Gosnay Jr & Marie K Gosnay Trs, Spokane, WA	20,011	20,011		
15	Robert Eugene Young, Washougal, WA	20,000	20,000		
16	Edmund M Reeck Tr U/A Dtd 06/16/98, Salem, OR	15,962	15,962		
17	Thomas A Lowe & Kathleen B Lowe Jt Ten	15,027	15,027		
18	Mildred Savage, Kellogg, ID	15,000	15,000		
19					
20					

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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.

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IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. None.
2. None.
3. On April 29, 2005, Avista Corporation completed the sale of its South Lake Tahoe natural gas distribution properties to Southwest Gas Corporation. The total cash proceeds from the sale were approximately \$16.6 million. Total revenues for 2004 from the South Lake Tahoe region were approximately \$20.3 million (or 6 percent of total natural gas revenues) and approximately 22.1 million therms were delivered (or 4 percent of total therms delivered) to approximately 18,750 South Lake Tahoe customers. The transaction was approved by the California Public Utilities Commission on March 17, 2005 (Decision 05-03-010).
4. None.
5. See response at #3 above for the sale of Avista Corp.'s South Lake Tahoe natural gas distribution properties in April 2005.
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 22, 2005, Avista Corp., ARC and a third-party financial institution amended a Receivables Purchase Agreement. The most significant amendment was to extend the termination date from May 29, 2005 to March 21, 2006. Under the Receivables Purchase Agreement, ARC can sell without recourse, on a revolving basis, up to \$85.0 million of those receivables. As of December 31, 2005, \$85.0 million in accounts receivables were sold under this revolving agreement.

During the fourth quarter of 2005, the Company issued \$150.0 million of 6.25 percent First Mortgage Bonds due in 2035. The proceeds from the issuance were used to repay a portion of the borrowings outstanding under the Company's \$350.0 million committed line of credit and for the payment of corporate obligations. This debt issuance was approved by the respective regulatory commission as follows: WUTC (Docket No. UE-051417 Order No. 1 and 2); OPUC (Docket UF 4221 Orders 05-1228 and 05-1081); and IPUC (Case No. AVU-U-05-1 Orders 29922 and 29896).
7. None.
8. Average annual wage increases were 2.7% during the first half of 2005 for non-exempt personnel. Average annual wage increases were 3.4% for exempt employees during the first half of 2005. Average annual wage increases were 6.3% for officers during the first half of 2005. Bargaining unit employees were granted increases of 3.5%.
9. Reference is made to Note 22 of Notes to Financial Statements, page 123 of this Report.
10. None.
11. Reserved
12. See page 123 of this Report.
13. On June 21, 2005, Avista Corp. announced the naming of Marian Durkin as senior vice president and general counsel, effective August 1, 2005.

On November 11, 2005, the board of directors elected Karen Feltes as senior vice president and Marian Durkin as chief compliance officer. Karen Feltes is also corporate secretary and Marian Durkin is also senior vice president and general counsel.

On January 6, 2006, Avista Corp. announced the appointment of Christy Burmeister-Smith as vice president and treasurer and Ann Wilson as vice president and controller. Malyn Malquist, who remains senior vice president and chief financial officer of the Company, previously also held the position of treasurer. Christy Burmeister-Smith previously was vice president and controller of the Company since June 1999. Ann Wilson previously was vice president and controller of Avista Energy, Inc., a subsidiary of the Company, since January 2000.
14. Proprietary capital is not less than 30 percent.

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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	2,847,042,774	2,631,344,033
3	Construction Work in Progress (107)	200-201	55,887,059	49,895,113
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		2,902,929,833	2,681,239,146
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	971,551,338	928,445,545
6	Net Utility Plant (Enter Total of line 4 less 5)		1,931,378,495	1,752,793,601
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)		1,931,378,495	1,752,793,601
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)		4,142,727	3,272,992
19	(Less) Accum. Prov. for Depr. and Amort. (122)		858,924	135,292
20	Investments in Associated Companies (123)		13,903,000	13,903,000
21	Investment in Subsidiary Companies (123.1)	224-225	237,737,798	256,786,600
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)		33,701,281	36,682,363
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		14,049,946	20,246,110
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		46,731,530	55,824,772
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		349,407,358	386,580,545
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		-3,602,512	-5,239,043
36	Special Deposits (132-134)		5,408,468	2,172,613
37	Working Fund (135)		726,275	495,365
38	Temporary Cash Investments (136)		513,042	6,699,209
39	Notes Receivable (141)		39,569	153,770
40	Customer Accounts Receivable (142)		101,478,486	56,067,151
41	Other Accounts Receivable (143)		9,041,055	2,833,112
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		3,227,916	2,810,071
43	Notes Receivable from Associated Companies (145)		39,321,130	42,000,000
44	Accounts Receivable from Assoc. Companies (146)		0	610,682
45	Fuel Stock (151)	227	3,773,050	4,049,604
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	12,006,429	9,867,767
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 Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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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	-62,610
55	Gas Stored Underground - Current (164.1)		12,469,887	9,268,257
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		1,006,819	724,434
57	Prepayments (165)		3,745,002	3,899,276
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	19,493
60	Rents Receivable (172)		361,071	391,040
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		1,449,358	82,082
63	Derivative Instrument Assets (175)		116,224,963	68,382,258
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		46,731,530	55,824,772
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		254,002,646	143,779,617
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		15,692,385	16,858,709
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	225,248,761	231,982,032
73	Prelim. Survey and Investigation Charges (Electric) (183)		10,988,821	12,084,058
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	728,989
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	40,675,589	51,242,169
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)		32,829,288	36,554,021
82	Accumulated Deferred Income Taxes (190)	234	34,647,400	50,892,673
83	Unrecovered Purchased Gas Costs (191)		43,444,010	28,639,755
84	Total Deferred Debits (lines 69 through 83)		403,526,254	428,982,406
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		2,938,314,753	2,712,136,169

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Rresubmission	Date of Report (mo, da, yr) 04/17/2006	Year/Period of Report end of 2005/Q4
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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	631,083,752	629,055,981
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	0	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	10,485,244	10,676,498
11	Retained Earnings (215, 215.1, 216)	118-119	132,024,036	91,642,291
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	41,804,777	64,211,690
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)	-23,299,148	-21,157,918
16	Total Proprietary Capital (lines 2 through 15)		771,128,173	753,075,546
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	719,082,687	521,300,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	115,203,000	114,803,000
21	Other Long-Term Debt (224)	256-257	391,538,636	497,427,068
22	Unamortized Premium on Long-Term Debt (225)		266,500	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		1,879,744	1,608,182
24	Total Long-Term Debt (lines 18 through 23)		1,224,211,079	1,131,921,886
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		1,983,184	3,028,272
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		790,259	1,188,972
29	Accumulated Provision for Pensions and Benefits (228.3)		47,353,587	44,754,150
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		88,272	33,489,633
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		9,956,479	6,482,354
34	Asset Retirement Obligations (230)		4,528,823	1,190,714
35	Total Other Noncurrent Liabilities (lines 26 through 34)		64,700,604	90,134,095
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		139,804,777	66,444,650
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		769,180	7,909,608
41	Customer Deposits (235)		6,264,115	6,286,185
42	Taxes Accrued (236)	262-263	-2,112,798	11,313,430
43	Interest Accrued (237)		18,643,064	18,632,069
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Rresubmission	Date of Report (mo, da, yr) 04/17/2006	Year/Period of Report end of 2005/Q4
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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)		2,893	1,736
48	Miscellaneous Current and Accrued Liabilities (242)		35,225,169	15,927,496
49	Obligations Under Capital Leases-Current (243)		1,050,181	946,251
50	Derivative Instrument Liabilities (244)		3,534,971	41,561,157
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		88,272	33,489,633
52	Derivative Instrument Liabilities - Hedges (245)		9,956,479	6,482,354
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		9,956,479	6,482,354
54	Total Current and Accrued Liabilities (lines 37 through 53)		203,093,280	135,532,949
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		820,898	937,286
57	Accumulated Deferred Investment Tax Credits (255)	266-267	521,652	570,960
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	36,304,164	33,121,416
60	Other Regulatory Liabilities (254)	278	116,251,545	34,700,436
61	Unamortized Gain on Reaquired Debt (257)		3,754,170	4,225,371
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		289,242,025	293,535,925
64	Accum. Deferred Income Taxes-Other (283)		228,287,163	234,380,299
65	Total Deferred Credits (lines 56 through 64)		675,181,617	601,471,693
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		2,938,314,753	2,712,136,169

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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 column in 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	1,237,767,426	1,000,167,839		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	905,198,240	706,876,899		
5	Maintenance Expenses (402)	320-323	37,138,187	34,361,705		
6	Depreciation Expense (403)	336-337	73,085,675	65,095,728		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	8,502,043	7,682,080		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	99,047	99,066		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)			-5,733		
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		184,236	230,801		
13	(Less) Regulatory Credits (407.4)		16,785,763	12,638,745		
14	Taxes Other Than Income Taxes (408.1)	262-263	68,044,198	66,293,271		
15	Income Taxes - Federal (409.1)	262-263	27,778,732	5,019,926		
16	- Other (409.1)	262-263	2,017,492	1,302,010		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	1,077,269	17,792,760		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	4,425,562	5,013,788		
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)		1,101,864,486	887,046,672		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		135,902,940	113,121,167		

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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 purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

12. If any notes appearing in the report to stockholders 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
794,551,229	679,674,513	443,216,197	320,493,326			2
						3
535,268,030	447,578,339	369,930,210	259,298,560			4
30,159,167	28,475,946	6,979,020	5,885,759			5
57,591,752	50,720,406	15,493,923	14,375,322			6
						7
7,285,954	6,708,236	1,216,089	973,844			8
99,047	99,066					9
	-5,733					10
						11
184,236			230,801			12
16,785,763	12,638,745					13
46,205,269	46,434,772	21,838,929	19,858,499			14
28,567,999	13,754,983	-789,267	-8,735,057			15
1,101,948	1,135,937	915,544	166,073			16
-1,917,531	7,664,355	2,994,800	10,128,405			17
4,566,602	4,939,086	-141,040	74,702			18
		-49,308	-49,308			19
						20
						21
						22
						23
						24
683,193,506	584,988,476	418,670,980	302,058,196			25
111,357,723	94,686,037	24,545,217	18,435,130			26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		135,902,940	113,121,167		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)			22,042		
33	Revenues From Nonutility Operations (417)		20,984	-1,650		
34	(Less) Expenses of Nonutility Operations (417.1)		5,052,579	1,220,086		
35	Nonoperating Rental Income (418)		-5,625	-9,704		
36	Equity in Earnings of Subsidiary Companies (418.1)	119	-6,611,524	3,381,428		
37	Interest and Dividend Income (419)		11,041,049	10,586,797		
38	Allowance for Other Funds Used During Construction (419.1)		1,388,777	1,885,496		
39	Miscellaneous Nonoperating Income (421)					
40	Gain on Disposition of Property (421.1)		4,398,103	424,383		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		5,179,185	15,024,622		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		160	1,276		
44	Miscellaneous Amortization (425)	340	1,182,975	1,323,416		
45	Donations (426.1)	340	874,169	512,357		
46	Life Insurance (426.2)		1,686,972	1,426,086		
47	Penalties (426.3)		-15,530	10,038		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		893,627	859,247		
49	Other Deductions (426.5)		537,552	3,224,942		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		5,159,925	7,357,362		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	72,878	41,313		
53	Income Taxes-Federal (409.2)	262-263	3,853,876	797,319		
54	Income Taxes-Other (409.2)	262-263	-376,668	-373,290		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	2,853,172	3,040,980		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	2,761,854	4,133,706		
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)		3,641,404	-627,384		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-3,622,144	8,294,644		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		74,268,237	73,356,536		
63	Amort. of Debt Disc. and Expense (428)		1,509,307	3,689,417		
64	Amortization of Loss on Required Debt (428.1)		6,252,219	4,611,956		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	6,202,703	5,782,104		
68	Other Interest Expense (431)	340	569,331	389,246		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		1,689,303	1,567,308		
70	Net Interest Charges (Total of lines 62 thru 69)		87,112,494	86,261,951		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		45,168,302	35,153,860		
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)		45,168,302	35,153,860		

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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		90,094,170	80,306,798
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6	ESOP and other adjustment		37,790	155,137
7	Dividends received from Subsidiaries		15,095,863	2,499,315
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)		15,133,653	2,654,452
10				
11				
12	Stock Options Exercised		-788,018	(408,940)
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)		-788,018	(408,940)
16	Balance Transferred from Income (Account 433 less Account 418.1)		51,779,826	31,772,432
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			-26,443,242	(24,923,827)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-26,443,242	(24,923,827)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		699,526	693,255
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		130,475,915	90,094,170

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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)		132,024,036	91,642,291
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)		64,211,690	64,022,832
50	Equity in Earnings for Year (Credit) (Account 418.1)		-6,611,524	3,381,428
51	(Less) Dividends Received (Debit)		15,095,863	2,499,315
52	Subsidiary Expense (Account 417.20)		-699,526	(693,255)
53	Balance-End of Year (Total lines 49 thru 52)		41,804,777	64,211,690

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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)	45,168,302	35,153,860
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	79,158,362	72,871,141
5	Amortization of deferred power and natural gas costs	9,629,580	11,086,920
6	Amortization of debt expense	7,761,526	8,301,374
7	Amortization of investment in exchange power	2,450,031	2,450,004
8	Deferred Income Taxes (Net)	17,594,223	12,917,518
9	Investment Tax Credit Adjustment (Net)	-49,308	-49,308
10	Net (Increase) Decrease in Receivables	-54,565,111	-10,751,148
11	Net (Increase) Decrease in Inventory	-5,674,661	-3,609,238
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	75,447,322	-2,204,745
14	Net (Increase) Decrease in Other Regulatory Assets	-8,426,825	1,008,005
15	Net Increase (Decrease) in Other Regulatory Liabilities	-4,618,782	-2,401,353
16	(Less) Allowance for Other Funds Used During Construction	3,078,080	3,452,804
17	(Less) Undistributed Earnings from Subsidiary Companies	-6,611,523	3,381,428
18	Other (provide details in footnote):	-8,042,907	-7,819,348
19	Loss from IPUC related write-off of deferred power costs		11,959,115
20	Loss from IPUC related write-off of utility plant		2,457,249
21	Gain on sale of property	-4,398,103	-424,383
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	154,967,092	124,111,431
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-259,675,718	-116,391,951
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	Deposits for utility plant acquisition		-5,000,000
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-259,675,718	-121,391,951
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)	17,014,769	1,477,634
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		-2,615,571
40	Contributions and Advances from Assoc. and Subsidiary Companies	18,785,415	2,499,315
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)		

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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	14,678	616,550
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	Changes in other property and investments	1,540,127	1,435,673
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-222,320,729	-117,978,350
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	149,632,500	89,760,600
62	Preferred Stock		
63	Common Stock	1,570,795	4,061,241
64	Other (provide details in footnote):		
65	Long-term debt to affiliated trusts		61,856,000
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68	Cash received in interest rate swap agreement	4,445,000	125,000
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	155,648,295	155,802,841
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-56,440,903	-66,186,722
74	Preferred Stock	-1,750,000	-1,750,000
75	Common Stock		
76	Premiums paid for the repurchase of long-term debt	-826,430	-6,710,409
77	Long-term debt and short-term borrowing issuance costs	-2,152,802	-6,148,807
78	Net Decrease in Short-Term Debt (c)	-5,000,000	-12,000,000
79	Long-term debt to affiliated trusts		-61,856,000
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-26,443,249	-24,912,464
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	63,034,911	-23,761,561
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-4,318,726	-17,628,480
87			
88	Cash and Cash Equivalents at Beginning of Period	1,955,531	19,584,011
89			
90	Cash and Cash Equivalents at End of period	-2,363,195	1,955,531

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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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.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

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. is an operating division of Avista Corp., comprising the regulated utility operations. 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. In April 2005, the Company completed the sale of its South Lake Tahoe, California natural gas distribution properties (see Note 24 for further information). This was the Company's only regulated utility operation in California. Avista Capital, a wholly owned subsidiary of Avista Corp., is the parent company of all of the subsidiary companies in the non-utility business segments.

The Company's operations are exposed to risks including, but not limited to, the price and supply of purchased power, fuel and natural gas, regulatory recovery of power and natural gas costs and capital investments, streamflow and weather conditions, the effects of changes in legislative and governmental regulations, changes in regulatory requirements, availability of generation facilities, competition, technology and availability of funding. Also, like other utilities, the Company's facilities and operations may be exposed to terrorism risks or other malicious acts. In addition, the energy business exposes the Company to the financial, liquidity, credit and price risks associated with wholesale purchases and sales of energy commodities.

Basis of Reporting

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

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 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 Federal Energy Regulatory Commission and adopted by the appropriate state regulatory commissions.

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 \$13.1 million (net of \$57.1 million of unbilled receivables sold) and \$13.0 million (net of \$48.9 million of unbilled

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NOTES TO FINANCIAL STATEMENTS (Continued)			

receivables sold) as of December 31, 2005 and 2004, respectively. See Note 3 for information with respect 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 2005, 2004 and 2003.

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 both operating revenue and expense and totaled \$43.1 million, \$35.0 million and \$31.7 million in 2005, 2004 and 2003, respectively.

Income Taxes

The Company and its eligible subsidiaries file consolidated federal income tax returns. Subsidiaries are charged or credited with the tax effects of their operations on a stand-alone basis. The Company's federal income tax returns were examined with all issues resolved, and all payments made, through the 2000 return. The Internal Revenue Service is currently examining the Company's 2001, 2002 and 2003 federal income tax returns.

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

Stock-Based Compensation

Prior to January 1, 2006, the Company followed the disclosure only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, employee stock options were accounted for under Accounting Principle Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees." Stock options are granted at exercise prices not less than the fair value of common stock on the date of grant. Under APB No. 25, no compensation expense was recognized pursuant to the Company's stock option plans. However, the Company recognized compensation expense related to the initial grant (2003) of performance-based share awards. See Note 2 with respect to the revision of SFAS No. 123, which will result in changes to stock compensation recognition beginning in 2006.

If compensation expense for the Company's stock-based employee compensation plans were determined consistent with SFAS No. 123, net income and earnings per common share would have been the following pro forma amounts for the years ended December 31:

	2005	2004	2003
Net income (dollars in thousands):			
As reported	\$45,168	\$35,154	\$44,504
Add: Total stock-based employee compensation expense included in net income, net of tax	2,211	-	-
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of tax	<u>(2,911)</u>	<u>(2,033)</u>	<u>(2,186)</u>
Pro forma	<u>\$44,468</u>	<u>\$33,121</u>	<u>\$42,318</u>
Basic and diluted earnings per common share:			
Basic as reported	\$0.93	\$0.73	\$0.90
Diluted as reported	\$0.92	\$0.72	\$0.89
Basic pro forma	\$0.92	\$0.68	\$0.85
Diluted pro forma	\$0.91	\$0.68	\$0.85

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NOTES TO FINANCIAL STATEMENTS (Continued)			

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 20 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.

Special Deposits

Special deposits includes \$3.8 million and \$0.6 million of deposits related to Avista Corp.'s interest rate swap agreements as of December 31, 2005 and 2004, respectively. See Note 14 for further information with respect to Avista Corp.'s interest rate swap agreements.

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 documents the activity in the allowance for doubtful accounts during the years ended December 31 (dollars in thousands):

	2005	2004	2003
Allowance as of the beginning of the year	\$2,810	\$2,281	\$2,689
Additions expensed during the year	2,752	3,195	1,762
Net deductions	<u>(2,334)</u>	<u>(2,666)</u>	<u>(2,170)</u>
Allowance as of the end of the year	<u>\$3,228</u>	<u>\$2,810</u>	<u>\$2,281</u>

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

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 as a non-cash item in the Statements of Income in the line item capitalized interest. The Company generally is permitted, under established regulatory rate practices, to recover the capitalized AFUDC, and a fair return thereon, through its inclusion in rate base and the provision for depreciation after the related utility plant is placed in service. Cash inflow related to AFUDC generally does not occur until the related utility plant is placed in service and included in rate base.

The effective AFUDC rate was 9.72 percent for 2005, 2004 and 2003. The Company's AFUDC rates do not exceed the maximum allowable rates as determined in accordance with the requirements of regulatory authorities.

Depreciation

For utility operations, depreciation expense is estimated by a method of depreciation accounting utilizing unit rates for generation

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plants and composite rates for other utility plant. Such rates are designed to provide for retirements of properties at the expiration of their service lives. The rates for hydroelectric plants include annuity and interest components, in which the interest component is 9 percent. For utility operations, the ratio of depreciation provisions to average depreciable property was 2.93 percent in 2005, 2.92 percent in 2004 and 2.98 percent in 2003.

The average service lives for the following broad categories of utility property are: electric thermal production - 29 years; hydroelectric production - 77 years; electric transmission - 43 years; electric distribution - 47 years; and natural gas distribution property - 36 years.

The Company recovers certain asset retirement costs through rates charged to customers as a portion of its depreciation expense for which the Company has not recorded asset retirement obligations (see Note 7). These costs do not represent legal or contractual obligations.

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 (i) the Company's rates for regulated services are established by or subject to approval by an independent third-party regulator; (ii) the regulated rates are designed to recover the Company's cost of providing the regulated services; and (iii) 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 the Company's 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 with respect to all or a portion of the Company's regulated operations, the Company could be required to write off its regulatory assets. The Company could also be 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 (see "Power Cost Deferrals and Recovery Mechanisms" and "Natural Gas Cost Deferrals and Recovery Mechanisms" below for further information), investment in exchange power, regulatory asset for deferred income taxes, unamortized debt expense, regulatory asset for consolidation of variable interest entity, demand side management programs, conservation programs and the provision for postretirement benefits. Regulatory assets that are not currently included in rate base, being recovered in current rates or earning a return (accruing interest), totaled \$5.6 million as of December 31, 2005.

Regulatory liabilities include utility plant retirement costs. Deferred credits include, among other items, regulatory liabilities created when the Centralia Power Plant was sold, regulatory liabilities offsetting net utility energy commodity derivative assets (see Note 4 for further information) and the gain on the general office building sale/leaseback.

Investment in Exchange Power-Net

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

Unamortized Debt Expense and Unamortized Loss on Reacquired Debt

Unamortized debt expense includes debt issuance costs that are amortized over the life of the related debt, as well as premiums paid to repurchase debt, which are amortized over the average remaining maturity of outstanding debt in accordance with regulatory accounting practices under SFAS No. 71. These costs are recovered through retail rates as a component of interest expense.

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Natural Gas Benchmark Mechanism

The Idaho Public Utilities Commission (IPUC), WUTC and Oregon Public Utility Commission (OPUC) approved Avista Corp.'s Natural Gas Benchmark Mechanism in 1999. The mechanism eliminated the majority of natural gas procurement operations within Avista Corp. and placed responsibility for natural gas procurement operations with Avista Energy, the Company's non-regulated subsidiary. The ownership of the natural gas assets remained with Avista Corp.; however, the assets were managed by Avista Energy through an Agency Agreement. Avista Corp. always managed natural gas procurement for its California operations, which the Company sold in April 2005 (see Note 24).

Effective April 1, 2005, the Natural Gas Benchmark Mechanism and related Agency Agreement were terminated and the management of natural gas procurement functions was moved from Avista Energy back to Avista Corp. This was required for Washington customers by WUTC orders issued in February 2004, and Avista Corp.'s resulting transition plan approved by the WUTC in April 2004. The Company also elected to move these functions back to Avista Corp. for Idaho and Oregon natural gas customers.

Power Cost Deferrals and Recovery Mechanisms

Avista Corp. defers the recognition in the income statement of certain power supply costs as approved by the WUTC. Deferred power supply costs are recorded as a deferred charge on the Balance Sheets for future review and the opportunity for recovery through retail rates. The power supply costs deferred include certain differences between actual power supply costs incurred by Avista Corp. and the costs included in base retail rates. This difference in power supply costs primarily results from changes in short-term wholesale market prices, changes in the level of hydroelectric generation and changes in the level of thermal generation (including changes in fuel prices). Avista Corp. accrues interest on deferred power costs in the Washington jurisdiction at a rate, which is adjusted semi-annually, of 8.1 percent as of December 31, 2005. Total deferred power costs for Washington customers were \$96.2 million and \$113.2 million as of December 31, 2005 and 2004, respectively.

In Washington, the Energy Recovery Mechanism (ERM) allows Avista Corp. to increase or decrease electric rates periodically with WUTC approval to reflect changes in power supply costs. The ERM provides for Avista Corp. to incur the cost of, or receive the benefit from, the first \$9.0 million in annual power supply costs above or below the amount included in base retail rates. Under the ERM, 90 percent of annual power supply costs exceeding or below the initial \$9.0 million are deferred for future surcharge or rebate to Avista Corp.'s customers. The remaining 10 percent of power supply costs are an expense of, or benefit to, the Company.

Under the ERM, Avista Corp. makes an annual filing to provide the opportunity for the WUTC and other interested parties to review the prudence of and audit the ERM deferred power cost transactions for the prior calendar year. The ERM provides for a 90-day review period for the filing; however, the period may be extended by agreement of the parties or by WUTC order. In June 2005, the WUTC issued an order, which approved the recovery of the \$10.8 million of deferred power costs incurred for 2004.

Avista Corp. has a power cost adjustment (PCA) mechanism in Idaho that allows it to modify electric rates periodically with IPUC approval. Under the PCA mechanism, Avista Corp. defers 90 percent of the difference between certain actual net power supply expenses and the authorized level of net power supply expense. Avista Corp. accrues interest on deferred power costs in the Idaho jurisdiction at a rate, which is adjusted annually, of 2.0 percent on current year deferrals and 4.0 percent on carryover balances as of December 31, 2005. Total deferred power costs for Idaho customers were \$8.0 million and \$9.5 million as of December 31, 2005 and 2004, respectively.

Natural Gas Cost Deferrals and Recovery Mechanisms

Under established regulatory practices in each respective state, Avista Corp. is allowed to adjust its natural gas rates periodically (with regulatory approval) to reflect increases or decreases in the cost of natural gas purchased. Differences between actual natural gas costs and the natural gas costs already included in retail rates are deferred and charged or credited to expense when regulators approve inclusion of the cost changes in rates. Total deferred natural gas costs were \$43.4 million and \$28.6 million as of December 31, 2005 and 2004, respectively.

Reclassifications

Certain prior period amounts were reclassified to conform to current statement format. These reclassifications were made for comparative purposes and have not affected previously reported total net income or stockholders' equity.

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NOTE 2. NEW ACCOUNTING STANDARDS

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R, "Share-Based Payment," which supersedes APB No. 25 and SFAS No. 123 and their related implementation guidance. This statement establishes revised standards for the accounting for transactions in which the Company exchanges its equity instruments for goods or services with a primary focus on transactions in which the Company obtains employee services in share-based payment transactions. The statement requires that the compensation cost relating to share-based payment transactions be recognized in financial statements based on the fair value of the equity or liability instruments issued. The provisions of this statement are effective beginning in the first quarter of 2006. The Company expects to record compensation expense (net of tax) of approximately \$0.4 million in 2006 related to the periodic vesting of stock options granted to employees prior to 2005. The Company also expects to record compensation expense (net of tax) of approximately \$1.7 million, \$1.1 million and \$0.5 million in 2006, 2007 and 2008, respectively, for performance share awards granted to employees in 2004, 2005 and the first quarter of 2006.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" (FIN 47). FIN 47 clarifies that the term "conditional asset retirement obligation" refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. Under FIN 47, the Company is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. FIN 47 also clarifies when the Company would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The Company adopted FIN 47 as of December 31, 2005, the effects of which are disclosed in Note 7.

NOTE 3. 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 22, 2005, Avista Corp., ARC and a third-party financial institution amended a Receivables Purchase Agreement. The most significant amendment was to extend the termination date from May 29, 2005 to March 21, 2006. 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 operation expenses of Avista Corp. As of December 31, 2005 and 2004, \$85.0 million and \$72.0 million in accounts receivables were sold, respectively, under this revolving agreement.

NOTE 4. UTILITY ENERGY COMMODITY DERIVATIVE ASSETS AND LIABILITIES

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

Avista Corp. enters into forward contracts to purchase or sell energy. Under these forward contracts, Avista Corp. commits to purchase or sell a specified amount of energy at a specified time, or during a specified period, in the future. Certain of these forward contracts are considered derivative instruments. Avista Corp. also records derivative commodity assets and liabilities for over-the-counter and exchange-traded derivative instruments as well as certain long-term contracts. These contracts are entered into as part of Avista Corp.'s management of its loads and resources as discussed in Note 5. In conjunction with the issuance of SFAS No. 133, the WUTC and the IPUC issued accounting orders authorizing Avista Corp. to offset any derivative assets or liabilities with a regulatory asset or liability. This accounting treatment is intended to defer the recognition of mark-to-market gains and losses on energy commodity transactions until the period of settlement. The orders provide for Avista Corp. to not recognize the unrealized gain or loss on utility derivative commodity instruments in the Statements of Income. Realized gains or losses are recognized in the period of settlement, subject to approval for recovery through retail rates. Realized gains and losses, subject to regulatory approval, result in adjustments to retail rates through purchased gas cost adjustments, the ERM and the PCA mechanism.

Prior to the adoption of SFAS No. 149 on July 1, 2003, Avista Corp. elected the normal purchases and sales exception for substantially all of its contracts for both capacity and energy under SFAS No. 133. As such, Avista Corp. was not required to record

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these contracts as derivative commodity assets and liabilities. Under SFAS No. 149, substantially all new forward contracts to purchase or sell power and natural gas used for generation, which were entered into on or after July 1, 2003, 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.

Utility energy commodity derivatives consisted of the following as of December 31 (dollars in thousands):

	2005	2004
Current utility energy commodity derivative asset	\$69,494	\$12,557
Current utility energy commodity derivative liability	3,447	8,071
Net current regulatory liability	66,047	4,486
Non-current utility energy commodity derivative asset	46,731	55,825
Non-current utility energy commodity derivative liability	88	33,490
Net non-current regulatory liability	46,643	22,335

NOTE 5. ENERGY COMMODITY TRADING

The Company is exposed to risks relating to, but not limited to, changes in certain commodity prices, interest rates, foreign currency and counterparty performance. Avista Corp. utilizes derivative instruments, such as forwards, futures, swaps and options in order to manage the various risks relating to these exposures. Avista Corp. uses a variety of techniques to manage risks for its energy resources and wholesale energy market activities. The Company has risk management policies and procedures to manage these risks, both qualitative and quantitative. The Company's Risk Management Committee establishes the Company's risk management policies and procedures and monitors compliance. The Risk Management Committee is comprised of certain Company officers and other individuals and is overseen by the Audit Committee of the Company's Board of Directors.

Avista Corp. engages in an ongoing process of resource optimization, which involves the pursuit of economic resources to serve load obligations and using existing resources to capture available economic value. Avista Corp. sells and purchases wholesale electric capacity and energy to and from utilities and other entities as part of the process of acquiring resources to serve its retail and wholesale load obligations. These transactions range from a term as short as one hour up to long-term contracts that extend beyond one year. Avista Corp. makes continuing projections of (1) future retail and wholesale loads based on, among other things, forward estimates of factors such as customer usage and weather as well as historical data and contract terms and (2) resource availability based on, among other things, estimates of streamflows, generating unit availability, historic and forward market information and experience. On the basis of these continuing projections, Avista Corp. makes purchases and sales of energy on an annual, quarterly, monthly, daily and hourly basis to match expected resources to expected energy requirements. Resource optimization also includes transactions such as purchasing fuel to run thermal generation and, when economic, selling fuel and substituting electric wholesale market purchases for the operation of Avista Corp.'s own resources, as well as other wholesale transactions to capture the value of available generation and transmission resources. This optimization process includes entering into financial and physical hedging transactions as a means of managing risks.

As part of its resource optimization process described above, Avista Corp. manages the impact of fluctuations in electric energy prices by measuring and controlling the volume of energy imbalance between projected loads and resources and through the use of derivative commodity instruments for hedging purposes. Load/resource imbalances within a rolling 18-month planning horizon are compared against established volumetric guidelines and management determines the timing and specific actions to manage the imbalances. Management also assesses available resource decisions and actions that are appropriate for longer-term planning periods. Avista Energy was responsible for the daily management of natural gas supplies to meet the requirements of Avista Corp.'s customers in the states of Washington, Idaho and Oregon. Effective April 1, 2005, the management of natural gas procurement functions was moved from Avista Energy back to Avista Corp. This was required for Washington customers by WUTC orders issued in February 2004, and Avista Corp.'s resulting transition plan approved by the WUTC in April 2004. The Company also elected to move these functions back to Avista Corp. for Idaho and Oregon natural gas customers. The natural gas procurement process includes entering into financial and physical hedging transactions as a means of managing risks. Avista Corp. always managed natural gas procurement for its California operations, which the Company sold in April 2005 (see Note 24).

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Market Risk

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

Credit Risk

Credit risk relates to the risk of loss that Avista Corp. would incur as a result of non-performance by counterparties of their contractual obligations to deliver energy or make financial settlements. Avista Corp. often extends credit to counterparties and customers and is exposed to the risk that it may not be able to collect amounts owed. Changes in market prices may dramatically alter the size of credit risk with counterparties, even when conservative credit limits have been established. Credit risk includes the risk that a counterparty may default due to circumstances relating directly to it and the risk that a counterparty may default due to circumstances that relate to other market participants that have a direct or indirect relationship with such counterparty. Should a counterparty, customer or supplier fail to perform, Avista Corp. may be required to replace existing contracts with contracts at then-current market prices or to honor the underlying commitment. Avista Corp. seeks to mitigate credit risk by applying specific eligibility criteria to existing and prospective counterparties and by actively monitoring current credit exposures. These 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, and the use of standardized agreements that allow for the netting or offsetting of positive and negative exposures associated with a single counterparty.

Credit risk also involves the exposure that counterparties perceive related to the ability of Avista Corp. 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, with the result that sudden and significant demands may be made against the Company's capital resource reserves (credit facilities and cash). Avista Corp. actively monitors the exposure to possible collateral calls and takes steps to minimize capital requirements.

Other Operating Risks

In addition to market and credit risk, Avista Corp.'s commodity positions are subject to operational and event risks including, among others, increases or decreases in load demand, blackouts or disruptions to transmission or transportation systems, fuel quality, forced outages at generating plants and disruptions to information systems and other administrative tools required for normal operations. Avista Corp. also has exposure to weather conditions and natural disasters that can cause physical damage to property, requiring repairs to restore utility service. Terrorism threats, both domestic and foreign, is a risk to the entire utility industry, including Avista Corp. 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 to prepare contingency plans in the event that its facilities are targeted.

NOTE 6. 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 \$323.9 million and accumulated depreciation was \$183.2 million as of December 31, 2005.

NOTE 7. ASSET RETIREMENT OBLIGATIONS

The Company follows SFAS No. 143, "Accounting for Asset Retirement Obligations" which requires the recording of 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. As asset retirement costs are recovered through rates charged to customers, the Company records regulatory assets and liabilities for the

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difference between asset retirement costs currently recovered in rates and asset retirement obligations recorded under SFAS 143. The regulatory assets do not earn a return. The adoption of SFAS No. 143 on January 1, 2003 did not have a material effect on the Company's financial condition, results of operations or cash flows.

As described in Note 2, the Company adopted FIN 47 as of December 31, 2005, which has resulted in the recording of additional asset retirement obligations under SFAS No. 143. Specifically, the Company has recorded liabilities for future asset retirement obligations to (1) restore ponds at Colstrip (2) remove plant and restore the land at the Coyote Springs 2 site at the termination of the land lease (3) remove asbestos at the corporate office building and (4) dispose of PCBs in certain transformers. With the adoption of FIN 47, the Company recorded an asset retirement obligation of \$3.2 million, a regulatory asset of \$2.7 million, capitalized asset retirement costs of \$1.0 million and related accumulated depreciation of \$0.5 million. Due to an inability to estimate a range of settlement dates, the Company cannot estimate a liability for removal and disposal of certain transmission and distribution assets, as well as 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):

	2005	2004
Asset retirement obligation at beginning of year	\$1,191	\$ 660
Asset retirement obligation recognized	3,243	483
Asset retirement obligation settled	(28)	(20)
Asset retirement obligation accretion expense	<u>123</u>	<u>68</u>
Asset retirement obligation at end of year	<u>\$4,529</u>	<u>\$1,191</u>

The pro forma asset retirement obligation liability balances as if FIN 47 had been adopted on January 1, 2004 (rather than December 31, 2005) are as follows (dollars in thousands):

Pro forma asset retirement obligation as of January 1, 2004	\$3,538
Pro forma asset retirement obligation as of December 31, 2004	\$4,246

NOTE 8. PENSION PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has a defined benefit pension plan covering substantially all of its regular full-time employees at Avista Corp. and Avista Energy. 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 made \$15 million in cash contributions to the pension plan in each of 2005 and 2004, and \$12 million in 2003. The Company expects to contribute \$15 million to the pension plan in 2006.

The Finance Committee of the Company's Board of Directors establishes investment policies, objectives and strategies to seek optimum return for the pension plan, while also keeping with the assumption of prudent risk and the Finance Committee's composite return objectives. The Finance Committee reviews and approves changes to the investment policy. The Company has contracted with an investment manager who is responsible for managing the individual investment managers. The investment manager's performance and related individual fund performance is periodically reviewed by the Finance Committee to ensure compliance with investment policy objectives and strategies. Pension plan assets are invested primarily in marketable debt and equity securities. Pension plan assets may also be invested in real estate and other investments, including hedge funds and venture capital funds. In seeking to obtain the desired return to fund the pension plan, the Finance Committee has established investment allocation percentages by asset classes as indicated in the table in this Note.

The assumed 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 fair value of pension plan assets invested in debt and equity securities was based primarily on market prices. The fair value of pension plan assets invested in real estate was determined based on three basic approaches: (1) current cost of reproducing a property less deterioration and functional economic obsolescence (2) capitalization of the property's net earnings power; and (3) value indicated by recent sales of comparable properties in the market. The fair value of plan assets was determined as of December 31, 2005 and 2004.

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As of December 31, 2005 and 2004, the pension plan had assets with a fair value that was less than the present value of the accumulated benefit obligation under the plan. In 2005, the pension plan funding deficit increased as compared to the end of 2004 and as such the Company increased the additional minimum liability for the unfunded accumulated benefit obligation by \$2.8 million and reduced the intangible asset by \$0.7 million (representing the amount of unrecognized prior service cost) related to the pension plan. This resulted in a charge to other comprehensive income of \$2.3 million, net of taxes of \$1.2 million for 2005. In 2004, the pension plan funding deficit increased as compared to the end of 2003 and as such the Company increased the additional minimum liability for the unfunded accumulated benefit obligation by \$9.2 million and reduced the intangible asset by \$0.7 million (representing the amount of unrecognized prior service cost) related to the pension plan. This resulted in a charge to other comprehensive income of \$6.4 million, net of taxes of \$3.5 million for 2004. In 2003, the pension plan funding deficit decreased as compared to the end of 2002 and as such the Company reduced the additional minimum liability for the unfunded accumulated benefit obligation by \$15.5 million and the intangible asset by \$0.6 million (representing the amount of unrecognized prior service cost) related to the pension plan. This resulted in an increase to other comprehensive income of \$9.7 million, net of taxes of \$5.2 million for 2003.

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 Company recorded an additional minimum liability for the unfunded accumulated benefit obligation of \$0.6 million, \$1.8 million and \$0.3 million related to the SERP for 2005, 2004 and 2003, respectively. This resulted in a charge to other comprehensive income of \$0.4 million, \$1.2 million and \$0.2 million, net of tax, for 2005, 2004 and 2003, respectively.

The Company expects that benefit payments under the pension plan and the SERP will total \$14.7 million, \$15.6 million, \$15.6 million, \$16.4 million and \$18.0 million in 2006, 2007, 2008, 2009 and 2010, respectively. For the ensuing five years (2011 through 2015), the Company expects that benefit payments under the pension plan and the SERP will total \$109.6 million.

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. In 2004, the Company recognized the effect of an amendment to the cost-sharing policy, which limits the employer portion of the premium for all retirees. This amendment reduced the accumulated benefit obligation by \$4.3 million. The Company expects that benefit payments under the postretirement benefit plan will be \$2.7 million, \$2.6 million, \$2.5 million, \$2.3 million and \$2.2 million in 2006, 2007, 2008, 2009 and 2010, respectively. For the ensuing five years (2011 through 2015), the Company expects that benefit payments under the postretirement benefit plan will total \$9.6 million. The Company expects to contribute \$2.7 million to the postretirement benefit plan in 2006, representing expected benefit payments to be paid during the year.

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

The Company uses a December 31 measurement date for its pension and postretirement plans. The following table sets forth the pension and postretirement plan disclosures as of December 31, 2005 and 2004 and the components of net periodic benefit costs for the years ended December 31, 2005, 2004 and 2003 (dollars in thousands):

	Pension Benefits		Post-retirement Benefits	
	2005	2004	2005	2004
Change in benefit obligation:				
Benefit obligation as of beginning of year	\$285,738	\$265,790	\$31,868	\$39,185
Service cost	9,480	8,914	566	480
Interest cost	16,228	16,406	1,652	2,019
Plan amendment	-	-	-	(4,263)
Actuarial loss (gain)	6,049	8,737	(1,800)	(2,464)
Benefits paid	(14,932)	(13,309)	(3,293)	(3,042)
Expenses paid	(817)	(800)	(30)	(47)
Benefit obligation as of end of year	<u>\$301,746</u>	<u>\$285,738</u>	<u>\$28,963</u>	<u>\$31,868</u>

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	Pension Benefits		Post-retirement Benefits	
	2005	2004	2005	2004
Change in plan assets:				
Fair value of plan assets as of beginning of year	\$186,579	\$167,962	\$16,862	\$14,587
Actual return on plan assets	12,460	16,816	1,236	1,882
Employer contributions	15,000	15,000	1,183	1,964
Benefits paid	(14,059)	(12,399)	(873)	(1,524)
Expenses paid	<u>(817)</u>	<u>(800)</u>	<u>(30)</u>	<u>(47)</u>
Fair value of plan assets as of end of year	<u>\$199,163</u>	<u>\$186,579</u>	<u>\$18,378</u>	<u>\$16,862</u>
Funded status	\$(102,583)	\$(99,159)	\$(10,585)	\$(15,006)
Unrecognized net actuarial loss	79,667	73,604	973	6,009
Unrecognized prior service cost	4,405	5,058	-	-
Unrecognized net transition obligation/(asset)	-	<u>(499)</u>	<u>3,536</u>	<u>4,041</u>
Accrued benefit cost	(18,511)	(20,996)	(6,076)	(4,956)
Additional minimum liability	<u>(34,595)</u>	<u>(31,112)</u>	-	-
Accrued benefit liability	<u>\$(53,106)</u>	<u>\$(52,108)</u>	<u>\$(6,076)</u>	<u>\$(4,956)</u>
Accumulated pension benefit obligation	<u>\$252,269</u>	<u>\$238,687</u>	-	-
Accumulated postretirement benefit obligation:				
For retirees			\$14,662	\$18,914
For fully eligible employees			\$5,980	\$5,672
For other participants			\$8,321	\$7,282
Weighted-average asset allocations as of December 31:				
Equity securities	63%	63%	62%	64%
Debt securities	27%	26%	36%	36%
Real estate	5%	5%	-	-
Other	5%	6%	2%	-
Target asset allocations as of December 31:				
Equity securities	54-68%	54-68%	52-72%	52-72%
Debt securities	22-28%	22-28%	28-48%	28-48%
Real estate	3-7%	3-7%	-	-
Other	5-13%	5-13%	-	-
Weighted Average Assumptions as of December 31:				
Discount rate for benefit obligation	5.75%	5.75%	5.75%	5.75%
Discount rate for annual expense	5.75%	6.25%	5.75%	6.25%
Expected long-term return on plan assets	8.50%	8.00%	8.50%	8.00%
Rate of compensation increase (1)	4.84%	4.84%		
Medical cost trend pre-age 65 – initial			9.00%	9.00%
Medical cost trend pre-age 65 – ultimate			5.00%	5.00%
Ultimate medical cost trend year pre-age 65			2010	2009
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			2009	2008

(1) In 2004, changed to an age-based scale ranging from 2.50 percent to 8.00 percent.

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	2005	2004	2003	2005	2004	2003
Components of net periodic benefit cost:						
Service cost	\$ 9,480	\$ 8,914	\$ 7,806	\$ 566	\$ 480	\$ 482
Interest cost	16,228	16,406	15,705	1,652	2,019	2,477
Expected return on plan assets	(15,917)	(13,436)	(10,862)	(1,368)	(1,106)	(842)
Transition (asset)/obligation recognition	(499)	(1,086)	(1,086)	505	505	979
Amortization of prior service cost	654	654	653	-	-	-
Net loss recognition	<u>3,442</u>	<u>3,447</u>	<u>3,896</u>	<u>-</u>	<u>245</u>	<u>405</u>
Net periodic benefit cost	<u>\$13,388</u>	<u>\$14,899</u>	<u>\$16,112</u>	<u>\$1,355</u>	<u>\$2,143</u>	<u>\$3,501</u>

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, 2005 by \$1.4 million and the service and interest cost by \$0.1 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, 2005 by \$1.2 million and the service and interest cost by \$0.1 million.

The Company has a salary deferral 401(k) plan that is a defined contribution plan and covers substantially all employees. Employees can make contributions to their respective accounts in the plan on a pre-tax basis up to the maximum amount permitted by law. The Company matches a portion of the salary deferred by each participant according to the schedule in the plan. Employer matching contributions of \$4.1 million, \$3.9 million and \$3.6 million were expensed in 2005, 2004 and 2003, respectively.

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 each of December 31, 2005 and 2004, there were deferred compensation assets of \$11.3 million included in other special funds and corresponding deferred compensation liabilities of \$11.3 million included in other deferred credits on the Balance Sheets.

NOTE 9. ACCOUNTING FOR INCOME TAXES

As of December 31, 2005 and 2004, the Company had net regulatory assets of \$114.1 million and \$123.2 million, respectively, related to the probable recovery of certain deferred tax liabilities from customers through future rates.

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.

In August 2005, the Internal Revenue Service (IRS) and Treasury Department issued a revenue ruling, and related regulations that affect the tax treatment by Avista Corp. of certain indirect overhead expenses. Avista Corp. had previously made a tax election to deduct certain indirect overhead costs on the 2002 tax return that were capitalized for financial accounting purposes. This election allowed Avista Corp. to accelerate tax deductions resulting in a reduction of approximately \$40 million in current tax liabilities. This current tax benefit was deferred on the balance sheet in accordance with provisions of SFAS No. 109, "Accounting for Income Taxes" and did not have an effect on net income.

Avista Corp. believes that the revenue ruling and related regulations requires the Company to repay the original tax deductions over a two-year period (in 2005 and 2006) and that the tax deductions claimed on the Company's tax returns were appropriate based on the applicable statutes and regulations in effect at the time. There can be no assurance that the Company's position will prevail. However, it is not expected to have a significant effect on the Company's net income.

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NOTE 10. ENERGY PURCHASE CONTRACTS

Avista Corp. has contracts related to the purchase of fuel for thermal generation, natural gas and various agreements for the purchase, sale 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 Statements of Income, were \$652.2 million, \$482.2 million and \$464.1 million in 2005, 2004 and 2003, respectively. 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):

	2006	2007	2008	2009	2010	Thereafter	Total
Power resources	\$104,684	\$103,869	\$103,546	\$104,641	\$104,674	\$375,282	\$ 896,696
Natural gas resources	<u>259,100</u>	<u>58,133</u>	<u>44,067</u>	<u>39,711</u>	<u>39,460</u>	<u>352,155</u>	<u>792,626</u>
Total	<u>\$363,784</u>	<u>\$162,002</u>	<u>\$147,613</u>	<u>\$144,352</u>	<u>\$144,134</u>	<u>\$727,437</u>	<u>\$1,689,322</u>

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

In addition, Avista Corp. has operational agreements, settlements and other contractual obligations with respect to 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 with respect to these agreements (dollars in thousands):

	2006	2007	2008	2009	2010	Thereafter	Total
Contractual obligations	<u>\$14,265</u>	<u>\$14,289</u>	<u>\$14,314</u>	<u>\$14,462</u>	<u>\$14,489</u>	<u>\$194,889</u>	<u>\$266,708</u>

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 facility is 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 \$9.0 million, \$7.3 million and \$8.5 million in 2005, 2004 and 2003, respectively. Information as of December 31, 2005 pertaining to these PUD contracts is summarized in the following table (dollars in thousands):

	Company's Current Share of					Expira- tion Date
	Output	Kilowatt Capability	Annual Costs (1)	Debt Service Costs (1)	Bonds Outstanding	
Chelan County PUD:						
Rocky Reach Project	2.9%	37,000	\$1,984	\$ 987	\$2,637	2011
Douglas County PUD:						
Wells Project	3.5	30,000	1,090	640	7,635	2018
Grant County PUD:						
Priest Rapids Project	5.7	55,000	2,643	773	11,892	2055
Wanapum Project	8.2	<u>75,000</u>	<u>3,257</u>	<u>1,795</u>	<u>23,821</u>	2055
Totals		<u>197,000</u>	<u>\$8,974</u>	<u>\$4,195</u>	<u>\$45,985</u>	

(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 2005. Debt service costs are included in annual costs.

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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):

	2006	2007	2008	2009	2010	Thereafter	Total
Minimum payments	<u>\$3,587</u>	<u>\$3,938</u>	<u>\$3,966</u>	<u>\$3,986</u>	<u>\$3,605</u>	<u>\$63,961</u>	<u>\$83,043</u>

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

NOTE 11. LONG-TERM DEBT

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

Maturity Year	Description	Interest Rate	2005	2004
2005	Secured Medium-Term Notes	6.39%-6.68%	\$ -	\$ 29,500
2006	Secured Medium-Term Notes	7.89%-7.90%	30,000	30,000
2007	First Mortgage Bonds	7.75%	150,000	150,000
2007	Secured Medium-Term Notes	5.99%	13,850	13,850
2008	Secured Medium-Term Notes	6.06%-6.95%	45,000	45,000
2010	Secured Medium-Term Notes	6.67%-8.02%	35,000	35,000
2012	Secured Medium-Term Notes	7.37%	7,000	7,000
2013	First Mortgage Bonds	6.13%	45,000	45,000
2018	Secured Medium-Term Notes	7.26%-7.45%	22,500	27,500
2019	First Mortgage Bonds	5.45%	90,000	90,000
2023	Secured Medium-Term Notes	7.18%-7.54%	13,500	24,500
2028	Secured Medium-Term Notes	6.37%	25,000	25,000
2032	Pollution Control Bonds	5.00%	66,700	66,700
2034	Pollution Control Bonds	5.13%	17,000	17,000
2035	First Mortgage Bonds (1)	6.25%	<u>150,000</u>	-
	Total secured long-term debt		<u>710,550</u>	<u>606,050</u>
2006	Unsecured Medium-Term Notes	8.14%	8,000	8,000
2007	Unsecured Medium-Term Notes	7.90%-7.94%	12,000	12,000
2008	Unsecured Senior Notes	9.75%	279,735	279,735
2022	Unsecured Medium-Term Notes	8.15%	-	5,000
2023	Unsecured Medium-Term Notes	7.99%	-	5,000
2023	Pollution Control Bonds	6.00%	<u>4,100</u>	<u>4,100</u>
	Total unsecured long-term debt		<u>303,835</u>	<u>313,835</u>
	Interest rate swaps		<u>5,236</u>	<u>1,092</u>
	Committed line of credit		<u>63,000</u>	<u>68,000</u>
	Preferred stock		<u>28,000</u>	<u>29,750</u>
	Total long-term debt		<u>\$1,110,621</u>	<u>\$1,018,727</u>

(1) During the fourth quarter of 2005, the Company issued \$150.0 million of 6.25 percent First Mortgage Bonds due in 2035. The proceeds from the issuance were used to repay a portion of the borrowings outstanding under the Company's \$350.0 million committed line of credit and for the payment of corporate obligations.

The following table details future long-term debt maturities, not including interest rate swaps, the committed line of credit or preferred stock (dollars in thousands):

Year	2006	2007	2008	2009	2010	Thereafter	Total
Debt maturities	<u>\$38,000</u>	<u>\$175,850</u>	<u>\$324,735</u>	<u>\$ -</u>	<u>\$35,000</u>	<u>\$440,800</u>	<u>\$1,014,385</u>

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In April 2004, the Company filed an amended registration statement on Form S-3 with the Securities and Exchange Commission, which would allow for the issuance of up to \$349.6 million of securities (either debt or common stock). This filing amended and combined three previous registration statements filed by the Company. As of December 31, 2005, the Company had remaining availability of \$109.6 million under this registration statement.

Substantially all utility properties owned by the Company are subject to the lien of the Company's various mortgage indentures. The Mortgage and Deed of Trust securing the Company's First Mortgage Bonds (including Secured Medium-Term Notes) contains limitations on the amount of First Mortgage Bonds, which may be issued based on, among other things, a 70 percent debt-to-collateral ratio, and/or retired First Mortgage Bonds, and a 2 to 1 net earnings to First Mortgage Bond interest ratio. As of December 31, 2005, the Company could issue \$285.5 million of additional First Mortgage Bonds under the Mortgage and Deed of Trust. See Note 13 for information regarding First Mortgage Bonds issued to secure the Company's obligations under its \$350.0 million committed line of credit.

NOTE 12. ADVANCES FROM ASSOCIATED COMPANIES

In April 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.

The Company used the proceeds from the Junior Subordinated Debt Securities to redeem \$61.9 million of 7.875 percent Junior Subordinated Deferrable Interest Debentures, Series A, originally issued in 1997 to Avista Capital I, an affiliated business trust formed by the Company. Avista Capital I used these proceeds to redeem \$60.0 million of Preferred Trust Securities issued to third parties and \$1.9 million of Common Trust Securities issued to the Company.

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 2005 ranged from 3.275 percent to 5.285 percent. As of December 31, 2005, the annual distribution rate was 5.285 percent. Concurrent with the issuance of the Preferred Trust Securities, Avista Capital II issued \$1.5 million of Common Trust Securities to the Company. These debt securities may be redeemed at the option of Avista Capital II on or after June 1, 2007 and mature on June 1, 2037; however, this is limited by an agreement under the Company's 9.75 percent Senior Notes that mature in 2008. In December 2000, the Company purchased \$10.0 million of these Preferred Trust Securities.

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

NOTE 13. COMMITTED LINE OF CREDIT

On December 17, 2004, the Company entered into a committed line of credit agreement with various banks in the amount of \$350.0 million with an expiration date of December 16, 2009. This committed line of credit replaced a \$350.0 million committed line of credit with a 364-day term that had an expiration date of May 5, 2005. The Company can request the issuance of up to \$150.0 million in letters of credit under the committed line of credit. As of December 31, 2005 and 2004, there were \$44.1 million and \$32.8 million in letters of credit outstanding, respectively. The committed line of credit is secured by \$350.0 million of non-transferable First Mortgage Bonds of the Company issued to the agent bank. Such First Mortgage Bonds would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed line of credit.

The committed line of credit agreement contains customary covenants and default provisions, including covenants not to permit the ratio of "consolidated total debt" to "consolidated total capitalization" of Avista Corp. to be greater than 70 percent at the end of any

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fiscal quarter. As of December 31, 2005, the Company was in compliance with this covenant with a ratio of 60.2 percent. The committed line of credit also has a covenant requiring the ratio of "earnings before interest, taxes, depreciation and amortization" to "interest expense" of Avista Corp. for the twelve-month period ending December 31, 2005 to be greater than 1.6 to 1. As of December 31, 2005, the Company was in compliance with this covenant with a ratio of 2.46 to 1.

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

	2005	2004	2003
Balance outstanding at end of period	\$63,000	\$68,000	\$80,000
Maximum balance outstanding during the period	167,000	170,000	85,000
Average balance outstanding during the period	61,181	54,858	26,034
Average interest rate during the period	4.45%	3.14%	2.99%
Average interest rate at end of period	5.48	3.52	3.70

NOTE 14. INTEREST RATE SWAP AGREEMENTS

In 2004, Avista Corp. entered into three forward-starting interest rate swap agreements, totaling \$200.0 million, to manage the risk that changes in interest rates may affect the amount of future interest payments. These interest rate swap agreements relate to the anticipated issuances of debt to fund debt that matures in 2007 and 2008. Under the terms of these agreements, the value of the interest rate swaps are determined based upon Avista Corp. paying a fixed rate and receiving a variable rate-based on LIBOR for a term of seven years beginning in 2007 and a term of ten years beginning in 2008. The interest rate swap agreements entered in 2004 provide for mandatory cash settlement of these contracts in 2008 and 2009. In June 2005, Avista Corp. entered into a forward-starting interest rate swap agreement in the amount of \$50.0 million related to the anticipated issuance of debt to fund debt that matured during the second half of 2005. This interest rate swap agreement was cash settled in 2005 and the Company received \$4.4 million, which has been deferred as a regulatory liability (part of long-term debt) and will be amortized over the 30-year life of the new debt issued in accordance with regulatory accounting practices.

These interest rate swap agreements are considered hedges against fluctuations in future cash flows associated with changes in interest rates in accordance with SFAS No. 133. As of December 31, 2005, Avista Corp. had a long-term derivative liability of \$10.0 million. As of December 31, 2005, there was an unrealized loss of \$6.5 million recorded as accumulated other comprehensive loss on the Balance Sheets. The Company may request regulatory accounting orders to defer the impact of unrealized gains and losses. If such accounting orders were obtained, the Company would record a regulatory asset or liability, which would eliminate the effect of any unrealized gains and losses on these interest rate swap agreements in the Statements of Accumulated Comprehensive Income and Hedging Activities. If regulatory accounting orders are not obtained prior to the mandatory cash settlements, the amount included in accumulated other comprehensive income or loss at the cash settlement date will be reclassified to a regulatory liability (part of long-term debt) in accordance with regulatory accounting practices under SFAS No. 71. This gain or loss will be amortized over the remaining life of the forecasted debt issued.

NOTE 15. LEASES

The Company has multiple lease arrangements involving various assets, with minimum terms ranging from one to forty-five years. Certain lease arrangements require the Company, upon the occurrence of specified events, to purchase the leased assets. The Company's management believes the likelihood of the occurrence of the specified events under which the Company could be required to purchase the leased assets is remote. Rental expense under operating leases for 2005, 2004 and 2003 was \$8.0 million, \$12.0 million and \$13.4 million, respectively.

In November 2005, the Company terminated its lease agreement related to its corporate headquarters and central operating facility. Lease payments were approximately \$2.3 million per year. In conjunction with the termination of the lease agreement, the Company purchased its corporate headquarters and central operating facility.

WP Funding LP was formed in 1993 for the purpose of acquiring the natural gas-fired combustion turbine generating facility in Rathdrum, Idaho (Rathdrum CT). WP Funding LP purchased the Rathdrum CT from Avista Corp. with funds provided by unrelated

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investors of which 97 percent represented debt and 3 percent represented equity. Avista Corp. operated the Rathdrum CT and leased it from WP Funding LP until September 2005. In September 2005, Avista Corp. terminated (by exercise of a purchase option) the lease agreement with, and acquired the Rathdrum CT from, WP Funding LP. Lease payments were approximately \$4.7 million per year.

Future minimum lease payments required under operating leases having initial or remaining noncancelable lease terms in excess of one year as of December 31, 2005 were as follows (dollars in thousands):

Year ending December 31:	2006	2007	2008	2009	2010	Thereafter	Total
Minimum payments required	\$1,866	\$1,355	\$1,222	\$1,085	\$223	\$2,362	\$8,113

The payments under capital leases are \$1.1 million in 2006, \$1.0 million in each of 2007 and 2008, and \$0.1 million in 2009.

Equipment under capital leases totaled \$5.6 million and \$5.3 million as of December 31, 2005 and 2004, respectively. The associated accumulated depreciation totaled \$1.1 million and \$0.5 million as of December 31, 2005 and 2004, respectively.

NOTE 16. GUARANTEES

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

Avista Power, LLC (Avista Power), a subsidiary of Avista Capital, through its equity investment in Rathdrum Power LLC, is a 49 percent owner of the Lancaster Project, which commenced commercial operation in September 2001. Commencing with commercial operations, all of the output from the Lancaster Project is contracted to Avista Energy, a subsidiary of Avista Capital, through 2026 under a power purchase agreement. Avista Corp. has guaranteed the power purchase agreement with respect to the performance of Avista Energy.

NOTE 17. PREFERRED STOCK-CUMULATIVE (SUBJECT TO MANDATORY REDEMPTION)

In September 2005, the Company made a mandatory redemption of 17,500 shares of preferred stock for \$1.75 million. In September 2004, the Company made a mandatory redemption of 17,500 shares of preferred stock for \$1.75 million. In March 2003, the Company repurchased 17,500 shares of preferred stock for \$1.6 million, satisfying its redemption requirement for 2003. On September 15, 2006, the Company must redeem 17,500 shares at \$100 per share plus accumulated dividends through a mandatory sinking fund. As such, redemption requirements are \$1.75 million for 2006. The remaining shares must be redeemed on September 15, 2007 for \$26.25 million. The Company has the right to redeem an additional 17,500 shares on each September 15 redemption date; however, this right is limited by an agreement under the Company's 9.75 percent Senior Notes that mature in 2008. Upon involuntary liquidation, all preferred stock will be entitled to \$100 per share plus accrued dividends.

The Company adopted SFAS No. 150 effective July 1, 2003. The adoption of this statement requires the Company to classify preferred stock subject to mandatory redemption as liabilities and preferred stock dividends as interest expense. The restatement of prior periods was not permitted.

NOTE 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, special deposits, working funds, temporary cash investments accounts and notes receivable, accounts payable, capital leases and the committed line of credit are reasonable estimates of their fair values. Derivative assets and liabilities are reported at estimated fair value on the Balance Sheets.

The fair value of the Company's secured and unsecured long-term debt as of December 31, 2005 and 2004 was estimated to be \$1,063.0 million, or 105 percent of the carrying value of \$1,014.4 million, and \$998.7 million, or 108 percent of the carrying value of \$921.0 million, respectively. The fair value of the Company's mandatorily redeemable preferred stock as of December 31, 2005 and 2004 was estimated to be \$28.6 million, or 102 percent of the carrying value of \$28.0 million, and \$32.0 million, or 107 percent of the carrying value of \$29.8 million, respectively. The fair value of the Company's long-term debt to affiliated trusts (included in advances

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to associated companies) as of December 31, 2005 and 2004 was estimated to be \$104.6 million, or 95 percent of the carrying value of \$110.0 million, and \$108.3 million, or 98 percent of the carrying value of \$110.0 million, respectively. The carrying value as of December 31, 2005 and 2004 does not include \$3.4 million of debt that is considered common equity by the affiliated trusts. These estimates were primarily based on available market information.

NOTE 19. COMMON STOCK

In April 1990, the Company sold 1,000,000 shares of its common stock to the Trustee of the Investment and Employee Stock Ownership Plan for Employees of the Company (Plan) for the benefit of the participants and beneficiaries of the Plan. In payment for the shares of common stock, the Trustee issued a promissory note payable to the Company in the amount of \$14.1 million. Dividends paid on the stock held by the Trustee, plus Company contributions to the Plan, if any, were used by the Trustee to make interest and principal payments on the promissory note. The balance of the promissory note receivable from the Trustee was repaid during 2005. The shares of common stock were allocated to the accounts of participants in the Plan as the note was repaid. During 2005, 2004 and 2003, the cost recorded for the Plan was \$1.7 million, \$6.2 million and \$6.9 million, respectively. Interest on the note payable to the Company, cash and stock contributions to the Plan and dividends on the shares held by the Trustee was less than \$0.1 million, \$0.4 million and less than \$0.1 million, respectively, during 2005. Interest on the note payable to the Company, cash and stock contributions to the Plan and dividends on the shares held by the Trustee was \$0.2 million, \$1.7 million and less than \$0.1 million, respectively, during 2004. Interest on the note payable to the Company, cash and stock contributions to the Plan and dividends on the shares held by the Trustee was \$0.3 million, \$1.7 million and \$0.1 million, respectively, during 2003.

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. The Rights expire on March 31, 2009.

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

From March 2000 through May 2003, the Company issued shares of its common stock to the Employee Investment Plan rather than having the Plan purchase shares of common stock on the open market. In the fourth quarter of 2000, the Company also began issuing new shares of common stock for the Dividend Reinvestment and Stock Purchase Plan.

The payment of dividends on common stock is restricted by provisions of certain covenants applicable to preferred stock and long-term debt contained in the Company's Articles of Incorporation and various mortgage indentures. Covenants under the Company's 9.75 percent Senior Notes that mature in 2008 limit the Company's ability to increase its common stock cash dividend to no more than 5 percent over the previous quarter.

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NOTE 20. 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):

	2005	2004	2003
Numerator:			
Income from continuing operations	\$45,168	\$35,614	\$50,643
Loss from discontinued operations	<u>-</u>	<u>-</u>	<u>(4,949)</u>
Net income before cumulative effect of accounting change	45,168	35,614	45,694
Cumulative effect of accounting change	<u>-</u>	<u>(460)</u>	<u>(1,190)</u>
Net income	45,168	35,154	44,504
Preferred stock dividend requirements	<u>-</u>	<u>-</u>	<u>(1,125)</u>
Income available for common stock	<u>\$45,168</u>	<u>\$35,154</u>	<u>\$43,379</u>
Denominator:			
Weighted-average number of common shares outstanding-basic	48,523	48,400	48,232
Effect of dilutive securities:			
Contingent stock awards	198	209	244
Stock options	<u>258</u>	<u>277</u>	<u>154</u>
Weighted-average number of common shares outstanding-diluted	<u>48,979</u>	<u>48,886</u>	<u>48,630</u>
Earnings per common share, basic:			
Earnings from continuing operations	\$0.93	\$0.74	\$1.03
Loss from discontinued operations	<u>-</u>	<u>-</u>	<u>(0.10)</u>
Earnings before cumulative effect of accounting change	0.93	0.74	0.93
Loss from cumulative effect of accounting change	<u>-</u>	<u>(0.01)</u>	<u>(0.03)</u>
Total earnings per common share, basic	<u>\$0.93</u>	<u>\$0.73</u>	<u>\$0.90</u>
Earnings per common share, diluted:			
Earnings from continuing operations	\$0.92	\$0.73	\$1.02
Loss from discontinued operations	<u>-</u>	<u>-</u>	<u>(0.10)</u>
Earnings before cumulative effect of accounting change	0.92	0.73	0.92
Loss from cumulative effect of accounting change	<u>-</u>	<u>(0.01)</u>	<u>(0.03)</u>
Total earnings per common share, diluted	<u>\$0.92</u>	<u>\$0.72</u>	<u>\$0.89</u>

Total stock options outstanding that were not included in the calculation of diluted earnings per common share were 695,500, 730,100 and 1,306,200 for 2005, 2004 and 2003, respectively. These stock options were excluded from the calculation because they were antidilutive based on the fact that the exercise price of the stock options was higher than the average market price of Avista Corp. common stock during the respective period. In addition, contingent stock awards of 318,900 and 156,800 were outstanding as of December 31, 2005 and 2004, respectively, which were not included in basic or diluted shares because the performance conditions were not satisfied.

NOTE 21. STOCK COMPENSATION PLANS

In 1998, the Company adopted and shareholders approved an incentive compensation plan, the Long-Term Incentive Plan (1998 Plan). Under the 1998 Plan, certain key employees, directors and officers 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, including 1.0 million shares approved by shareholders in 2005. Beginning in 2000, non-employee directors began receiving options under this 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

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exclusion of 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. The Company currently does not plan to issue any further options or securities under this plan.

The Board of Directors has determined that it is no longer in the Company's best interest to issue stock options under the 1998 Plan and the 2000 Plan. Other forms of compensation are in place including the issuance of performance shares to certain officers and other key employees.

Prior to January 1, 2006, the Company accounted for stock based compensation using APB No. 25, which requires the recognition of compensation expense on the excess, if any, of the market price of the stock at the date of grant over the exercise price of the option. As the exercise price for options granted under the 1998 Plan and the 2000 Plan was equal to the market price at the date of grant, there was no compensation expense recorded by the Company. However, the Company has recognized compensation expense related to the initial grant (2003) of performance share awards that vested on December 31, 2005. SFAS No. 123 requires the disclosure of pro forma net income and earnings per common share had the Company adopted the fair value method of accounting for stock options.

Under this statement, the fair value of stock-based awards is calculated with option pricing models. These models require the use of subjective assumptions, including stock price volatility, dividend yield, risk-free interest rate and expected time to exercise. The fair value of options is estimated on the date of grant using the Black-Scholes option-pricing model. See Note 1 for disclosure of pro forma net income and earnings per common share. In December 2004, the FASB issued 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 beginning in 2006. See Note 2 for further information.

In 2005, the Company granted 163,600 performance shares to certain officers and other key employees under the 1998 Plan, of which 163,100 awards were outstanding as of December 31, 2005. In 2004, the Company granted 156,800 performance shares to certain officers and other key employees under the 1998 Plan and the 2000 Plan, of which 155,800 awards were outstanding as of December 31, 2005. In 2003, the Company granted 162,600 performance shares to certain officers and other key employees under the 1998 Plan and the 2000 Plan, of which 152,914 awards were outstanding as of December 31, 2005. The performance shares are payable at the Company's option in either cash or common stock three years from the date of grant. 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. Based on the change in value of the Company's common stock relative to an external benchmark during the 3-year performance cycle, the Company issued 183,497 shares of common stock in early 2006 related to the performance shares granted in 2003. This resulted in compensation expense of \$3.6 million recorded during 2005. In February 2006, the Company granted 132,266 performance shares and 34,660 restricted shares to certain officers and other key employees under the 1998 Plan.

Shares of common stock issued from the exercise of stock options under the 1998 Plan and the 2000 Plan were acquired on the open market prior to 2006. Beginning in 2006, the Company will issue new shares for the exercise of stock options. As of December 31, 2005, there were 2.7 million shares available for future stock grants under the 1998 Plan and the 2000 Plan.

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

	2005	2004	2003
Number of shares under stock options:			
Options outstanding at beginning of year	2,332,198	2,481,886	2,684,350
Options granted	-	-	24,000
Options exercised	(192,377)	(99,138)	(37,439)
Options canceled	(44,610)	(50,550)	(189,025)
Options outstanding at end of year	<u>2,095,211</u>	<u>2,332,198</u>	<u>2,481,886</u>
Options exercisable at end of year	<u>1,968,629</u>	<u>1,896,648</u>	<u>1,614,455</u>

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	2005	2004	2003
Weighted average exercise price:			
Options granted	\$ -	\$ -	\$12.41
Options exercised	\$13.50	\$13.79	\$11.43
Options canceled	\$20.42	\$18.46	\$17.78
Options outstanding at end of year	\$15.68	\$15.58	\$15.57
Options exercisable at end of year	\$16.03	\$16.62	\$17.18
Weighted average fair value of options granted during the year	\$ -	\$ -	\$ 4.30
Principal assumptions used in applying the Black-Scholes model:			
Risk-free interest rate	-	-	3.17%
Expected life, in years	-	-	7
Expected volatility	-	-	37.10%
Expected dividend yield	-	-	3.87%

Information with respect to options outstanding and options exercisable as of December 31, 2005 was as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Number of Shares	Weighted Average Exercise Price
\$10.17-\$11.68	459,411	\$10.26	6.2	332,828	\$10.27
\$11.69-\$14.61	523,500	11.83	5.2	523,500	11.83
\$14.62-\$17.53	416,800	17.12	4.0	416,800	17.12
\$17.54-\$20.45	266,000	18.73	2.2	266,000	18.73
\$20.46-\$23.38	403,300	22.56	4.1	403,300	22.56
\$26.30-\$28.47	<u>26,200</u>	27.39	4.1	<u>26,200</u>	27.39
Total	<u>2,095,211</u>	\$15.68	5.0	<u>1,968,628</u>	\$16.03

Non-Employee Director Stock Plan

In February 2005, the Board of Directors elected to terminate the 1996 Director Plan. With the termination of the 1996 Director Plan, directors may elect each year to receive their annual retainer in cash, in common stock, or in a combination of both cash and common stock.

NOTE 22. 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. In addition to issues specifically identified in this Note and with respect to matters that affect the regulated utility operations, the Company intends to seek, to the extent appropriate, regulatory approval of recovery of incurred costs through the rate making process.

Federal Energy Regulatory Commission Inquiry

On April 19, 2004, the Federal Energy Regulatory Commission (FERC) issued an order approving the contested Agreement in Resolution of Section 206 Proceeding (Agreement in Resolution) reached by Avista Corp. doing business as 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

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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. As part of the Agreement in Resolution, Avista Corp. agreed to continue to record conversations of energy traders for two years and to improve its account settlement process. Avista Corp. and Avista Energy agreed to maintain an annual training program on the applicable FERC Code of Conduct for all employees engaged in the trading of electric energy and capacity. The Agreement in Resolution imposes no monetary remedies or penalties against Avista Corp. or Avista Energy. 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. Based on the FERC's order approving the Agreement in Resolution and the FERC's denial of rehearing requests, the Company does not expect that this proceeding will have any material adverse effect on its financial condition, results of operations or cash flows.

Class Action Securities Litigation

On November 10, 2005, an amended class action complaint was filed in the United States District Court for the Eastern District of Washington against Avista Corp., Thomas M. Matthews, the former Chairman of the Board, President and Chief Executive Officer of Avista Corp., Gary G. Ely, the current Chairman of the Board, President and Chief Executive Officer of Avista Corp., and Jon E. Eliassen, the former Senior Vice President and Chief Financial Officer of Avista Corp. Several class action complaints were originally filed in September through November 2002 in the same court against the same parties. In February 2003, the court issued an order, which consolidated the complaints and in August 2003, the plaintiffs filed a consolidated amended class action complaint. On June 13, 2005, the Company filed a motion for reconsideration of its earlier motion to dismiss this complaint, based, in part, on a recent United States Supreme Court decision with respect to the pleading requirements surrounding a sufficient showing of loss causation. On October 19, 2005, the Court granted the Company's motion to dismiss this complaint. The order to dismiss was issued without prejudice, which allowed the plaintiffs to amend their complaint. The amended complaint filed on November 10, 2005 alleges damages due to the decrease in the total market value of the Company's common stock during the class period, which was approximately \$2.6 billion. These alleged losses stemmed from violations of federal securities laws through alleged misstatements and omissions of material facts with respect to the Company's energy trading practices in western power markets. The plaintiffs assert that alleged misstatements and omissions regarding these matters were made in the Company's filings with the Securities and Exchange Commission and other information made publicly available by the Company, including press releases. The class action complaint asserts claims on behalf of all persons who purchased, converted, exchanged or otherwise acquired the Company's common stock during the period between November 23, 1999 and August 13, 2002. On January 6, 2006, the Company filed a motion to dismiss the November 10, 2005 complaint. The Company's motion to dismiss has been set for hearing in March 2006. The Company continues to assert that, among other deficiencies in the complaint, the plaintiff has failed to show sufficient loss causation. Because the resolution of this lawsuit remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that this lawsuit will have a material adverse effect 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.

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) in the California spot power market. 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 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 mitigated market clearing price methodology is applied to its transactions. In January 2006, the FERC issued its Order On Cost Filings accepting Avista Energy's cost filing claim, subject to a compliance filing and the utilization of final CalISO, CalPX and Automated Power Exchange Corporation data. Once the CalISO receives updated cost offset filings from Avista Energy and other sellers, it will continue its efforts to prepare revised settlement statements for spot market sales to California during the refund period.

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

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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, 2005, 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. Market participants with bids above \$250 per MW during the period described above have been required to demonstrate why their bidding behavior and practices did not violate applicable market rules. If violations were found to exist, the FERC would require the refund of any unjust profits and could also enforce other non-monetary penalties, such as the revocation of market-based rate authority. Avista Energy was subject to this review. 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 United States Court of Appeals for 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 have been 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. Oral argument on those issues took place in April 2005. 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; no decision has yet been issued on the other issues argued in April 2005. The time for seeking rehearing in the municipal utilities case has been extended until 45 days after disposition of the case presenting the other issues. The second round of issues and their corresponding briefing schedules have not yet been set by the Ninth Circuit Court of Appeals.

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

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 in the Pacific Northwest between December 25, 2000 to June 20, 2001 were just and reasonable. During the hearing, Avista Corp. and Avista Energy vigorously opposed claims that Pacific Northwest markets were dysfunctional, that rates for spot market sales were unjust and unreasonable and that the imposition of refunds would be appropriate. In September 2001, the FERC's Administrative Law Judge presiding over the evidentiary hearing issued a decision favorable to the Company's position and recommended that the FERC not order refunds and instead dismiss the entire proceeding. In June 2003, the FERC terminated the Pacific Northwest refund proceedings, after finding that the equities do not justify the imposition of refunds. In November 2003, the FERC affirmed its order. Seven petitions for review, including one filed by Puget Sound Energy, Inc. (Puget), are now pending before the United States Court of Appeals for the Ninth Circuit. Opening briefs were filed in January 2005. Petitioners other than Puget challenged the merits of the FERC's decision not to order refunds. Puget's brief is directed to the procedural flaws in the underlying docket. Puget argues that because its complaint was withdrawn as a matter of law in July 2001, the FERC erred in relying on it to serve as the basis to initiate the preliminary investigation into whether refunds for individually negotiated bilateral transactions in the Pacific Northwest were appropriate. In February 2005, intervening parties, including Avista Energy and Avista Corp., filed in support of Puget and also filed in opposition to the other six petitioners. Briefing was completed in May 2005. Oral arguments are expected, but have not yet been set. Because the resolution of the Pacific Northwest refund proceeding remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that the Pacific Northwest refund proceeding will have a material adverse effect 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.

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

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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 were liable for sales of energy at rates that were "unjust and unreasonable." 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 United States Court of Appeals for the Ninth Circuit. In September 2004, the United States Court of Appeals for the Ninth Circuit upheld the FERC's market-based rate authority, but found the requirement that all sales at market-based rates be contained in quarterly reports filed with the FERC to be integral to a market-based rate tariff. The California AG has interpreted the decision as providing authority to the FERC to order refunds in the California refund proceeding for an expanded refund period. The Court's decision leaves to the FERC the determination as to whether refunds are appropriate. In October 2004, Avista Energy joined with others in seeking rehearing of the Court's decision to remand the case back to the FERC for further proceedings. The Ninth Circuit has yet to rule on the request for rehearing. 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. 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.

Port of Seattle Complaint

In May 2003, a complaint was originally filed by the Port of Seattle in the United States District Court for the Western District of Washington against numerous companies, including Avista Corp., Avista Energy, Inc. and Avista Power, LLC (collectively the Avista defendants), seeking compensatory and treble damages for alleged violations of the Sherman Act and the Racketeer Influenced and Corrupt Organization Act by transmitting, via wire communications, false information intended to increase the price of power, knowing that others would rely upon such information. The complaint alleged that the defendants and others knowingly devised and attempted to devise a scheme to defraud and to obtain money and property from electricity customers throughout the Western Electricity Coordinating Council (WECC), by means of false and fraudulent pretenses, representations and promises. The alleged purpose of the scheme was to artificially increase the price that the defendants received for their electricity and ancillary services, to receive payments for services they did not provide and to manipulate the price of electricity throughout the WECC. This case was transferred to the United States District Court for the Southern District of California to consolidate it with other pending actions. In May 2004, the United States District Court for the Southern District of California granted motions to dismiss filed by the Avista defendants, as well as other defendants, with respect to this complaint. The Court dismissed the complaint because it determined that it was without jurisdiction to hear the plaintiff's claims, based on, among other things, the exclusive jurisdiction of the FERC and the filed-rate doctrine. In May 2004, the Port of Seattle filed an appeal with the United States Court of Appeals for the Ninth Circuit. In October 2005, the Ninth Circuit denied the plaintiffs' joint motion for summary disposition of the Port of Seattle's appeal. The Port of Seattle's appeal to the Ninth Circuit has been briefed and oral argument is scheduled for March 7, 2006. Because the resolution of this lawsuit remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that this lawsuit will have a material adverse effect 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.

Wah Chang Complaint

In May 2004, Wah Chang, a division of TDY Industries, Inc. (a subsidiary of Allegheny Technologies, Inc.), filed a complaint in the United States District Court for the District of Oregon against numerous companies, including Avista Corp., Avista Energy and Avista Power. The complaint seeks compensatory and treble damages for alleged violations of the Sherman Act, the Racketeer Influenced and Corrupt Organization Act, as well as violations of Oregon state law. According to the complaint, from September 1997 to September 2002, the plaintiff purchased electricity from PacifiCorp pursuant to a contract that was indexed to the spot wholesale market price of electricity. The plaintiff alleges that the defendants, acting in concert among themselves and/or with Enron Corporation and certain affiliates thereof (collectively, Enron) and others, engaged in a scheme to defraud electricity customers by transmitting false market information in interstate commerce in order to artificially increase the price of electricity provided by them, to receive payment for services not provided by them and to otherwise manipulate the market price of electricity, and by executing wash trades and other forms of market manipulation techniques and sham transactions. The plaintiff also alleges that the defendants, acting in concert among themselves and/or with Enron and others, engaged in numerous practices involving the generation, purchase, sale, exchange, scheduling and/or transmission of electricity with the purpose and effect of causing a shortage (or the appearance of a shortage) in the generation of electricity and congestion (or the appearance of congestion) in the transmission of electricity, with the

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ultimate purpose and effect of artificially and illegally fixing and raising the price of electricity in California and throughout the Pacific Northwest. As a result of the defendants' alleged conduct, the plaintiff allegedly suffered damages of not less than \$30 million through the payment of higher electricity prices. In September 2004, this case was transferred to the United States District Court for the Southern District of California for consolidation with other pending actions. In February 2005, the Court granted the defendants' motion to dismiss the complaint because it determined that it was without jurisdiction to hear the plaintiff's complaint, based on, among other things, the exclusive jurisdiction of the FERC and the filed-rate doctrine. In March 2005, Wah Chang filed an appeal with the United States Court of Appeals for the Ninth Circuit. The appeal of Wah Chang is still pending before the Ninth Circuit and awaits oral argument. Because the resolution of this lawsuit remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that this lawsuit will have a material adverse effect 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.

City of Tacoma Complaint

In June 2004, the City of Tacoma, Department of Public Utilities, Light Division, a Washington municipal corporation (Tacoma Power), filed a complaint in the United States District Court for the Western District of Washington against over fifty companies, including Avista Corp., Avista Energy and Avista Power. According to the complaint, Tacoma Power distributes electricity to customers in Tacoma, and Pierce County, Washington, generates electricity at several facilities in western Washington and purchases power under supply contracts and in the Northwest spot market. Tacoma Power's complaint seeks compensatory and treble damages from alleged violations of the Sherman Act. Tacoma Power alleges that the defendants, acting in concert, engaged in a pattern of activities that had the purpose and effect of creating the impressions that the demand for power was higher, the supply of power was lower, or both, than was in fact the case. This allegedly resulted in an artificial increase of the prices paid for power sold in California and elsewhere in the western United States during the period from May 2000 through the end of 2001. Due to the alleged unlawful conduct of the defendants, Tacoma Power allegedly paid an amount estimated to be \$175.0 million in excess of what it would have paid in the absence of such alleged conduct. In September 2004, this case was transferred to the United States District Court for the Southern District of California for consolidation with other pending actions. In February 2005, the Court granted the defendants' motion to dismiss this complaint for similar reasons to those expressed by the Court in the Wah Chang complaint described above. In March 2005, Tacoma Power filed an appeal with the United States Court of Appeals for the Ninth Circuit. Because the resolution of this lawsuit remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that this lawsuit will have a material adverse effect 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.

State of Montana Proceedings

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

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

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

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Montana Public School Trust Fund Lawsuit

In October 2003, a lawsuit was filed by Richard Dolan and Denise Hayman in the United States District Court for the District of Montana against all private owners of hydroelectric dams in Montana, including Avista Corp. The lawsuit alleges that the hydroelectric facilities are located on state-owned riverbeds and the owners have never paid compensation to the state's public school trust fund. The lawsuit requests lease payments dating back to the construction of the respective dams and also requests damages for trespassing and unjust enrichment. An Amended Complaint adding Great Falls Elementary School District No. 1 and Great Falls High School District No. 1A was filed in January 2004. In February 2004, the Company filed its motion to dismiss this lawsuit; PacifiCorp and PPL Montana, as the other named defendants also filed a motion to dismiss, or joined therein. In May 2004, the Montana AG filed a complaint on behalf of the state to join in this lawsuit to allegedly protect and preserve state lands/school trust lands from use without compensation. In July 2004, the defendants (including Avista Corp.) filed a motion to dismiss the Montana AG's complaint. In September 2004, the United States District Court granted the motion to dismiss filed with respect to plaintiffs Richard Dolan, Denise Hayman and the school districts. However, the motion to dismiss the Montana AG's complaint was denied, citing, among other things, that the FERC does not have exclusive jurisdiction over this matter. Subsequently, in response to the motions of the defendants, the federal magistrate judge in January 2005 filed recommendations that the Court's previous decision be vacated based on lack of jurisdiction of the Court. In September 2005, the U.S. District Court issued an order vacating its prior decision, except as to matters of standing and jurisdiction. In November 2004, the defendants (including Avista Corp.) filed a petition for declaratory relief in Montana State Court requesting the resolution of the controversy that the plaintiffs raised in federal court and the Montana AG filed an answer, counterclaim and motion for summary judgment. The defendants have filed responses to the Montana AG's motion for summary judgment. In June 2005, Avista Corp. moved for leave to amend its complaint to, inter alia, add two causes of action relating to breach of contract and negligent misrepresentation arising out of its Clark Fork Settlement Agreement that was entered into in 1999 with the State of Montana relating to the relicensing of Avista Corp.'s Noxon Rapids Hydroelectric Generating Project. The Montana State Court heard the motion for summary judgment of the Montana AG and took the matter under advisement. Because the resolution of this lawsuit remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, the Company intends to seek recovery of any amounts paid through the rate making process.

Colstrip Generating Project Complaint

In May 2003, various parties (all of which are residents or businesses of Colstrip, Montana) filed a consolidated complaint against the owners of the Colstrip Generating Project (Colstrip) in Montana District Court. Avista Corp. owns a 15 percent interest in Units 3 & 4 of Colstrip. The plaintiffs allege damages to buildings as a result of rising ground water, as well as damages from contaminated waters leaking from the lakes and ponds of Colstrip. The plaintiffs are seeking punitive damages, an order by the court to remove the lakes and ponds and the forfeiture of all profits earned from the generation of Colstrip. The owners of Colstrip have undertaken certain groundwater investigation and remediation measures to address groundwater contamination. These measures include improvements to the lakes and ponds of Colstrip. The Company intends to continue to work with the other owners of Colstrip in defense of this complaint. Because the resolution of this lawsuit remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that this lawsuit will have a material adverse effect 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.

Environmental Protection Agency Administrative Compliance Order

In December 2003, PPL Montana, LLC, as operator of Colstrip, received an Administrative Compliance Order (ACO) from the Environmental Protection Agency (EPA) pursuant to the Clean Air Act (CAA). In January 2006, the EPA issued a draft settlement agreement related to the ACO. The ACO alleges that Colstrip Units 3 & 4 have been in violation of the CAA permit at Colstrip since 1980. The permit required the Colstrip project operator to submit for review and approval by the EPA an analysis and proposal for reducing emissions of nitrogen oxides to address visibility concerns if, and when, EPA promulgates Best Available Retrofit Technology requirements for nitrogen oxide emissions. The EPA is asserting that regulations it promulgated in 1980 triggered this requirement. Avista Corp. and the other owners of Colstrip believe that the ACO is unfounded. The owners of Colstrip are discussing the proposed settlement agreement with the EPA, the Department of Environmental Quality (Montana DEQ) and the Northern Cheyenne Tribe. The draft settlement agreement would resolve the potential liability related to this issue. Because the resolution of this issue remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, the Company intends to seek recovery of any amounts paid through the rate making process.

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Colstrip Royalty Claim

The Western Energy Company (WECO) supplies coal to the owners of Colstrip Units 3 & 4 under a Coal Supply Agreement and a Transportation Agreement. The Minerals Management Service (MMS) of the United States Department of the Interior issued an order to WECO to pay additional royalties concerning coal delivered to Colstrip Units 3 & 4 via the conveyor belt (approximately 4.46 miles long). The owners of Colstrip Units 3 & 4 take delivery of the coal at the western end (beginning) of the conveyor belt. The order asserts that additional royalties are owed 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, 2001. WECO's appeal to the MMS was substantially denied in March 2005; WECO has now appealed the order to the Board of Land Appeals of the U.S. Department of the Interior. The entire appeal process could take several years to resolve. The owners of Colstrip Units 3 & 4 are monitoring the appeal process between WECO and MMS.

WECO has indicated to the owners of Colstrip Units 3 & 4 that if WECO is unsuccessful in the appeal process, WECO will seek reimbursement of any royalty payments by passing these costs through the Coal Supply Agreement. The owners of Colstrip Units 3 & 4 advised WECO that their position would be that these claims are not allowable costs per the Coal Supply Agreement nor the Transportation Agreement in the event the owners of Colstrip Units 3 & 4 were invoiced for these claims. Because the resolution of this issue remains uncertain, legal counsel cannot express an opinion on the extent, if any, of the Company's liability. However, based on information currently known to the Company's management, the Company does not expect that this issue will have a material adverse effect 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.

Hamilton Street Bridge Site

A portion of the Hamilton Street Bridge Site in Spokane, Washington (including a former coal gasification plant site that operated for approximately 60 years until 1948) was acquired by the Company through a merger in 1958. The Company no longer owns the property. In January 1999, the Company received notice from the State of Washington's Department of Ecology (DOE) that it had been designated as a potentially liable party (PLP) with respect to any hazardous substances located on this site, stemming from the Company's past ownership of the former gas plant site. The Company responded to the DOE acknowledging its listing as a PLP, but requested that additional parties also be listed as PLPs. In the spring of 1999, the DOE named two other parties as additional PLPs.

The DOE, the Company and another PLP, Burlington Northern & Santa Fe Railway Co. (BNSF), signed an Agreed Order in March 2000 that provided for the completion of a remedial investigation and a feasibility study. After receiving input from the Company and the other PLPs, the final Cleanup Action Plan (CAP) was issued by the DOE in August 2001 and the Consent Decree to implement the CAP was finalized in September 2002. The third PLP did not sign the Consent Decree. In September 2004, a Site Preparation Agreement was reached with the third PLP with respect to the logistics of the CAP. The third PLP then completed the site preparation. The selected contractor then completed construction/installation of the work under the CAP by the end of the third quarter of 2005. The Company and BNSF filed the final Cleanup Action Report with the DOE during the fourth quarter of 2005. The Cleanup Action Plan does call for periodic ground water sampling and reporting for a period of five years.

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, EPA Region 10 provided notification to Avista Corp., as a customer of Harbor Oil, that the EPA had determined that hazardous substances were released at the Harbor Oil site in Portland, Oregon and that Avista Corp. may be liable for investigation and cleanup of the site under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly referred to as the federal "Superfund" law. Harbor Oil's primary business was the collection and blending of used oil for sale as fuel to ships at sea. The initial indication from the EPA is that the site may be contaminated with PCBs, petroleum hydrocarbons, chlorinated solvents and heavy metals.

Thirteen other companies received a similar notice, including current and former owners of the site, the Bonneville Power Administration, Portland General Electric Corporation, Northwestern Energy and Unocal Oil. Several meetings have been held with the EPA and the Potentially Responsible Parties (PRPs) to ask questions of the EPA regarding the Harbor Oil site and discuss the process used by the EPA in selecting PRPs.

Based on the review of its records related to Harbor Oil, the Company does not believe it is a major contributor to this potential environmental contamination based on the relative volume of waste oil delivered to the Harbor Oil site. However, there is currently

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not enough information to allow the Company to assess the probability or amount of a liability, if any, being incurred. As such, it is currently not possible to make an estimate of any liability at this time.

Northeast Combustion Turbine Site

In August 2005, a diesel fuel spill occurred at the Company's Northeast Combustion Turbine generating facility (Northeast CT) located in Spokane, Washington. The Northeast CT site had fuel storage facilities that were leased to Co-op Supply, Inc., an affiliate of Cenex Cooperative (Co-op). The fuel spill occurred when Co-op made a delivery of diesel to a tank that was already nearly full and the extra fuel overflowed into a containment area. It is estimated that approximately 26,000 gallons of fuel escaped the containment area and leaked into the soil below it. An investigation, supervised by the DOE, determined the fuel was, for the most part, uniformly present in the soil to a depth of 30-35 feet. Groundwater below the site is at a depth of 170 feet. Remediation efforts included the removal of contaminated soil and the related fuel storage facilities. Options to dispose of the contaminated soil are currently being evaluated and are expected to be completed by the middle of 2006. During the fourth quarter of 2005, the Company filed a complaint against Co-op and an engineering firm to recover a substantial portion of the cleanup costs. The Company has accrued the estimated cleanup costs during 2005, which was not material to the Company's financial condition or results of operations. It is possible that a change could occur in the Company's estimate of the liability. Such a change, should it occur, is not expected to be significant.

Lake Coeur d'Alene

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

The Company's Post Falls Hydroelectric Generating Station (Post Falls), a facility constructed in 1906 with a present capability of 18 MW, utilizes a dam on the Spokane River downstream of the Lake which controls the water level in the Lake for portions of the year (including portions of the lakebed owned by the Tribe). The Company has other hydroelectric facilities on the Spokane River downstream of Post Falls, but these facilities do not affect the water level in the Lake. The Company and the Tribe are engaged in discussions with respect to past and future compensation (which may include interest) for use of the portions of the bed and banks of the Lake, which are owned by the Tribe. If the parties cannot agree on the amount of compensation, the matter could result in litigation. The Company cannot predict the amount of compensation that it will ultimately pay or the terms of such payment. However, the Company intends to seek recovery of any amounts paid through the rate making process.

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) are under one FERC license and are referred to, collectively, as the Spokane River Project. The sixth, Little Falls, is operated under separate Congressional authority and is not licensed by the FERC. The license for the Spokane River Project expires on August 1, 2007; the Company filed a Notice of Intent to Relicense in July 2002. The formal consultation process involving planning and information gathering with stakeholder groups has been underway since that time. The Company filed its license application with the FERC in July 2005. The Company has requested the FERC to consider a license for Post Falls that is separate from the other four hydroelectric plants. This is due to the fact that Post Falls presents more complex issues that may take longer to resolve than those dealing with the rest of the Spokane River Project. If granted, new licenses would have a term of 30 to 50 years. In the license application, the Company has proposed a number of measures intended to address the impact of the Spokane River Project and enhance resources associated with the Spokane River. Currently, certain environmental measures in the Company's license application have estimated costs of \$3.2 million per year. For certain items, costs cannot be reasonably estimated at this time. The total annual operating and capitalized costs associated with the relicensing of the Spokane River Project will become better known and estimable as the process continues through July 2007. The Company intends to seek recovery of relicensing costs through the rate making process.

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

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signatories to the agreement and completed the Gas Supersaturation Control Program (GSCP). The Idaho Department of Environmental Quality and the U.S. Fish and Wildlife Service 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. Streamflows would be diverted to the tunnels when these flows are in excess of turbine capacity. The Company has undertaken physical and computer modeling studies to confirm the feasibility and likely effectiveness of its tunnel solution. The results of these studies will also help the Company to refine its estimated costs for completion of the tunnels. The cost of modifying the first tunnel is currently preliminarily estimated to be \$38 million (including AFUDC and inflation) and will be incurred between 2004 and 2010 (\$1.7 million incurred through December 31, 2005), with the majority of these costs being incurred in 2007 through 2009. The second tunnel would be modified only after evaluation of the performance of the first tunnel and such modifications would commence no later than 10 years following the completion of the first tunnel. It is currently preliminarily estimated that the costs to modify the second tunnel would be \$26 million (including AFUDC and inflation). As part of the GSCP, the Company provides \$0.5 million annually as mitigation for aquatic resources that might be adversely affected by high dissolved gas levels. Mitigation funds will continue until the modification of the second tunnel commences or if the second tunnel is not modified to an agreed upon point in time commensurate with the biological effects of high dissolved gas levels. The Company intends to seek recovery of the costs for the modification of Cabinet Gorge and the mitigation payments through the rate making process.

The U.S. Fish and Wildlife Service 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 U.S. Fish and Wildlife Service, 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.

Emergis Technologies, Inc. Complaint

On January 20, 2006, Emergis Technologies, Inc. (Emergis) filed a complaint against the Company alleging that certain electronic invoicing and payment system processes employed by Avista Corp. infringe upon a patent owned and held by Emergis. The complaint was filed in the United States District Court for the Eastern District of Washington and seeks unspecified compensatory and treble damages from alleged infringement of Emergis' patent. The Company is in the process of assessing the validity of the complaint with respect to its electronic utility billing and payment processing system. 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 that this complaint will have a material adverse effect 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.

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 the Company's 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

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facilities. The Company is participating in this extensive adjudication process, which is unlikely to be concluded in the foreseeable future.

The Company must be in compliance with requirements under the Clean Air Act and Clean Air Act Amendments at with respect to its thermal generating plants. The Company continues to monitor legislative developments at both the state and national level with respect to the potential for further restrictions on sulfur dioxide, nitrogen oxide, carbon dioxide (including cap and trade emission reduction programs), as well as other greenhouse gas and mercury emissions. In particular, the EPA has finalized mercury emission regulations that will affect coal-fired generation plants, including Colstrip. The new EPA regulations establish an emission trading program to take effect beginning in January 2010, with a second phase to take effect in 2018. In addition, the Montana DEQ is planning to propose rules for the control of mercury emissions from coal-fired plants that would be more restrictive than EPA regulations. The proposed rules will be presented to the Montana Board of Environmental Review on March 23, 2006. Compliance with these new and proposed requirements and possible additional legislation or regulations could result in increases in capital expenditures and operating expenses for expanded emission controls at the Company's thermal generating facilities. The amount of these costs and the impact of the restrictions on the operation of the facilities cannot be estimated at this time.

As of December 31, 2005, 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 2007. Two local agreements in Oregon, which cover approximately 50 employees, expire in April 2010. Another local agreement in Oregon is up for negotiations in 2007.

NOTE 23. INFORMATION SERVICES CONTRACTS

The Company has information services contracts that expire between 2006 and 2012. Total payments under these contracts were \$12.8 million, \$12.8 million and \$12.0 million in 2005, 2004 and 2003, respectively. The majority of these costs are included in operation expenses in the Statements of Income. Minimum contractual obligations under the Company's information services contracts are approximately \$11.1 million, \$11.4 million, \$11.8 million, \$12.1 million, \$12.5 million, \$12.9 million and \$13.2 million from 2006 through 2012. The most significant 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 24. DISPOSITION OF SOUTH LAKE TAHOE PROPERTIES

In April 2005, Avista Corp. completed the sale of its South Lake Tahoe, California natural gas properties to Southwest Gas Corporation as part of Avista Corp.'s strategy to focus on its business in the northwestern United States. This was the Company's only regulated utility operation in California. The cash proceeds received during 2005 were approximately \$16.6 million. The total pre-tax gain for 2005 was \$4.1 million related to the Company's disposition of its South Lake Tahoe natural gas properties.

Total revenues for 2004 from the South Lake Tahoe region were approximately \$20.3 million (or 6 percent of total natural gas revenues) and approximately 22.1 million therms (or 4 percent of total therms) were delivered to South Lake Tahoe customers.

NOTE 25: SUBSEQUENT EVENT

In February 2006, the Board of Directors of Avista Corp. made the decision to ask shareholders to approve a change in the Company's organization, which would result in the formation of a holding company. The proposed holding company would become the parent to the regulated utility Avista Corp. and Avista Capital, which is the parent to the Company's non-utility subsidiaries.

The proposal for the formation of a holding company will be described for shareholders in Avista Corp.'s Proxy Statement-Prospectus to be distributed to shareholders in connection with the annual meeting of shareholders to be held on May 11, 2006. Avista Corp. has filed for regulatory approval from the FERC and the utility regulators in Washington, Idaho, Oregon and Montana, conditioned on approval by shareholders. If shareholders approve the proposal, and if state and federal regulatory approvals are received, the holding company organization could be implemented by the end of 2006.

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NOTE 26. SUPPLEMENTAL CASH FLOW INFORMATION

	2005	2004
Cash paid for interest	\$81,029,276	\$79,380,054
Cash paid for income taxes	26,405,411	11,320,684
Non-cash financing and investing activities:		
Equipment acquired under capital leases	-	1,365,083
Other Cash Flows from Operating Activities:		
Net change in receivables allowance	504,630	528,534
Power and natural gas deferrals	(7,451,146)	(3,049,863)
ESOP dividends	37,791	143,775
Change in special deposits	(3,235,855)	(572,613)
Change in other non-current assets/liabilities	3,269,258	(2,640,532)
Change in other current assets	(1,167,585)	(2,228,649)

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**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)	2,819,060,580	2,226,358,752
4	Property Under Capital Leases	5,525,291	
5	Plant Purchased or Sold	0	
6	Completed Construction not Classified		
7	Experimental Plant Unclassified	0	
8	TOTAL (Enter Total of lines 3 thru 7)	2,824,585,871	2,226,358,752
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	55,887,059	42,250,858
12	Acquisition Adjustments	22,456,903	0
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	2,902,929,833	2,268,609,610
14	Accum. Prov. for Depr., Amort., & Depl.	971,551,338	735,261,440
15	Net Utility Plant (Enter total of line 13 less 14)	1,931,378,495	1,533,348,170
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service:		
18	Depreciation	927,641,413	721,995,328
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights		
20		0	
21	Amort. of Other Utility Plant	27,871,653	13,266,112
22	TOTAL in Service (Enter Total of lines 18 thru 21)	955,513,066	735,261,440
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	16,038,272	0
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	971,551,338	735,261,440

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	(2) <input type="checkbox"/> A Resubmission		

**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
505,690,774				87,011,054	3
1,619,845				3,905,446	4
					5
					6
					7
507,310,619				90,916,500	8
					9
					10
8,417,651				5,218,550	11
22,456,903					12
538,185,173				96,135,050	13
209,593,950				26,695,948	14
328,591,223				69,439,102	15
					16
					17
191,900,186				13,745,899	18
					19
					20
1,655,492				12,950,049	21
193,555,678				26,695,948	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
16,038,272					32
209,593,950				26,695,948	33

Name of Respondent	This report is: [X] An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[] A Resubmission	April 17, 2006	Dec. 31, 2005

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

- | | |
|--|--|
| <p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, <i>Gas Plant in Service (Classified)</i>, this page and the next include Account 102, <i>Gas Plant Purchased or Sold</i>, Account 103, <i>Experimental Gas Plant Unclassified</i>, and Account 106, <i>Completed Construction Not Classified-Gas</i>.</p> <p>3. Include in column (c) and (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an</p> | <p>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).</p> |
|--|--|

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	1,593	0
4	303 Miscellaneous Intangible Plant	1,862,507	355,736
	California	1,593	0
	Idaho	103,362	0
	Not Directly Assigned	810,267	299,527
	Oregon	730,153	0
	Washington	218,725	56,209
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	1,864,100	355,736
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	67,290	0
16	312 Oil gas generating equipment	0	0
17	313 Generating equipment-other processes	0	0
18	314 Coal, coke, and ash handling equipment	0	0
19	315 Catalytic Cracking equipment	0	0
20	316 Other reforming equipment	0	0
21	317 Purification equipment	0	0
22	318 Residual refining equipment	0	0
23	319 Gas mixing equipment	0	0
24	320 Other Equipment	0	0
25			
26	TOTAL (Manufactured Gas Production Plant (Enter total of lines 8-24)	74,918	0
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights	0	0
29	341 Structures and Improvements	0	0
30	342 Extraction and Refining Equipment	0	0
31	343 Pipe Lines	0	0
32	344 Extracted Products Storage Equipment	0	0
33	345 Compressor Equipment	0	0

Name of Respondent	This report is: <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	<input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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 supplementary 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
1,593	0	0	0	3
1,000,821	0	0	1,217,422	4
1,593	0	0	0	
0	0	0	103,362	
467,299	0	0	642,495	
533,522	0	0	196,631	
0	0	0	274,934	
1,002,414	0	0	1,217,422	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
0	0	0	67,290	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
0	0	0	74,918	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 (Mo, Da, Yr)	Year Ending
Avista Corp.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005
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 lines 36)	0	0	
38	Manufactured Gas Production Plant (Submit Supplementary Statement)	74,918	0	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	74,918	0	
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land	412,611	0	
43	350.2 Rights-of-Way	23,874	0	
44	351 Structures and Improvements	1,063,700	0	
45	352 Wells	5,713,900	65,257	
46	352.1 Storage Leaseholds and Rights	254,354	0	
47	352.2 Reservoirs	203,330	0	
48	352.3 Non-recoverable Natural Gas	6,121,926	0	
49	353 Lines	823,423	0	
50	354 Compressor Station Equipment	1,993,799	23,185	
51	355 Measuring and Regulating Equipment	153,965	17,954	
52	356 Purification Equipment	403,713	3,538	
53	357 Other Equipment	1,651,666	24,314	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	18,820,261	134,248	
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 Transportation 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 67-74)	0	0	
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	18,820,261	134,248	
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: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.		April 17, 2006	Dec. 31, 2005	
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
0	0	0	74,918	38
0	0	0	74,918	39
				40
				41
0	0	0	412,611	42
0	0	0	23,874	43
0	0	0	1,063,700	44
0	0	0	5,779,157	45
0	0	0	254,354	46
0	0	0	203,330	47
150,000	0	0	5,971,926	48
0	0	0	823,423	49
0	0	0	2,016,984	50
0	0	0	171,919	51
0	0	0	407,251	52
0	0	0	1,675,980	53
150,000	0	0	18,804,509	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
150,000	0	0	18,804,509	76
				77
0	0	0	0	78
0	0	0	0	79
0	0	0	0	80

Name of Respondent		This report is:	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005
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	113,412	0	
89	375 Structures and Improvements	640,323	49,236	
90	376 Mains	234,417,570	10,191,782	
91	377 Compressor Station Equipment	0	0	
92	378 Measuring and Regulating Equipment-General	4,313,990	171,028	
93	379 Measuring and Regulating Equipment-City Gate	2,058,001	79,163	
94	380 Services	171,449,539	4,059,066	
95	381 Meters	53,466,421	9,785,848	
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	2,955,012	78,586	
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)	469,414,807	24,414,709	
103	GENERAL PLANT			
104	389 Land and Land Rights	330,822	0	
105	390 Structures and Improvements	2,381,426	182,051	
106	391 Office Furniture and Equipment	9,685	378,871	
107	392 Transportation Equipment	4,043,745	232,756	
108	393 Stores Equipment	100,896	598	
109	394 Tools, Shop, and Garage Equipment	2,248,966	339,758	
110	395 Laboratory Equipment	909,026	40,917	
111	396 Power Operated Equipment	3,295,874	256,471	
112	397 Communication Equipment	1,611,785	41,500	
113	398 Miscellaneous Equipment	32,640	1,832	
114	Subtotal (Enter Totals of lines 104 thru 113)	14,964,865	1,474,754	
115	399 Other Tangible Property	0	0	
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	14,964,865	1,474,754	
117	TOTAL (Accounts 101 and 106)	505,138,951	26,379,447	
118	Gas Plant Purchased (See Instruction 8)	0	0	
119	(Less) Gas Plant Sold (See Instruction 8)	0	0	
120	Experimental Gas Plant Unclassified	0	0	
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	505,138,951	26,379,447	

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.	[] A Resubmission	April 17, 2006	Dec. 31, 2005	
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
188	0	0	113,224	88
0	0	0	689,559	89
10,315,021	0	0	234,294,331	90
0	0	0	0	91
49,637	0	8,092	4,443,473	92
59,019	0	(8,092)	2,070,053	93
8,549,728	0	0	166,958,877	94
3,262,021	0	0	59,990,248	95
0	0	0	0	96
0	0	0	0	97
0	0	0	0	98
19,379	0	0	3,014,219	99
0	0	0	0	100
0	0	0	539	101
22,254,993	0	0	471,574,523	102
				103
69,137	0	0	261,685	104
189,942	0	0	2,373,535	105
9,685	0	0	378,871	106
115,776	0	0	4,160,725	107
1,586	0	0	99,908	108
220,062	0	0	2,368,662	109
35,435	0	0	914,508	110
55,893	0	0	3,496,452	111
99,717	0	0	1,553,568	112
3,140	0	0	31,332	113
800,373	0	0	15,639,246	114
0	0	0	0	115
800,373	0	0	15,639,246	116
24,207,780	0	0	507,310,618	117
	0	0	0	118
0	0	0	0	119
0	0	0	0	120
24,207,780	0	0	507,310,618	121

Name of Respondent Avista Corp.	This report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
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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). and Demonstration (see Account 107 of the Uniform System of Accounts).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, 3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	STATE OF WASHINGTON		
2			
3	Minor Projects (131) Under \$1,000,000	1,350,557	1,881,823
4			
5			
6			
7	STATE OF IDAHO		
8			
9	Minor Projects (55) Under \$1,000,000	1,504,743	573,343
10			
11			
12	STATE OF OREGON		
13			
14	Minor Projects (77) under \$1,000,000	4,000,893	554,618
15	Gas new mains-Medford	1,083,810	
16			
17			
18	STATE OF CALIFORNIA		
19			
20	Minor Projects (1) under \$1,000,000	12	0
21			
22			
23	COMMON-OR		
24	Minor Projects (9) under \$1,000,000	130,776	
25			
26			
27	COMMON-WA/ID		
28	Minor Projects (11) under \$1,000,000	28,753	1,847,461
29			
30	COMMON-WA/ID/OR		
31	Minor Projects (4) under \$1,000,000	318,107	416,318
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	TOTAL	8,417,651	5,273,563

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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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	194,016,733	194,016,733		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	14,450,758	14,450,758		
4	(413) Exp. of Gas Plt. Leas. to Others				
5	Transportation Expenses-Clearing	235,205	235,205		
6	Other Clearing Accounts				
7	Other Accounts (Specify):		(225,136)		
8	Transfer to common (transportation clear)	0			
9	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 8)	14,460,827	14,460,827		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	3,262,028	3,262,028		
12	Cost of Removal	118,793	118,793		
13	Salvage (Credit)	0	0		
14	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	3,380,821	3,380,821		
15	Other Debit or Credit Items (Describe)	(13,196,553)	(13,196,553)		
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	198,661,828	191,900,186	0	0

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

18	Production-Manufactured Gas	(67,833)	(67,833)		
19	Prod. and Gathering-Natural Gas				
20	Products Extraction-Natural Gas				
21	Underground Gas Storage	9,444,352	9,444,352		
22	Other Storage Plant				
23	Base Load LNG Term and Proc. Plt.				
24	Transmission	0			
25	Distribution	176,411,644	176,411,644		
26	General	6,112,023	6,112,023		
27	TOTAL (Enter Total of lines 18 thru 26)	191,900,186	191,900,186	0	0

Name of Respondent Avista Corporation	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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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 portions. 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					9,268,257	724,433		9,992,690
2	Gas Delivered to Storage					15,857,112	657,748		16,514,860
3	Gas Withdrawn from Storage					12,655,482	374,124		13,029,606
4	Other Debits and Credits					0	-1,238		(1,238)
5	Balance at End of Year					12,469,887	1,006,819		13,476,706
6	Dth					2,074,649	325,715		2,400,364
7	Amount Per Dekatherm					\$6.0106	\$3.0911		\$5.6144

8 State basis of segregation of inventory between current and noncurrent portions:

Current portion is gas expected to be sold within a 24 month period. All other gas is considered non-current.

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

- Report below investments in Accounts 123.1, investments in Subsidiary Companies.
- 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)
 - Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
 - 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.
- 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			72,534,991
4	OCI Investment in Subs			
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	Total Cost of Account 123.1 \$	0	TOTAL	256,786,600

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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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 from investments, including such revenues from 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
-6,611,524	-15,095,863	50,827,604		3
2,658,585		2,658,585		4
				5
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-3,952,939	-15,095,863	237,737,798		42

Name of Respondent Avista Corp.	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
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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	2,118,666
2	Prepaid Rents	-
3	Prepaid Taxes	-
4	Prepaid Interest	-
5	Miscellaneous Prepayments	1,626,335
6	TOTAL	3,745,002

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- 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.
- 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		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	FAS 106 - Post Retirement Benefits (182300)	3,782,016		926400	472,752	3,309,264
2	Amortization period is 1996-2012					
3	FAS 109 (182310 & 182320)	123,466,657	1,682,221	283170/180	10,758,424	114,390,454
4	Idaho AMR (182330)		8,404,214	Various		8,404,214
5	BPA Residential Exchange (182345 & 182346)	2,200	454,298	Various	2,201	454,297
6	WA ERM Deferral (182350)	102,429,967	16,171,394	557290	26,549,166	92,052,195
7	WA Amortization (182360)	667,458	26,977	557162	351,834	342,601
8	New Generation Installation (182370)		552,708	407370	184,236	368,472
9	Wartsilla Units (182372)		1,271,705			1,271,705
10	FAS 143 - ARO (182376)	113,650	2,859,553	230000/108	4,643	2,968,560
11	OR DSM (182380)	(840,801)		186700	290,759	-1,131,560
12	Workers Compensation (182383)	2,360,885		242800	161,481	2,199,404
13	CS2 Levelized Return (182384)		619,155	407420		619,155
14						
15						
16						
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42						
44	TOTAL	231,982,032	32,042,225		38,775,496	225,248,761

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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MISCELLANEOUS DEFERRED 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		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2	Colstrip Common Fac.	1,110,999				1,110,999
3						
4	WA Deferred Power Costs	10,777,698		var	6,639,080	4,138,618
5	WA ERM YTD Company Band	9,000,000				9,000,000
6	WA ERM YTD Contra Account	-9,000,000				-9,000,000
7						
8						
9	ID Deferred New Generation	552,708		407/182	552,708	
10	Colstrip Common Fac.	2,355,642				2,355,642
11						
12	ID Deferred Power	86,188,093	4,215,530			90,403,623
13	ID Accumulated Surcharge Am	-76,689,666		557	5,727,216	-82,416,882
14	CS2 Levelized Return	161,747		182	161,747	
15	Payroll Accrual	989,280		var	50,310	938,970
16	Payroll Loading Clearing	677,798		var	968,601	-290,803
17						
18						
19	Misc Error Suspense	24,988	68,777			93,765
20						
21	WPI-ID Terminated Elec Pur.					
22						
23	Unamortized A/R Sale	96,810		var	74,873	21,937
24						
25	Intangible Pension Asset	5,058,491		228.32	653,659	4,404,832
26						
27	Nez Perce Settlement	202,445		557	5,212	197,233
28	Misc Deferred Debit Centralia		596,927	253		596,927
29	Centralia Mine Env Balance	578,345		253	578,345	
30	Opportunity Sub Sale Proceeds		188,758			188,758
31						
32	ID Panhandle Forest Use Permit	42,148	111,733			153,881
33	Metro-Sunset 115KV TE	273,689	36,067			309,756
34	CS2 Purchase	101,095		var	101,095	
35	UPRR Permit Conv	331,628	68			331,696
36	Insurance Recvy CDA Lake	30,993	87,294			118,287
37	Ortho Business Activity	-1,665	1,665			
38	Canadian GST Tax	1,052,844		var	1,052,844	
39						
40						
41	Nez Perce Permit Conversion	53,486	54,725			108,211
42						
43						
44	Misc Work Orders <\$50,000	199,472		var	40,232	159,240
45	Subsidiary Billings	2,336,114	773,499			3,109,613
46	"Null" Projects directly to 186		208,472			208,472
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	51,242,169				40,675,589

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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MISCELLANEOUS DEFERRED 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		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Conservation					
2	Regulatory Assets Consv		5,124,643			5,124,643
3	Oregon Gas Comm Consvt	-7,032	32,843			25,811
4	Oregon Shower Head	174,911		908	174,911	
5	Oregon Common Gas Eff	188,568	169,164			357,732
6	WPNG HE Wtr Htrs-Oregon	276,659	245,524			522,183
7	WPNG HE Furnaces	2,326,646	1,062,059			3,388,705
8	WPNG CA RES L/I-P	24,658		var	24,658	
9	WPNG OR Res Low 1	344,851		908	4,975	339,876
10	Regulatory-Sched 67	164,284		908	164,284	
11	Reg-Water Heat Conv	880,929		908	880,929	
12	Reg-Space/Water Con	3,357,053		908	3,357,053	
13	Reg-Elec Comm/Ind	547,042		908	547,042	
14	Reg-Gas Wzn Res	879,579		908	879,579	
15	Reg-L/I Elec/Gas	298,733		908	298,733	
16	Reg-Elec Manuf Home	235,810		908	235,810	
17	Reg-Comm/Ind Gas	96,621		908	96,621	
18	Reg-Gas Res Appl Ef	1,194,257		908	1,194,257	
19	Reg-Gas Res Showerhead	27,517		908	27,517	
20	Reg Elect Res Wzn	41,591		908	41,591	
21	Reg L/I Elec Wzn	67,742		908	67,742	
22	Oregon DSM		57,085	908		57,085
23	Reg C/I Elec Fuel	160,992		908	160,992	
24	Reg Gas A.E. Wtr	37,024		908	37,024	
25	Reg Low Income Gas Wzn	280,933		908	280,933	
26	Care - California	-6,733	6,733	908		
27	Consv. & Renewable Disco	536,119	108,499			644,618
28	Sandpoint DSR - PPL	626,966		908	626,966	
29	CA PPP-Energy Eff- current	5,027		908	5,027	
30	OR/CA Comm Conserv	2,978		908	2,978	
31	Reg L/I Elec/Gas WT	23,795		908	23,795	
32	CA Low Inc Eneff Eff	13,831		908	13,831	
33	CA Energy Efficiency	45,930		908	45,930	
34	Cares Program	15,720		908	15,720	
35	Regulatory Assets Consv		556,983			556,983
36	Regulatory Assets Consv		1,456,849			1,456,849
37						
38						
39	Hamilton Street Bridge Site		7,600	var		7,600
40						
41	Port Of Seattle	92,750		var	92,750	
42	Easy Pay Billing CS	-50,532	47,130			-3,402
43	Lake CDA Issues	865,513	276,729			1,142,242
44	Shareholder Lawsuit 2002	966,255		var	903,041	63,214
45	NE Oil Spill Cleanup		748,675			748,675
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	51,242,169				40,675,589

Name of Respondent Avista Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (M, D, Y) April 17, 2006	Year of Report December 31, 2005
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ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190)

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric	11,818,604	1,248,290	571,520
3	Gas	(3,580,092)	87,766	1,461
4	Other (Define)			
5	Total (Total of lines 2 thru 4)	8,238,512	1,336,056	572,981
6	Other (Specify)	42,654,161	2,261,959	-124,358
6.01		0	0	0
6.02		0	0	0
6.03		0	0	0
6.04		0	0	0
6.05		0	0	0
6.06		0	0	0
7	TOTAL Account 190 (Total of lines 5 thru 6)	50,892,673	3,598,015	448,623
8	Classification of TOTAL			
9	Federal Income Tax	50,892,673	3,598,015	448,623
10	State Income Tax			
11	Local Income Tax			

Name of Respondent Avista Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190) (Continued)

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

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits to 190		Credits to 190			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
155,409	0	190xxx	180,907	conversion	667,314	10,500,018	2
0	0	conv. & 254180	5,182,465			1,516,068	3
						0	4
155,409	0		5,363,372		667,314	12,016,086	5
0	229,436					40,497,280	6
0	0	151310	58,674			58,674	6.01
0	0	219000	1,443,839			1,443,839	6.02
0	0			236000	21,501,097	(21,501,097)	6.03
0	0	245100	1,215,944			1,215,944	6.04
0	0			254180	307,464	(307,464)	6.05
0	0	conversion	1,405,045	various	180,907	1,224,138	6.06
155,409	229,436		8,081,829		22,656,782	34,647,400	7
							8
155,409	229,436		8,081,829		22,656,782	34,647,400	9
							10
							11

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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CAPITAL STOCKS (Account 201 and 204)

- 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.
- 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				
4	TOTAL_COM	200,000,000		
5				
6				
7	Account 204 - Preferred Stock Issued	10,000,000		
8				
9				
10	Cumulative			
11				
12				
13	TOTAL_PRE	10,000,000		
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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.
Shares (e)	Amount (f)	AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
		Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
48,593,193	631,083,752					2
						3
48,593,193	631,083,752					4
						5
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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	9,151,239
2	\$6.95 Preferred Stock, Series K	1,334,005
3		
4		
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22	TOTAL	10,485,244

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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	Secured Medium Term Notes \$1,212,550,000	1,023,850,000	10,999,718
3	(Premium)		-50,220
4			
5	Pollution Control Revenue Bonds:		
6	6% Series due 2023	4,100,000	345,385
7	Colstrip 1999A due 2032	66,700,000	2,182,462
8	(Premium)		-1,334,000
9	Colstrip 1999B due 2034	17,000,000	565,288
10	(Premium)		-340,000
11			
12	SUBTOTAL	1,111,650,000	12,368,633
13			
14	Acct. 222 - Reacquired Bonds		
15			
16	Acct. 223 - Advances from Associated Companies-A. Advantage \$1,200k; A. Energy \$60	1,800,000	
17	Long Term Debt to Affiliated Trusts-AVA Capital Trust III	61,856,000	6,518,278
18	Long Term Debt to Affiliated Trusts-Avista Capital I	51,547,000	3,633,783
19			
20	Acct. 224 - Other Long-term Debt		
21	Series K Preferred Stock	35,000,000	2,089,391
22	Notes Payable - Banks (local) \$350,000,000		2,578,000
23			
24	Commercial Paper		
25			
26	Unsecured Senior Notes	400,000,000	9,128,000
27	(Discount)		2,716,000
28			
29	Medium Term Notes \$1,000,000,000	683,000,000	4,071,295
30	(Premium)		-70,000
31	Long Term Curent		
32	Notes Payable to Various Parties		
33	TOTAL	2,344,853,000	43,033,380

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
				631,282,687	29,560,147	2
						3
						4
						5
12/18/1984	12/01/2023	12/18/1984	12/01/2023	4,100,000	246,000	6
9/01/1999	10/01/2032	9/01/1999	10/01/2032	66,700,000	3,335,000	7
						8
9/01/1999	3/01/2034	9/01/1999	3/01/2034	17,000,000	871,250	9
						10
						11
				719,082,687	34,012,397	12
						13
						14
						15
				1,800,000		16
4/5/2004	4/1/2034	4/30/2004	3/31/2034	61,856,000	4,020,640	17
06/03/1997	06/01/2037	06/30/1997	5/31/2037	51,547,000	2,190,568	18
						19
						20
9/15/1992	9/15/2007	9/15/1992	9/15/2007	28,000,000	2,037,219	21
12/17/2004	12/16/2009	12/13/2004	12/16/2009	63,000,000	3,779,831	22
						23
						24
						25
4/03/2001	6/01/2008	4/03/2001	6/01/2008	280,538,636	26,817,168	26
						27
						28
				20,000,000	7,613,116	29
						30
						31
						32
				1,225,824,323	80,470,939	33

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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 filed, 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)	45,168,302
2		
3		
4	Taxable Income Not Reported on Books	
5		6,069,688
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		85,020,424
11	Federal Income Tax	31,255,940
12	Deferred Income Tax	-3,256,976
13	Investment Tax Credit	-49,308
14	Income Recorded on Books Not Included in Return	
15		5,197,069
16	Equity in Sub Earnings (Income) / Loss	6,611,524
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20		-95,798,519
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	
28	Show Computation of Tax:	
29		
30	Federal Tax Net Income	80,218,144
31	$\$80,218,144 \times 35\% = 28,076,350$	28,076,350
32	Settlement of prior years tax returns & adjustment of tax reserves	
33	affecting deferred taxes	3,179,590
34		31,255,940
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		

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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (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 proportions of prepaid taxes chargeable 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 Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	FEDERAL:					
2	Income Tax (2003)					1,298,448
3	Income Tax (2004)	-8,460,297		-34,838,180	-6,771,991	4,268,549
4	Income Tax (2005)			41,481,007	30,259,880	-11,841,089
5	Unemployment Ins 2003					
6	FICA (2004)					
7	FICA (2005)			7,860,594	7,860,594	
8	Retained					
9	Retained	-1,463,362				
10	Retained			-386,815		
11	Total Federal	-9,923,659		14,116,606	31,348,483	-6,274,092
12						
13	STATE OF WASHINGTON:					
14	Property Tax (2003)	3,651		380	1,008	
15	Property Tax (2004)	10,319,000		-800,128	9,545,613	
16	Property Tax (2005)			10,279,000	-127	
17	Excise Tax (2001)					
18	Excise Tax (2002)	-50,614		253,104	-205	-7
19	Excise Tax (2003)					
20	Excise Tax (2004)	2,172,926		-347,521	1,865,465	
21	Excise Tax (2005)			19,239,355	16,678,923	
22	Gas Surcharge	13,373		78,732	25,228	
23	Muni Utility & Occupation Tax	2,016,522		17,127,825	16,673,402	
24	Sales & Use Tax (2005)			725,383	765,715	
25	Motor Vehicle (2005)			8,154	8,154	
26	Total Washington	14,474,858		46,564,284	45,563,176	-7
27						
28	STATE OF IDAHO:					
29	Income Tax (1997-2000)	981,138		-637,739		
30	Income Tax (2001)	-3,085,967		2,005,879		
31	Income Tax (2002)	1,343,072		-872,997		
32	Income Tax (2003)	547,345		-355,774		
33	Income Tax (2004)	-80,977		-375,488	43,417	515,383
34	Income Tax (2005)			794,763	678,000	
35	Property Tax (2003)	2,404		-2,404		
36	Property Tax (2004)	2,690,396		63,843	2,754,239	
37	Property Tax (2005)			5,238,114	2,634,627	
38	Excise Tax (2003)					
39	Excise Tax (2004)	-8,737		15,197	6,318	
40	Excise Tax (2005)					
41	TOTAL	11,313,430		84,587,398	98,853,779	-5,667,762

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

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 foot- note. 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. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
1,298,448						2
-25,750,020					-34,838,180	3
-619,962		32,693,033			8,787,974	4
						5
						6
					7,860,594	7
						8
-1,463,362						9
-386,815					-386,815	10
-26,921,711		32,693,033			-18,576,427	11
						12
						13
3,023		-609			989	14
-26,741		-442,782			-357,346	15
10,279,127		8,055,000			2,224,000	16
						17
202,688		253,104				18
						19
-40,060		-347,521				20
2,560,432		12,476,301			6,763,054	21
66,877		44,710			34,022	22
2,470,945		10,842,266			6,285,559	23
-40,333					725,383	24
					8,154	25
15,475,958		30,880,469			15,683,815	26
						27
						28
343,399					-637,739	29
-1,080,088					2,005,879	30
470,075					-872,997	31
191,571					-355,774	32
15,501					-375,488	33
116,763		109,925			684,838	34
		-11,328			8,924	35
		27,605			36,238	36
2,603,487		4,493,937			744,177	37
						38
142		9,270			5,927	39
						40
-2,112,798		79,994,899			4,592,499	41

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (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 proportions of prepaid taxes chargeable 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 Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Motor Vehicle Ins. (2005)			2,600	2,600	
2	Sales & Use Tax (2005)			50,881	54,547	
3	Irrigation Credits (2002)	-12,041		5,397		6,311
4	Irrigation Credits (2003)	-1,160		7,138		-6,311
5	Irrigation Credits (2004)			83		
6	Irrigation Credits (2005)			-162	-7	
7	KWH Tax (2004)	22,881		3,545	26,427	
8	KWH Tax (2005)			289,182	289,272	
9	Franchise Tax (2003)	-268,657				268,657
10	Franchise Tax (2004)	1,397,741		2,194	1,135,751	-264,184
11	Franchise Tax (2005)			3,211,230	1,849,246	-4,473
12	Total Idaho	3,527,438		9,445,482	9,474,437	515,383
13						
14	STATE OF MONTANA:					
15	Income Tax (1996-2000)	615,757		-400,242	-969,417	
16	Income Tax (2001)	-1,186,912		771,493		
17	Income Tax (2002)	69,988		-45,492		
18	Income Tax (2003)	6,316		-250,133	-378,504	
19	Income Tax (2004)	171,403		-162,207		
20	Income Tax (2005)			897,508	394,000	
21	Property Tax (2000)	-81,384				
22	Property Tax (2001)	166,988				
23	Property Tax (2002)	-35,843		1,375		
24	Property Tax (2003)	1,572				
25	Property Tax (2004)	3,425,014			3,424,020	
26	Property Tax (2005)			7,296,988	3,655,015	
27	KWH Tax (2004)	181,383			262,866	
28	KWH Tax (2005)			1,150,555	893,617	1,276
29	Motor Vehicle (2005)			3,980	3,980	
30	Consumer Council Tax	994		11,586	11,310	-1,270
31	Public Commission Tax	7		24	25	-6
32	Total Montana	3,335,283		9,275,435	7,296,912	
33						
34	STATE OF OREGON:					
35	Income Tax (1999 & Older)	215,213		-139,513		
36	Income Tax (2000)	-158,916		103,296		
37	Income Tax (2001)	-853,745		555,415		
38	Income Tax (2002)	347,797		-226,068		
39	Income Tax (2003)	85,291		-102,792		
40	Income Tax (2004)	26,995		-40,623	-82,291	75,792
41	TOTAL	11,313,430		84,587,398	98,853,779	-5,667,762

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then 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 foot- note. 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. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
					2,600	1
-3,666					50,881	2
-333		5,397				3
-333		7,138				4
83		7,226			-7,143	5
-155					-162	6
-1		3,545				7
-90		309,526			-20,344	8
						9
		543			1,651	10
1,357,511		1,890,528			1,320,702	11
4,013,866		6,853,312			2,592,170	12
						13
						14
1,184,932					-400,242	15
-415,419					771,493	16
24,496					-45,492	17
134,687					-250,133	18
9,196					-162,207	19
503,508		862,252			35,256	20
-81,384						21
166,988						22
-34,468					1,375	23
1,572						24
994						25
3,641,973		7,296,988				26
-81,483						27
258,214		1,150,555				28
					3,980	29
		11,586				30
		24				31
5,313,806		9,321,405			-45,970	32
						33
						34
75,700					-139,513	35
-55,621					103,296	36
-298,330					555,415	37
121,729					-226,068	38
-17,501					-102,792	39
144,455					-40,623	40
-2,112,798		79,994,899			4,592,499	41

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

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

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Income Tax (2005)			208,857	122,500	
2	Property Tax (2003)	190,000		-148,907	41,093	
3	Property Tax (2004)	-579,527		717,318	125,518	
4	Property Tax (2005)			776,932	1,252,806	
5	Motor Vehicle (2005)			4,169	4,169	
6	Busn Energy Tax Credit	-431,020				
7	Busn Energy Tax Credit	-34,244				
8	Busn Energy Tax Credit	-55,790				
9	Busn Energy Tax Credit	8,966		15,899		
10	Busn Energy Tax Credit	-44,059				
11	Busn Energy Tax Credit			-164,041		
12	Franchise Tax (2002)					
13	Franchise Tax (2004)	793,315		747	861,323	
14	Franchise Tax (2005)			3,554,615	2,426,233	
15	Total Oregon	-489,724		5,115,304	4,751,351	75,792
16						
17	STATE OF CALIFORNIA:					
18	Income Tax (1996-2000)	158,423		-102,975		
19	Income Tax (2001)	-142,429		92,579		
20	Income Tax (2002)	26,863		-17,461		
21	Income Tax (2003)	-17,058		11,088	27,430	
22	Income Tax (2004)	-40,941		12,526	-49,583	15,158
23	Income Tax (2005)			54,137	12,000	
24	Property Tax (2004)	-51,297		51,293		4
25	Property Tax (2005)					
26	Excise Tax (1999-2000)	-2,163			-2,163	
27	Excise Tax (2001)	-34		34		
28	Excise Tax (2004)	343		1,820	2,163	
29	Excise Tax (2005)					
30	Franchise Tax (2002)					
31	Franchise Tax (2003)	159,977		-159,977		
32	Franchise Tax (2004)	405,316		491	405,807	
33	Franchise Tax (2005)					
34	California PUC Tax	137		-137		
35	California Use Tax	1,068		-27	1,041	
36	Total California	498,205		-56,609	396,695	15,162
37						
38	MISCELLANEOUS STATES:					
39	Income Tax (2004 and older)	-9,179		5,460	1,338	
40	Income Tax (2005)				38	
41	TOTAL	11,313,430		84,587,398	98,853,779	-5,667,762

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then 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 foot- note. Designate debit adjustments by parentheses.
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9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
86,357		123,689			85,168	1
		-148,907				2
12,273		185,875			531,443	3
-475,874		86,000			690,932	4
					4,169	5
-431,020						6
-34,244						7
-55,790						8
24,865					15,899	9
-44,059						10
-164,041					-164,041	11
						12
-67,261					747	13
1,128,382					3,554,615	14
-49,980		246,657			4,868,647	15
						16
						17
55,448					-102,975	18
-49,850					92,579	19
9,402					-17,461	20
-33,400					11,088	21
36,326					12,526	22
42,137					54,137	23
					51,293	24
						25
						26
					34	27
					1,820	28
						29
						30
					-159,977	31
					491	32
						33
					-137	34
					-27	35
60,063					-56,609	36
						37
						38
-5,057					5,460	39
-38						40
-2,112,798		79,994,899			4,592,499	41

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

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4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Total Misc States	-9,179		5,460	1,376	
2						
3	COUNTY & MUNICIPAL					
4	Forrest Fire Protection					
5	Greenacres Irrigation	-14			-14	
6	City of Spokane PBI	-1,470		1,470	-1,470	
7	WA Dept of Natural					
8	Spokane Utility Tax	6,972		-6,767	205	
9	Columbia Irrigation	-136		23	-112	1
10	Misc.	-105,144		126,710	22,740	-1
11	Total County	-99,792		121,436	21,349	
12						
13						
14						
15						
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40						
41	TOTAL	11,313,430		84,587,398	98,853,779	-5,667,762

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

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 foot- note. 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. Report in columns (i) through (l) how the taxes were distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
-5,095					5,460	1
						2
						3
						4
						5
1,470					1,470	6
						7
					-6,767	8
		23				9
-1,175					126,710	10
295		23			121,413	11
						12
						13
						14
						15
						16
						17
						18
						19
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						40
-2,112,798		79,994,899			4,592,499	41

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%						
6							
7							
8	TOTAL						
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10	Gas Property (10%)	570,960			411400	49,308	
11							
12	TOTAL PROPERTY	570,960				49,308	
13							
14							
15							
16							
17							
18							
19							
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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
521,652			10
			11
521,652			12
			13
			14
			15
			16
			17
			18
			19
			20
			21
			22
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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OTHER DEFERRED 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		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Unearned Interest - Customer					
2	wiring & conversions (253000)	2,664	171000	2,664		
3						
4	Deferred Revenue Prepayment - Pacific Walla Walla/Enterprise	42,174	456.7	9,372		32,802
5	Amort = 19 yrs (253080)					
6						
7						
8	CIT Oper Lease (253090) 9/2006	68,734	931000	39,277		29,457
9						
10	BPA C&RD Receipts (253100)	460,980	various/186.	536,119	394,200	319,061
11						
12	Trust Fund - Centralia (253110)	896,423	186870		17,014	913,437
13						
14	Rathdrum Refund (253120)	510,154	550000	33,822		476,332
15	Amort =25 years, through 1/2020					
16						
17	NE Tank Spill (253130)		552000		1,000,000	1,000,000
18						
19	CS2 GE Long Term Service Agreement (253150)		154/232		1,938,883	1,938,883
20						
21						
22	Supplemental Executive Retirement Plan (253290)	15,443,268	various		1,294,155	16,737,423
23						
24						
25	Gain on Sale and leaseback of Building (Amortization period is 25 years) (253850)	1,830,192	931000	261,456		1,568,736
26						
27						
28						
29	ID Clark Fork Relicense (253890)	-420,706	184999	41,681		-462,387
30						
31	Deferred Compensation (253900, 253910, 253920)	12,126,250	232	255,834		11,870,416
32						
33						
34	Amort. Unbilled Revenue Add-ons (253990)	2,161,283	various/190	281,279		1,880,004
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	33,121,416		1,461,504	4,644,252	36,304,164

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating 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)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	217,481,287	-4,356,165	
3	Gas	55,006,958	-4,160,481	
4	General Common	16,740,394	349,512	
5	TOTAL (Enter Total of lines 2 thru 4)	289,228,639	-8,167,134	
6	Non-operating	4,307,286		
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	293,535,925	-8,167,134	
10	Classification of TOTAL			
11	Federal Income Tax	285,288,190	-8,532,567	
12	State Income Tax	8,247,735	365,433	
13	Local Income Tax			

NOTES

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
				convers/ 236	12,673,790	225,798,912	2
-330,214				convers/ 236	9,199,015	59,715,278	3
		conversion	4,985,623			12,104,283	4
-330,214			4,985,623		21,872,805	297,618,473	5
159,447		conv/236/186	12,843,181			-8,376,448	6
							7
							8
-170,767			17,828,804		21,872,805	289,242,025	9
							10
-170,767			17,828,804		21,872,805	280,628,857	11
						8,613,168	12
							13

NOTES (Continued)

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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ACCUMULATED DEFERRED 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)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Electric	63,707,197	-6,911,045	508,356
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	63,707,197	-6,911,045	508,356
10	Gas			
11	Gas	6,016,104	5,346,102	
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	6,016,104	5,346,102	
18	Other	164,656,998	-555,825	
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	234,380,299	-2,120,768	508,356
20	Classification of TOTAL			
21	Federal Income Tax			
22	State Income Tax			
23	Local Income Tax			

NOTES

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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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				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
		182320	612,211	conversi	888,996	56,564,581	3
							4
							5
							6
							7
							8
			612,211		888,996	56,564,581	9
							10
120,398		various	291,612	conversi	5,384,042	16,575,034	11
							12
							13
							14
							15
							16
120,398			291,612		5,384,042	16,575,034	17
	2,532,419	conv/var	6,643,448	236000	222,242	155,147,548	18
120,398	2,532,419		7,547,271		6,495,280	228,287,163	19
							20
							21
							22
							23

NOTES (Continued)

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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 Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Centralia Sale (254110)	4,749,003	47410	2,341,551		2,407,452
2						
3	FAS109-Acctg for Inc. Taxes (254180)	307,464	407110	26,556		280,908
4						
5	Nez Perce - Reg Liability (254220)	858,428	186800	22,008		836,420
6						
7	BPA Residential Exch (254345 ED WA)	1,241,201	407450	9,102,998	7,861,797	
8	BPA Residential Exch (254344 ED ID)	719,685	407450	4,270,166	3,550,481	
9						
10	BPA Residential Exch (254346 ED WA)	3,554	431100		28,852	32,406
11	BPA Residential Exch (254346 ED ID)		431100		4,367	4,367
12	Mark to Mkt FAS133 (254740)	26,821,101	176740/750		85,868,891	112,689,992
13						
14						
15						
16						
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41	TOTAL	34,700,436		15,763,279	97,314,388	116,251,545

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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 <i>(a)</i>	OPERATING REVENUES	
		Amount for Year <i>(b)</i>	Amount for Previous Year <i>(c)</i>
1	GAS SERVICE REVENUES		
2	(480) Residential Sales	229,736,621	194,470,117
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	126,647,601	104,754,350
5	Large (or Ind.) (See Instr. 6)	11,867,199	9,422,721
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	424,720	362,706
8	TOTAL Sales to Ultimate Consumers	368,676,141 (1)	309,009,894
9	(483) Sales for Resale	63,085,081	152,110
10	TOTAL Nat. Gas Service Revenues	431,761,222	309,162,004
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	431,761,222	309,162,004
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	203,038	280,063
17	(489) Rev. from Trans. of Gas of Others	7,601,297	8,187,511
18	(490) Sales of Prod. Ext. from Nat. Gas		
19	(491) Rev. from Nat. Gas Proc. by Others		
20	(492) Incidental Gasoline and Oil Sales		
21	(493) Rent from Gas Property	15,060	15,060
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	3,635,580	2,848,688
24	TOTAL Other Operating Revenues	11,454,975	11,331,322
25	TOTAL Gas Operating Revenues	443,216,197	320,493,326
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	443,216,197	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	356,384,222	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	11,867,199	
30	Sales for Resale	63,085,081	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	424,720	
33	TOTAL (Same as Line 10, Columns (b) and (d))	431,761,222	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
199,433,556	201,696,263	265,294	268,571	2
				3
122,980,835	122,851,688	31,652	31,886	4
13,533,925	13,273,911	306	311	5
				6
465,790	479,230	52	28	7
336,414,106 (2)	338,301,092	297,304	300,796	8
79,961,354	305,000	13		9
416,375,460	338,606,092	297,317	300,796	10
NOTES				11
<p>Quantities of natural gas expressed in therms: to convert therms to MCF, divide therms by a BTU factor of 10.20</p> <p>(1) Includes \$8,277,794 unbilled revenues.</p> <p>(2) Includes 187,388 therms relating to unbilled revenues.</p>				12
				13
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Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005

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 Prurchases	-	-
71	803 Natural Gas Transmission Line Purchases	-	-
72	804 Natural Gas City Gate Purchases	352,974,203	217,925,718
73	804.1 Liquefied Natural Gas Purchases	-	-
74	805 Other Gas Purchases	1,805,315	(4,070,037)
75	(Less) 805.1 Purchased Gas Cost Adjustments	(15,502,240)	-
76			
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	339,277,278	213,855,681
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	-	328,577
84	807.5 Other Purchased Gas Expenses	-	-
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	328,577
86	808.1 Gas Withdrawn from Storage-Debit	3,500,964	-
87	(Less) 808.2 Gas Delivered to Storage-Credit	(15,883,491)	(83,689)
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-
90	Gas Used in Utility Operations-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit	-	-
92	811 Gas Used for Products Extraction-Credit	-	-
93	812 Gas used for Other Utility Operations-Credit	-	-
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-
95	813 Other Gas Supply Expenses	1,353,413	404,814
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	328,248,164	214,505,383
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	328,248,164	214,505,383

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	44,259	15,828
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	270,603	334,655
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Enter Total of lines 101 thru 113)	314,862	350,483
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	301,538	171,691
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	301,538	171,691
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	616,400	522,174
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	-	-
129	841 Operation Labor and Expenses	-	-
130	842 Rents	-	-
131	842.1 Fuel	-	-
132	842.2 Power	-	-
133	842.3 Gas Losses	-	-
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-	-
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering	-	-
137	843.2 Maintenance of Structures and Improvements	-	-
138	843.3 Maintenance of Gas Holders	-	-
139	843.4 Maintenance of Purification Equipment	-	-
140	843.5 Maintenance of Liquefaction Equipment	-	-
141	843.6 Maintenance of Vaporizing Equipment	-	-
142	843.7 Maintenance of Compressor Equipment	-	-
143	843.8 Maintenance of Measuring and Regulating Equipment	-	-
144	843.9 Maintenance of Other Equipment	-	-
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-	-
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering	-	-
150	844.2 LNG Processing Terminal Labor and Expenses	-	-
151	844.3 Liquefaction Processing Labor and Expenses	-	-
152	844.4 Liquefaction Transportation Labor and Expenses	-	-
153	844.5 Measuring and Regulating Labor and Expenses	-	-
154	844.6 Compressor Station Labor and Expenses	-	-
155	844.7 Communication System Expenses	-	-
156	844.8 System Control and Load Dispatching	-	-
157	845.1 Fuel	-	-
158	845.2 Power	-	-
159	845.3 Rents	-	-
160	845.4 Demurrage Charges	-	-
161	(Less) 845.5 Wharfage Receipts-Credit	-	-
162	845.6 Processing Liquefied or Vaporized Gas by Others	-	-
163	846.1 Gas Losses	-	-
164	846.2 Other Expenses	-	-
165	TOTAL Operation (Enter Total of lines 149 thru 164)	-	-
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering	-	-
168	847.2 Maintenance of Structures and Improvements	-	-
169	847.3 Maintenance of LNG Processing Terminal Equipment	-	-
170	847.4 Maintenance of LNG Transportation Equipment	-	-
171	847.5 Maintenance of Measuring and Regulating Equipment	-	-
172	847.6 Maintenance 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)	616,400	522,174
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering	-	-
181	851 System Control and Load Dispatching	-	-
182	852 Communication System Expenses	-	-
183	853 Compressor Station Labor and Expenses	-	-
184	854 Gas for Compressor Station Fuel	-	-
185	855 Other Fuel and Power for Compressor Stations	-	-
186	856 Mains Expenses	-	-
187	857 Measuring and Regulating Station Expenses	-	-
188	858 Transmission and Compression of Gas by Others	-	-
189	859 Other Expenses	-	-
190	860 Rents	-	-
191	TOTAL Operation (Enter Total of lines 180 thru 190)	-	-

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GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
3. TRANSMISSION EXPENSES (Continued)			
192	Maintenance		
193	861 Maintenance Supervision and Engineering	-	-
194	862 Maintenance of Structures and Improvements	-	-
195	863 Maintenance of Mains	-	-
196	864 Maintenance of Compressor Station Equipment	-	-
197	865 Maintenance of Measuring and Reg. Station Equipment	-	-
198	866 Maintenance of Communication Equipment	-	-
199	867 Maintenance of Other Equipment	-	-
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	-	-
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	-	-
4. DISTRIBUTION EXPENSES			
203	Operation		
204	870 Operation Supervision and Engineering	809,468	928,100
205	871 Distribution Load Dispatching	-	(226)
206	872 Compressor Station Labor and Expenses	-	-
207	873 Compressor Station Fuel and Power	-	-
208	874 Mains and Services Expenses	2,704,167	2,993,801
209	875 Measuring and Regulating Station Expenses-General	205,208	87,741
210	876 Measuring and Regulating Station Expenses-Industrial	2,814	973
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	157,945	112,188
212	878 Meter and House Regulator Expenses	866,590	1,592,238
213	879 Customer Installations Expenses	1,740,276	1,951,323
214	880 Other Expenses	2,130,771	1,713,864
215	881 Rents	25,167	24,161
216	TOTAL Operation (Enter Total of lines 204 thru 215)	8,642,405	9,404,163
217	Maintenance		
218	885 Maintenance Supervision and Engineering	232,841	113,811
219	886 Maintenance of Structures and Improvements	-	2,776
220	887 Maintenance of Mains	2,310,578	2,640,131
221	888 Maintenance of Compressor Station Equipment	-	-
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	314,981	395,207
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	133,875	215,084
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	47,378	52,473
225	892 Maintenance of Services	936,679	320,696
226	893 Maintenance of Meters and House Regulators	925,246	711,130
227	894 Maintenance of Other Equipment	68,804	68,916
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	4,970,383	4,520,224
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	13,612,787	13,924,387
5. CUSTOMER ACCOUNTS EXPENSES			
230	Operation		
231	901 Supervision	593,279	81,506
232	902 Meter Reading Expenses	1,699,998	2,076,492
233	903 Customer Records and Collection Expenses	5,492,147	6,247,929
234	904 Uncollectible Accounts	1,291,166	1,440,131
235	905 Miscellaneous Customer Accounts Expenses	458,803	417,106
236	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	9,535,393	10,263,164

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GAS OPERATION AND MAINTENANCE EXPENSES

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

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	-	-
241	908 Customer Assistance Expenses	4,627,742	5,293,430
242	909 Informational and Instructional Expenses	12,212	168,574
243	910 Miscellaneous Customer Service and Informational Expenses	65,160	55,101
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	4,705,113	5,517,105
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	536,215	695,836
249	913 Advertising Expenses	132,076	106,417
250	916 Miscellaneous Sales Expenses	46,235	9,517
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	714,526	811,770
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	7,361,647	6,143,730
255	921 Office Supplies and Expenses	1,606,775	2,333,303
256	(Less) (922) Administrative Expenses Transferred-Cr.	(8,285)	(5,597)
257	923 Outside Services Employed	3,577,242	3,250,858
258	924 Property Insurance	296,094	290,984
259	925 Injuries and Damages	1,247,845	1,469,382
260	926 Employee Pensions and Benefits	254,156	666,794
261	927 Franchise Requirements	-	-
262	928 Regulatory Commission Expenses	1,240,819	1,294,935
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	(8,098)	-
265	930.2 Miscellaneous General Expenses	1,229,064	1,258,529
266	931 Rents	972,489	1,743,385
267	TOTAL Operation (Enter Total of lines 254 thru 266)	17,769,748	18,446,303
268	Maintenance		
269	935 Maintenance of General Plant	1,707,099	1,193,844
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	19,476,847	19,640,147
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	376,909,231	265,184,130

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 construction 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, 2005		
2. Total Regular Full-Time Employees		361	332
3. Total Part-Time and Temporary Employees allocation of General Employees		33	36
4. Total Employees		394	368

Name of Respondent Avista Corporation	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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Other Gas Supply Expenses (Account 813)

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

Line No.	Description (a)	Amount (in Dollars) (b)
1	Gas Resource Management	
2	Labor	457,377
3	Other Expenses (Phone Bills, Professional Services, Gas Reports, Travel, Training Etc.)	353,993
4	Amortization of Gas Operations Database	156,159
5	Credit Exposure Reserve	112,061
6		
7	Regulatory Affairs	
8	Labor	79,874
9	Other Expenses (Phone Bills, Professional Services, Gas Reports, Travel, Etc.)	193,949
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39	TOTAL	1,353,413

Name of Respondent	This report is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	327,199
2	Nuclear Power Research Expenses	0
3	Other Experimental and General Research Expenses	0
4	Publishing and Distributing Information and Reports to Stockholders; Trustee, Registrar and Transfer	72,978
5	Directors Fees and Expenses	135,581
6	Miscellaneous General Expenses	520,382
7	Community Relations	124,953
8	Educational - Informational	6,375
9	Other Miscellaneous General Expenses	41,596
10	Other Miscellaneous Labor	
11		
12		
13		
14		
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46	TOTAL	1,229,064

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

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals

between the report years (1971, 1974 and every fifth year thereafter).

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

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

Line No.	Functional Classification <i>(a)</i>	Depreciation Expense (Account 403) <i>(b)</i>	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) <i>(c)</i>	Amortization of Underground Storage, Land, Land Rights and Misc. Intang (Account 404.2) <i>(d)</i>
1	Intangible plant			6,453
2	Production plant, manufactured gas	1,208		
3	Production and gathering plant, natural gas			
4	Products extraction plant			
5	Underground gas storage plant	419,003		
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant	0		
9	Distribution plant	13,419,432		
10	General plant	611,116		
11	Common General plant-Allocated	1,043,164		
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTAL	15,493,923	0	6,453

Section B.

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

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

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

depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.

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

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

Amortization of Other Limited-term Gas Plant (Account 404.3) <i>(e)</i>	Amortization of Leasehold Improvements (Account 404.6 and 404.75) <i>(f)</i>	Amortization of Other Gas Plant (Account 405) <i>(g)</i>	Total (b to g) <i>(h)</i>	Functional Classification <i>(a)</i>	Line No.
283,646			290,099	Intangible plant	1
			1,208	Production plant, manufactured gas	2
				Production and gathering plant, natural gas	3
				Products extraction plant	4
			419,003	Underground gas storage plant	5
				Other storage plant	6
				Base load LNG terminating and processing plant	7
			0	Transmission plant	8
			13,419,432	Distribution plant	9
	15,128		626,244	General plant	10
620,702	290,160		1,954,026	Common general plant-Allocated	11
					12
					13
					14
					15
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					22
					23
					24
904,348	305,288	0	16,710,012	TOTAL	25

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Section C.

Line No.	Functional Classification: (a)	Depreciable Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)
	<u>Underground Gas Storage Plant: (2)</u>		
1			
2	350	24	
3	351	1,064	1.75%
4	352	5,747	2.00%
5	352.2	203	2.22%
6	352.1 (Leasehold Improvements)	254	
7	352.3	6,047	2.54%
8	353	823	2.06%
9	354	2,005	2.32%
10	355	163	2.66%
11	356	405	2.97%
12	357	1,664	2.77%
13	Total	18,399	
14			
15	<u>Production - Manufactured Gas:</u>		
16	2305	0	2.80%
17	2311	67	1.80%
18	Total	67	
19			
20	<u>Distribution Plant:</u>		
21	375.1	665	2.19%
22	376	234,356	2.38%
23	378	4,375	2.13%
24	379	2,068	2.24%
25	380	169,204	2.67%
26	381	56,728	1.94%
27	385	2,985	2.43%
28	387	1	
29	Total	470,382	
30			
31	<u>General Plant:</u>		
32	390.1	2,341	2.61%
33	390.2	36	
34	391	189	4.53%
35	391.1	5	6.30%
36	392	4,069	
37	393	100	2.51%
38	394	2,309	4.24%
39	395	912	3.27%
40	396	3,396	
41	397	1,583	9.82%
42	398	32	1.28%
43	Total	14,972	
44			
45	Total Depreciable Gas Plant	503,820	

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Name of Respondent	This report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
Avista Corp.			

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.	1,182,975
4	Total - 425.00	1,182,975
5		
6	Acct. 426.10 - DONATIONS	
7		
8		
9		
10	Project Share	550,000
11	Items Under \$50,000	324,169
12		
13	Total 426.10	874,169
14		
15	Acct. 426.20 - LIFE INSURANCE	
16	Officers Life	123,374
17	SERP	1,563,598
18	Total 426.20	1,686,972
19		
20	Acct. 426.30 - PENALTIES	
21		
22	All Items Under \$20,000	(15,530)
23	Total 426.30	(15,530)
24		
25	Acct. 426.40 - EXPENDITURES FOR CERTAIN CIVIC, POLITICAL,	
26	AND RELATED ACTIVITIES	
27		
28		
29	Items Under \$50,000	893,627
30	Total 426.40	893,627
31		
32	Acct. 426.50 - OTHER DEDUCTIONS	
33	Other	(8,000)
34	Coyote Springs 2 Reserve Amortization	(104,072)
35	Kettle Falls Reserve Amortization	(188,272)
36	Executive Deferred Compensation	749,771
37	Cash Reduction for PGE Monetization	88,125
38		
39	Total 426.50	537,552
40		
41		

Name of Respondent Avista Corp.	This report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 25, 2005	Year of Report Dec. 31, 2004
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Particulars Concerning Certain Income Deduction and Interest Charges Accounts

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

Line No.	Description (a)	Amount (b)
1	Acct. 430.00 - INTEREST ON DEBT TO ASSOC. COMPANIES	
2		
3	Avista Capital II (long-term debt) (variable rate ranged from 3.275 to 5.285 percent)	2,182,063
4	AVA Capital Trust III (interest rate of 6.5 percent)	4,020,640
5		
6	Total 430.00	6,202,703
7		
8		
9		
10		
11		
12		
13		
14		
15	Acct. 431.00 - OTHER INTEREST EXPENSE	
16		
17	All items less than \$250,000	569,331
18		
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23		
24		
25		
26		
27	Total 431.00	569,331
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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REGULATORY COMMISSION EXPENSES

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

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	FEDERAL ENERGY REGULATORY COMMISSION				
2	Charges include annual fee and license fees				
3	the Spokane River Project, and the Cabinet				
4	Gorge Project and Noxon Rapids Project.	2,380,227	35,140	2,415,367	
5					
6	WASHINGTON UTILITIES & TRANSPORTATION				
7	Includes annual fee and various other electric				
8	dockets.	620,100	446,814	1,066,914	
9					
10	Includes annual fee and various other natural	284,187	178,634	462,821	
11	gas dockets.				
12					
13	IDAHO PUBLIC UTILITIES COMMISSION				
14	Includes annual fee and various other Electric				
15	dockets	470,949	120,083	591,032	
16					
17	Includes annual fee and various other natural				
18	gas dockets.	152,938	40,006	192,944	
19					
20	OREGON PUBLIC UTILITIES COMMISSION				
21	Includes annual fee and various other natural				
22	gas dockets	266,609	138,327	404,936	
23					
24	CALIFORNIA PUBLIC UTILITIES COMMISSION				
25	Includes annual fees and various other natural				
26	gas dockets. Operations were sold in 4/2005.	4,544	25,548	30,092	
27					
28	Not directly assigned electric		398,394	398,394	
29	Not directly assigned natural gas		150,027	150,027	
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	4,179,554	1,532,973	5,712,527	

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				Line No.
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	
Department (f)	Account No. (g)	Amount (h)					
							1
							2
							3
Electric	928	2,415,367					4
							5
							6
							7
Electric	928	1,066,914					8
							9
Gas	928	462,821					10
							11
							12
							13
							14
Electric	928	591,032					15
							16
							17
Gas	928	192,944					18
							19
							20
							21
Gas	928	404,936					22
							23
							24
							25
Gas	928	30,092					26
							27
Electric	928	398,394					28
Gas	928	150,027					29
							30
							31
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		5,712,527					46

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of <u>2005/Q4</u>
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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	7,832,997		
4	Transmission	1,778,128		
5	Distribution	5,728,442		
6	Customer Accounts	5,587,980		
7	Customer Service and Informational	412,907		
8	Sales	325,410		
9	Administrative and General	14,627,942		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	36,293,806		
11	Maintenance			
12	Production	2,430,410		
13	Transmission	607,516		
14	Distribution	3,375,757		
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	6,413,683		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	10,263,407		
19	Transmission (Enter Total of lines 4 and 13)	2,385,644		
20	Distribution (Enter Total of lines 5 and 14)	9,104,199		
21	Customer Accounts (Transcribe from line 6)	5,587,980		
22	Customer Service and Informational (Transcribe from line 7)	412,907		
23	Sales (Transcribe from line 8)	325,410		
24	Administrative and General (Enter Total of lines 9 and 15)	14,627,942		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	42,707,489	8,663,674	51,371,163
26	Gas			
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expl. and Dev.)			
30	Other Gas Supply	553,035		
31	Storage, LNG Terminating and Processing	21,207		
32	Transmission			
33	Distribution	4,123,850		
34	Customer Accounts	2,104,941		
35	Customer Service and Informational	108,553		
36	Sales	157,067		
37	Administrative and General	5,622,905		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	12,691,558		
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminating and Processing			
44	Transmission	426,130		
45	Distribution	2,201,601		
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)	2,627,731		

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report End of 2005/Q4
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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	Total Operation and Maintenance			
49	Production-Manufactured Gas (Enter Total of lines 28 and 40)			
50	Production-Natural Gas (Including Expl. and Dev.) (Total lines 29,			
51	Other Gas Supply (Enter Total of lines 30 and 42)	553,035		
52	Storage, LNG Terminating and Processing (Total of lines 31 thru	21,207		
53	Transmission (Lines 32 and 44)	426,130		
54	Distribution (Lines 33 and 45)	6,325,451		
55	Customer Accounts (Line 34)	2,104,941		
56	Customer Service and Informational (Line 35)	108,553		
57	Sales (Line 36)	157,067		
58	Administrative and General (Lines 37 and 46)	5,622,905		
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	15,319,289	3,087,975	18,407,264
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	58,026,778	11,751,649	69,778,427
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	19,073,079	6,000,210	25,073,289
66	Gas Plant	5,466,868	1,719,824	7,186,692
67	Other (provide details in footnote):			
68	TOTAL Construction (Total of lines 65 thru 67)	24,539,947	7,720,034	32,259,981
69	Plant Removal (By Utility Departments)			
70	Electric Plant	744,511	147,325	891,836
71	Gas Plant	105,918	20,959	126,877
72	Other (provide details in footnote):			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	850,429	168,284	1,018,713
74	Other Accounts (Specify, provide details in footnote):			
75	Stores Expense (163)	1,390,939	-1,390,939	
76	Regulatory Assets (182)	85,810		85,810
77	Preliminary Survey and Investigation (183)	100,867		100,867
78	Small Tools Expense (184)	1,742,390	-1,742,390	
79	Miscellaneous Deferred Debits (186)	22,627,172		22,627,172
80	Non-operating expenses (417)	906,004		906,004
81	Exp. of Certain Civic, Political and Related Activities (426)	211,467		211,467
82	Employee Incentive Plan (232)	3,549,262	-3,549,262	
83	DSM and Payroll accrual (accrued vacation) (242)	13,663,861	-12,957,376	706,485
84				
85				
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87				
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90				
91				
92				
93				
94				
95	TOTAL Other Accounts	44,277,772	-19,639,967	24,637,805
96	TOTAL SALARIES AND WAGES	127,694,926		127,694,926

Name of Respondent Avista Corp.	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
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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	Acres International Corporation		266,077
2	Davis Wright tremaine LLP		379,190
3	Delinea		350,667
4	Dorsey & Whitney LLP		667,829
5	Deloitte & Touche LLP		1,064,246
6	Dewey Ballantine LLP		313,500
7	Ensr Corp		330,045
8	Entrix Inc		1,064,183
9	Golder Associates Inc		397,312
10	Goldman Sachs & Co		510,000
11	Heller Ehrman White &...		257,212
12	Impac		288,318
13	Paine Hamblen Coffin Brooke		1,276,788
14	The Louis Berger Group		459,850
15	Va Tech Hydro USA		545,284
16	Van Ness Feldman		366,189
17	Lehman Brothers		520,000
18	Oracle USA		390,028
19	The Vanguard Group		1,195,873
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Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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GAS STORAGE PROJECTS

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

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	January	0	0	0
3	February	0	0	0
4	March	118,600	0	118,600
5	April	145,961	0	145,961
6	May	748,141	0	748,141
7	June	1,211,387	0	1,211,387
8	July	461,822	0	461,822
9	August	21,976	0	21,976
10	September	6,350	0	6,350
11	October	0	0	0
12	November	0	0	0
13	December	40,930	0	40,930
14	TOTAL (Enter Total of Lines 2 Thru 13)	2,755,167	0	2,755,167
15	Gas Withdrawn from Storage			
16	January	729,171	0	729,171
17	February	728,957	0	728,957
18	March	314,952	0	314,952
19	April	1,326	0	1,326
20	May	0	0	0
21	June	0	0	0
22	July	0	0	0
23	August	0	0	0
24	September	0	0	0
25	October	5,000	0	5,000
26	November	36,648	0	36,648
27	December	515,111	0	515,111
28	TOTAL (Enter Total of Lines 16 Thru 27)	2,331,165	0	2,331,165

29
30
31 Note:
32
33 Injections and withdrawals are based on Agency Agreement and State Benchmark Filings
34 for the period 1/1/2005 through 3/31/2005. The Agency Agreement was terminated effective 4/1/2005.
35 Agent manages storage facility and uses it as needed to meet Company requirements from 1/1/2005 through 3/31/2005.
36 Effective 4/1/2005 the Company is managing the storage facility to meet Company Requirements.

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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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	Total Amount
	(a)	(b)
	Storage Operations (In Dth)	
1	Top or Working Gas End of Year (Note)	6,738,459
2	Cushion Gas (Including Native Gas)	7,180,674
3	Total Gas in Reservoir (Enter Total of Line 1 and 2)	13,919,133
4	Certificated Storage Capacity	14,113,819
5	Number of Injection - Withdrawal Wells	36
6	Number of Observation Wells	56
7	Maximum Day's Withdrawal from Storage	233,756
8	Date of Maximum Days' Withdrawal	January 14, 2005
9	LNG Terminal Companies (In Dth) (1)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volumes	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	
17	Notes:	
18	The factor to convert Mcf to Dth is 1.028.	
19	The above information represents the company's one-third share of Jackson Prairie Storage Project.	
20	(1) Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.	
21		
22		
23		

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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TRANSMISSION MAINS

Show particulars Called for Concerning Transmission 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 Coated	Over 4" through 10"	723,360	-		723,360
3	Steel Coated	4" or Less	15,840	5280	0	21,120
4						
5						
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46	TOTALS			5,280		744,480

* Show separately and identify lines held under a title other than full ownership.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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	<u>The Washington Water Power System</u>					
2	Steel Wrapped	Less than 2"	6,008,640	52,800	0	6,061,440
3	Steel Wrapped	2" to 4"	1,874,400	0	0	1,874,400
4	Steel Wrapped	4" to 8"	1,145,760	21,120	0	1,166,880
5	Steel Wrapped	8" to 12"	163,680	0	0	163,680
6	Steel Wrapped	Over 12"	52,800	0	0	52,800
7	<u>The WP Natural Gas System</u>					
8	Steel Wrapped	Less than 2"	3,115,200	21,120	396,000	2,740,320
9	Steel Wrapped	2" to 4"	897,600	0	73,920	823,680
10	Steel Wrapped	4" to 8"	617,760	10,560	190,080	438,240
11	Steel Wrapped	8" to 12"	15,840	0	0	15,840
12	Steel Wrapped	Over 12"	0	0	0	0
13	<u>The Washington Water Power System</u>					
14	Plastic	Less than 2"	10,200,960	443,520	0	10,644,480
15	Plastic	2" to 4"	2,090,880	100,320	0	2,191,200
16	Plastic	4" to 8"	454,080	42,240	0	496,320
17	Plastic	8" to 12"	0	0	0	0
18	Plastic	Over 12"	0	0	0	0
19	<u>The WP Natural Gas System</u>					
20	Plastic	Less than 2"	5,163,840	316,800	512,160	4,968,480
21	Plastic	2" to 4"	823,680	21,120	68,640	776,160
22	Plastic	4" to 8"	58,080	5,280	0	63,360
23	Plastic	8" to 12"	0	0	0	0
24	Plastic	Over 12"	0	0	0	0
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37	TOTALS		32,683,200	1,034,880	1,240,800	32,477,280

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

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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	Washington Water Power System						
2	Steel Wrapped	1' or Less	59,934	29	0	59,963	Not Available
3	Steel Wrapped	1" thru 2"	1,110	5	0	1,115	
4	Steel Wrapped	2" thru 4"	71	0	0	71	
5	Steel Wrapped	4" thru 8"	0	0	0	0	
6	Steel Wrapped	Over 8"	0	0	0	0	
7	WP Natural Gas System						
8	Steel Wrapped	1' or Less	39,924	0	7,915	32,009	
9	Steel Wrapped	1" thru 2"	500	165	27	638	
10	Steel Wrapped	2" thru 4"	20	1	0	21	
11	Steel Wrapped	4" thru 8"	2	0	0	2	
12	Steel Wrapped	Over 8"	0	0	0	0	
13	Washington Water Power System						
14	Plastic	1' or Less	128,299	2,802	752	130,349	
15	Plastic	1" thru 2"	839	28	0	867	
16	Plastic	2" thru 4"	90	3	0	93	
17	Plastic	4" thru 8"	0	0	0	0	
18	Plastic	Over 8"	0	0	0	0	
19	WP Natural Gas System						
20	Plastic	1' or Less	73,370	2,932	8,433	67,869	
21	Plastic	1" thru 2"	1,838	0	20	1,818	
22	Plastic	2" thru 4"	76	1	3	74	
23	Plastic	4" thru 8"	6	0	2	4	
24	Plastic	Over 8"	0	0	0	0	
25							
26							
27	TOTALS		306,079	5,966	17,152	294,893	

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CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				327,804	13,000	23,617	317,187

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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AUXILIARY PEAKING FACILITIES

<p>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.</p> <p>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.</p> <p>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.</p>						
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	Chehalis, Washington	Underground Natural Gas Storage Field	1,126,670	18,804,509	X	
3		Washington & Idaho Supply				
4						
5						
6	Chehalis, Washington	Underground Natural Gas Storage Field	26,540	(1)		X
7		Oregon Supply				
8						
9						
10	Plymouth, Washington	Liquefied Natural Gas Storage Tanks	220,000	(1)		X
11		Washington & Idaho Supply				
12						
13						
14	Plymouth, Washington	Liquefied Natural Gas Storage Tanks	192,000	(1)		X
15		Oregon Supply				
16						
17						
18	Lovelock, Nevada	Liquefied Natural Gas Storage Tanks	65,350	(1)	X	
19		California Supply				
20						
21						
22						
23	Notes:					
24						
25	(1) Respondent is a participant in the facilities, not an owner and is charged a fee for demand deliverability and capacity.					
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						

Name of Respondent Avista Corporation	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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GAS ACCOUNT - NATURAL GAS

1 The purpose of this schedule is to account for the quality 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)	Ref. Page No. (b)	Amount of Dth (1) (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		41,841,295
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (489.2)	305	
6	Gas of Others Received for Distribution (Account 489.3)	301	16,902,468
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
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.?)		58,743,763
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		33,641,410
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	16,902,468
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel	509	
27	Other Deliveries (Specify): Sales for Resale		7,996,035
28	Total Deliveries (Total lines 17 thru 27.?)		58,539,913
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		203,850
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		203,850
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		58,743,763

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report 2005/Q4
FOOTNOTE DATA			

Schedule Page: 103 Line No.: 25 Column: d

Subsidiary of Avista Capital. In 2003, assets previously held by Avista Laboratories, Inc. were acquired by ReliOn, Inc. (formerly AVLB, Inc.) Avista Labs investment in ReliOn, Inc. is accounted for under the cost method.

Schedule Page: 103.2 Line No.: 14 Column: d

51% owned by Cogentrix Energy, Inc., which is owned by the Goldman Sach Group, Inc. Avista Corp.'s interest is owned by Avista Rathdrum, LLC.

Schedule Page: 103.2 Line No.: 17 Column: d

Previously 50% owned by Mirant Americas Development, Inc. Avista Corp. purchased Mirant's 50% ownership interest in January 2005.

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report 2005/Q4
FOOTNOTE DATA			

Schedule Page: 122(a)(b) Line No.: 8 Column: e
Foreign currency translation adjustment at Avista Energy, Inc. (a subsidiary).

Name of Respondent Avista Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/17/2006	Year/Period of Report 2005/Q4
FOOTNOTE DATA			

Schedule Page: 233.1 Line No.: 2 Column: f

With the implementation of a new financial system the following lines were combined to equal to the balance on line 2 page 233.1: lines 10,11,12,13,15,16,20,21,23,28,& 31

Schedule Page: 233.1 Line No.: 35 Column: f

With the implementation of a new financial system lines 14,17,18,19,24& 25 were combined to equal balances on lines 35 and 36.

Schedule Page: 233.1 Line No.: 36 Column: f

With the implementation of a new financial system Conservation program balances for lines 14,17,18,19,24 and 25 were combined to equal balances on lines 35 & 36.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/17/2006	2005/Q4
FOOTNOTE DATA			

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

BPA C&RD Receipts	(141,919)
Contributions in Aid of Construction	5,495,000
CSS Temp Service Fees	(182,734)
Customer Uncollectibles - Sales for Resale	417,815
BETC Interest (Perm Diff)	(36,424)
Transportation Tax Depreciation Capitalized	517,950
Taxable Income Not Reported on Books	6,069,688

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

Hamilton Street Bridge	(509,406)
Severance / Stock Options - Accelerated Vesting	-
SERP - Supplemental Exec Retire Plan	655,263
Non-monetary Purchased Power	(1,334,954)
Amortization of Centralia Gain	(2,341,551)
Book Depreciation	79,237,750
Rathdrum Turbine Lease Sales Tax Refund	(33,828)
Investment Exchange Power - WNP3	2,450,028
FAS 106 - Def Amort-Postretirement Benefits	394,920
Redemption Expense Amortization - PCB's	194,424
DSM - Program Amortization	1,782,438
Political Contributions	893,629
Paid Time Off Equalization	(102,119)
Sale/Lease General Office Building	(1,666,258)
Airplane Lease Payments	217,106
CIT Operating Lease	(26,208)
FAS 106 Current Retiree Medical Accrual (Non-op)	(1,353,456)
Redemption Expense Amortization - (except PCB's)	3,059,107
Meal Disallowances	288,000
Transportation Book Depreciation	1,178,320
Preferred Dividend Requirement	2,037,219
Deductions Recorded on Books Not Deducted for Return	85,020,424

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

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/17/2006	2005/Q4
FOOTNOTE DATA			

Injury & Damages	(450,711)
Kettle Falls Non-operating	(188,268)
Gain on General Office Building	(261,456)
CS2 Retention	(457,408)
Clark Fork PME's	(73,762)
Nez Perce Settlement	(16,796)
FAS 87	(2,096,235)
Deferred Compensation Accrual	98,902
WA/ID Unbilled Revenue Add-ons	(281,279)
NE Tank Spill	89,714
Boulder Disallowance	103,656
PCA Write-down (IPUC Order Oct 2004)	(2,786)
WA Deferred Power Costs	17,341,709
Idaho Purchased Cost Adjustment	1,695,922
Deferred Gas & Deferred Gas Interest	(16,039,678)
WPNG DSM & Interest	(343,996)
PGE Monetization	7,235,483
Section 199 Manufacturing Deduction	(1,100,705)
NWP Lewiston Meter	1,797,194
AFUDC	(1,174,689)
Officers' Life Insurance (Perm Diff)	(677,742)
Income Recorded on Books Not Included in Return	5,197,069

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

BPA Residential Exchange - WA/ID	(2,379,766)
WA & ID DSM Tarrif Rider	1,124,284
Cost of Removal / Salvage	(653,530)
Basic American Foods - Non-utility	7,788
Tax Depreciation	(97,900,013)
WPNG Acquisition & Tax Amortization	4,002,718
Deductions on Return Not Charged Against Book Income	(95,798,519)

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, 2006	December 31, 2005
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)			
FOOTNOTE DATA			

Schedule Page: 335 Line No.: 5

<u>Directors</u>	<u>2005</u>	<u>Expenses</u>
ERIK J ANDERSON		\$13,916.90
KRISTIANNE BLAKE		\$22,251.74
JOHN F KELLY		\$14,806.72
MICHAEL L NOEL		\$9,328.27
DAVID A CLACK		\$27,100.04
R JOHN TAYLOR		\$13,677.94
JESSIE J KNIGHT JR		\$9,968.89
LURA J POWELL		\$10,952.44
ROY EIGUREN		\$6,340.21
JACK W GUSTAVEL		\$7,237.98

Schedule Page: 335 Line No.: 6

<u>Vendor</u>	<u>Purpose</u>	<u>Amount</u>
Vendors Under \$5000		64,109
SCOTT L MORRIS	Employee Misc Expe	6,781
TREASURERS OFFICE TAXES AND LICENSES	License Fees	5,200
THE DAVENPORT HOTEL	Pay Stations	5,212
THE RICHARDSON COMPANY	Professional Service:	6,223
GARY ELY	Employee Misc Expe	8,647
CITIBANK NA	Miscellaneous	9,768
FITCH RATINGS	Miscellaneous	9,660
THE COEUR D ALENE RESORT	Miscellaneous	11,823
GANNETT FLEMING COMPANIES	Professional Service:	9,320
NEW YORK STOCK EXCHANGE INC	General Services	12,889
JPMORGAN CHASE BANK	Miscellaneous	13,956
ADP INVESTOR COMMUNICATION SERVICES INC	General Services	14,806
CORP CREDIT CARD	Subscriptions	14,710
STANDARD & POORS	Miscellaneous	15,496
MOODYS INVESTORS SERVICE	Miscellaneous	17,570
POTTER CONSULTING	Miscellaneous	19,789
DEWEY BALLANTINE LLP	General Services	48,838
THE BANK OF NEW YORK	Miscellaneous	55,695
BANKERS TRUST NYC	Miscellaneous	115,066

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2005 Form 2
State Supplements
(GAS)

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Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. 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 a material refund to the utility with respect to power or gas purchases. State for each year affected 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 and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$724,016,704	\$568,604,722
3	Operating Expenses			
4	Operation Expenses (401)	320-325	527,085,432	367,871,095
5	Maintenance Expenses (402)	320-325	18,957,149	16,257,714
6	Depreciation Expense (403)	336-338	43,616,488	37,716,369
7	Amort. & Depl. of Utility Plant (404-405)	336-338	6,460,594	5,599,495
8	Amort. of Utility Plant Acq. Adj. (406)	336-338	31,743	31,691
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)		-	(3,736)
10	Amort. of Conversion Expenses (407)		-	-
11	Regulatory Debits (407.3)		-	168,551
12	(Less Regulatory Credits (407.4)		9,388,413	7,459,555
13	Taxes Other Than Income Taxes (408.1)	262-263	45,724,311	49,416,932
14	Income Taxes - Federal (409.1)	262-263	-	8,004,703
15	- Other (409.1)	262-263	-	-
16	Provision for Deferred Income Taxes (410.1)	234,272-277	1,727,548	5,807,668
17	(Less) Provision for Deferred Income Taxes -Cr. (411.1)	234,272-277	3,433,365	0
18	Investment Tax Credit Adj. - Net (411.4)	266	30,624	30,624
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		634,184,228	483,380,303
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		\$89,832,476	\$85,224,419

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

STATEMENT OF INCOME FOR THE YEAR

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. 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 approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
\$509,490,290	\$416,053,278	\$214,526,414	\$152,551,444			2
						3
350,742,712	244,444,072	176,342,720	123,427,023			4
15,646,116	13,514,335	3,311,033	2,743,379			5
37,188,506	32,273,958	6,427,982	5,442,411			6
5,642,160	5,214,442	818,434	385,053			7
31,743	31,691	-	-			8
						9
-	(3,736)	-	-			10
-	-	-	-			11
-	-		168,551			12
9,388,413	7,459,555	-	-			13
30,879,860	36,569,590	14,844,451	12,847,342			14
-	11,863,378	-	(3,858,675)			15
-	-	-	-			16
(4,004,622)	2,008,276	5,732,170	3,799,392			17
3,392,953	-	40,412				18
-	-	30,624	30,624			19
-	-					20
-	-					21
-	-					22
426,738,062	338,456,451	207,446,166	144,923,852			23
						24
\$82,752,228	\$77,596,827	\$7,080,248	\$7,627,592		\$0	

Name of Respondent	This report is: [X] An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[] A Resubmission	April 17, 2006	Dec. 31, 2005

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	218,725	56,209
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	218,725	56,209
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 Manufactured 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: <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	<input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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 supplementary 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
			274,934	4
0	0	0	274,934	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	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: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
Avista Corp.				
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	346 Gas Measuring and Regulating Equipment	0		
35	347 Other Equipment	0		
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0	
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0	
38	Manufactured Gas Production Plant (Submit Supplementary Statement)	0		
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	0	0	
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land	412,611		
43	350.2 Rights-of-Way	23,874		
44	351 Structures and Improvements	1,063,700		
45	352 Wells	5,713,900	65,257	
46	352.1 Storage Leaseholds and Rights	254,354		
47	352.2 Reservoirs	203,330		
48	352.3 Non-recoverable Natural Gas	6,121,926		
49	353 Lines	823,423		
50	354 Compressor Station Equipment	1,993,799	23,185	
51	355 Measuring and Regulating Equipment	153,965	17,954	
52	356 Purification Equipment	403,713	3,538	
53	357 Other Equipment	1,651,666	24,314	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	18,820,261	134,248	
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 Transportation Equipment	0		
71	364.5 Measuring and Regulating Equipment	0		
72	364.6 Compressor Station Equipment	0		
73	364.7 Communications Equipment	0		
74	364.8 Other Equipment	0		
75	TOTAL Base Load Liq Nat'l Gas, Terminal and Processing Plant (lines 67-74)	0	0	
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	18,820,261	134,248	
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: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.		April 17, 2006	Dec. 31, 2005	
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	34
			0	35
0	0	0	0	36
0	0	0	0	37
			0	38
0	0	0	0	39
				40
				41
			412,611	42
			23,874	43
			1,063,700	44
			5,779,157	45
			254,354	46
			203,330	47
150,000			5,971,926	48
			823,423	49
			2,016,984	50
			171,919	51
			407,251	52
			1,675,980	53
150,000	0	0	18,804,509	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
150,000	0	0	18,804,509	76
				77
			0	78
			0	79
			0	80

Name of Respondent		This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
Avista Corp.				
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	367 Mains	0		
82	368 Compressor Station Equipment	0		
83	369 Measuring and Regulating Equipment	0		
84	370 Communications Equipment	0		
85	371 Other Equipment	0		
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	0	0	
87	DISTRIBUTION PLANT			
88	374 Land and Land Rights	60,328		
89	375 Structures and Improvements	341,120	45,101	
90	376 Mains	100,313,336	5,540,309	
91	377 Compressor Station Equipment	0		
92	378 Measuring and Regulating Equipment-General	2,221,685	129,065	
93	379 Measuring and Regulating Equipment-City Gate	716,408	6,238	
94	380 Services	77,065,575	1,227,639	
95	381 Meters	23,001,837	3,835,368	
96	382 Meter Installations	0		
97	383 House Regulators	0		
98	384 House Regulator Installations	0		
99	385 Industrial Measuring and Regulating Station Equipment	1,702,139	65,691	
100	386 Other Property on Customers' Premises	0		
101	386 Other Equipment	0		
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	205,422,428	10,849,411	
103	GENERAL PLANT			
104	389 Land and Land Rights	0		
105	390 Structures and Improvements	443,804	150,905	
106	391 Office Furniture and Equipment	0		
107	392 Transportation Equipment	1,755,607	74,579	
108	393 Stores Equipment	44,137	598	
109	394 Tools, Shop, and Garage Equipment	728,264	53,199	
110	395 Laboratory Equipment	181,177		
111	396 Power Operated Equipment	2,266,147	132,867	
112	397 Communication Equipment	496,431	3,532	
113	398 Miscellaneous Equipment	0		
114	Subtotal (Enter Totals of lines 104 thru 113)	5,915,567	415,680	
115	399 Other Tangible Property	0		
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	5,915,567	415,680	
117	TOTAL (Accounts 101 and 106)	230,376,981	11,455,548	
118	Gas Plant Purchased (See Instruction 8)	0		
119	(Less) Gas Plant Sold (See Instruction 8)	0		
120	Experimental Gas Plant Unclassified	0		
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	230,376,981	11,455,548	

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.	[] A Resubmission	April 17, 2006	Dec. 31, 2005	
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
28			60,300	88
			386,221	89
83,476			105,770,169	90
			0	91
18,887			2,331,863	92
1,705			720,941	93
21,838			78,271,376	94
198,993			26,638,212	95
			0	96
			0	97
			0	98
1,343			1,766,487	99
			0	100
			0	101
326,270	0	0	215,945,569	102
				103
			0	104
			594,709	105
			0	106
			1,830,186	107
			44,735	108
5,151			776,312	109
940			180,237	110
			2,399,014	111
64,977			434,986	112
			0	113
71,068	0	0	6,260,179	114
			0	115
71,068	0	0	6,260,179	116
547,338	0	0	241,285,191	117
			0	118
			0	119
			0	120
547,338	0	0	241,285,191	121

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Name of Respondent Avista Corporation	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, AND 164.3)

- | | |
|--|---|
| <p>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.</p> <p>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.</p> | <p>3 State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also state in a footnote the method used to report storage (i.e. fixed asset method or inventory method).</p> |
|--|---|

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					6,685,646	129,522		6,815,168
2	Gas Delivered to Storage					10,729,359	207,113		10,936,472
3	Gas Withdrawn from Storage					8,842,550	0		8,842,550
4	Other Debits and Credits					0	249		249
5	Balance at End of Year					8,572,455	336,884		8,909,339
6	Dth					1,436,814	112,012		1,548,826
7	Amount Per Dekatherm					\$5.9663	\$3.0076		\$5.7523

8 State basis of segregation of inventory between current and noncurrent portions:

Current portion is gas expected to be sold within a 24 month period. All other gas is considered non-current.

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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GAS OPERATING REVENUES (Account 400)

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

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	112,489,326	91,341,542
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	63,339,411	51,060,026
5	Large (or Ind.) (See Instr. 6)	3,995,813	3,285,627
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	364,959	334,126
8	TOTAL Sales to Ultimate Consumers	180,189,509 (1)	146,021,321
9	(483) Sales for Resale	28,031,362	
10	TOTAL Nat. Gas Service Revenues	208,220,871	146,021,321
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	208,220,871	146,021,321
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	73,980	12,239
17	(489) Rev. from Trans. of Gas of Others	3,521,509 (1)	3,561,997
18	(490) Sales of Prod. Ext. from Nat. Gas		
19	(491) Rev. from Nat. Gas Proc. by Others		
20	(492) Incidental Gasoline and Oil Sales		
21	(493) Rent from Gas Property		
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	2,710,054	2,955,887
24	TOTAL Other Operating Revenues	6,305,543	6,530,123
25	TOTAL Gas Operating Revenues	214,526,414	152,551,444
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	214,526,414	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	175,828,737	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	3,995,813	
30	Sales for Resale	28,031,362	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	364,959	
33	TOTAL (Same as Line 10, Columns (b) and (d))	208,220,871	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
101,323,534		98,040,965	121,859	2
				3
63,953,081		62,146,078	13,064	4
4,383,186		4,400,569	155	5
				6
405,848		443,156	30	7
170,065,649 (2)		165,030,768	135,108	8
35,513,928		0	4	9
205,579,577		165,030,768	135,112	10

	NOTES	11
		12
		13
		14
		15
		16
		17
	(1) Includes \$5,388,731 unbilled revenues.	18
		19
	(2) Includes 1,515,053 therms relating to unbilled revenues.	20
		21
		22
		23
		24
	25	
	26	
	27	
	28	
	29	
	30	
	31	
	32	
	33	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	Year of Report
Avista Corp.		(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
		(2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005
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)	-	-	
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 Purchases	-	-	
71	803 Natural Gas Transmission Line Purchases	-	-	
72	804 Natural Gas City Gate Purchases	175,191,246	100,951,201	
73	804.1 Liquefied Natural Gas Purchases	-	-	
74	805 Other Gas Purchases	1,070,886	-	
75	(Less) 805.1 Purchased Gas Cost Adjustments	(12,590,980)	-	
76				
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	163,671,152	100,951,201	
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	-	147,609	
84	807.5 Other Purchased Gas Expenses	-	-	
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	147,609	
86	808.1 Gas Withdrawn from Storage-Debit	2,408,307	0	
87	(Less) 808.2 Gas Delivered to Storage-Credit	-10,880,761	0	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-	
90	Gas Used in Utility Operations-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	-	-	
92	811 Gas Used for Products Extraction-Credit	-	-	
93	812 Gas used for Other Utility Operations-Credit	-	-	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-	
95	813 Other Gas Supply Expenses	627,144	181,026	
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	155,825,842	101,279,836	
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	155,825,842	101,279,836	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	32,274	11,542	
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	197,323	244,030	
112	825 Storage Well Royalties	-	-	
113	826 Rents	-	-	
114	TOTAL Operation (Enter Total of lines 101 thru 113)	229,597	255,572	
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	219,881	125,197	
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	219,881	125,197	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	449,479	380,769	
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 Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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 Maintenance 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)	449,479	380,769.00	
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) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005
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)	-	-	-
4. DISTRIBUTION EXPENSES				
203	Operation			
204	870 Operation Supervision and Engineering	353,098	405,243	
205	871 Distribution Load Dispatching	-	-226	
206	872 Compressor Station Labor and Expenses	-	-	
207	873 Compressor Station Fuel and Power	-	-	
208	874 Mains and Services Expenses	1,198,467	1,422,873	
209	875 Measuring and Regulating Station Expenses-General	75,327	52,835	
210	876 Measuring and Regulating Station Expenses-Industrial	2,259	0	
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	99,563	65,476	
212	878 Meter and House Regulator Expenses	313,870	724,571	
213	879 Customer Installations Expenses	689,942	561,901	
214	880 Other Expenses	1,034,944	925,678	
215	881 Rents	11,863	7,335	
216	TOTAL Operation (Enter Total of lines 204 thru 215)	3,779,332	4,165,686	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	63,746	-	
219	886 Maintenance of Structures and Improvements	-	2,776	
220	887 Maintenance of Mains	1,114,543	1,224,476	
221	888 Maintenance of Compressor Station Equipment	-	-	
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	118,365	170,603	
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	48,236	127,207	
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	29,471	35,849	
225	892 Maintenance of Services	506,047	53,298	
226	893 Maintenance of Meters and House Regulators	430,406	336,170	
227	894 Maintenance of Other Equipment	14,197	-	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	2,325,011	1,950,379	
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	6,104,343	6,116,065	
5. CUSTOMER ACCOUNTS EXPENSES				
230	Operation			
232	901 Supervision	271,992	35,536	
233	902 Meter Reading Expenses	995,842	1,008,161	
234	903 Customer Records and Collection Expenses	2,526,692	2,740,346	
235	904 Uncollectible Accounts	589,713	701,549	
236	905 Miscellaneous Customer Accounts Expenses	209,156	228,564	
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	4,593,395	4,714,156	

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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GAS OPERATION AND MAINTENANCE EXPENSES

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

Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision	-	-
241	908 Customer Assistance Expenses	3,473,086	4,082,180
242	909 Informational and Instructional Expenses	7,546	79,610
243	910 Miscellaneous Customer Service and Informational Expenses	43,137	37,198
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	3,523,768	4,198,988
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	-	-
248	912 Demonstrating and Selling Expenses	218,332	366,342
249	913 Advertising Expenses	55,349	65,737
250	916 Miscellaneous Sales Expenses	46,235	4,374
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	319,916	436,453
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	3,344,492	2,828,248
255	921 Office Supplies and Expenses	691,066	1,042,254
256	(Less) (922) Administrative Expenses Transferred-Cr.	-5,576	(3,847)
257	923 Outside Services Employed	1,669,687	1,462,026
258	924 Property Insurance	148,303	137,385
259	925 Injuries and Damages	490,941	648,917
260	926 Employee Pensions and Benefits	147,780	306,111
261	927 Franchise Requirements	-	-
262	928 Regulatory Commission Expenses	536,818	531,725
263	(Less) (929) Duplicate Charges-Cr.	-	-
264	930.1 General Advertising Expenses	-2,921	-
265	930.2 Miscellaneous General Expenses	602,911	616,166
266	931 Rents	447,369	807,347
267	TOTAL Operation (Enter Total of lines 254 thru 266)	8,070,870	8,376,332
268	Maintenance		
269	935 Maintenance of General Plant	766,140	667,803
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	8,837,010	9,044,135
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	179,653,752	126,170,402

Operations Expense	176,342,720	123,427,023
Maintenance Expense	3,311,032	2,743,379
	179,653,752	126,170,402

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.	construction employees in a footnote.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special	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, 2005	
2. Total Regular Full-Time Employees	180 153
3. Total Part-Time and Temporary Employees allocation of General Employees	12 13
4. Total Employees	192 166

Name of Respondent Avista Corp.	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

TRANSMISSION MAINS

Show particulars Called for Concerning Transmission 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	4" or Less				
2	Steel	4" to 10"	390,720			390,720
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						
46	TOTALS			0		390,720

* Show separately and identify lines held under a title other than full ownership.

Name of Respondent Avista Corp.	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

DISTRIBUTION MAINS

Show particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1	Steel Wrapped	Less than 2"	4,377,120	31,680		4,408,800
2	Steel Wrapped	2" to 4"	1,272,480			1,272,480
3	Steel Wrapped	4" to 8"	813,120	21,120		834,240
4	Steel Wrapped	8" to 12"	158,400			158,400
5	Steel Wrapped	Over 12"	52,800			52,800
6						
7						
8	Plastic	Less than 2"	6,193,440	116,160		6,309,600
9	Plastic	2" to 4"	992,640	31,680		1,024,320
10	Plastic	4" to 8"	200,640	15,840		216,480
11	Plastic	8" to 12"	0			0
12	Plastic	Over 12"	0			0
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26	TOTALS		14,060,640	216,480	0	14,277,120

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
Avista Corp.			

SERVICE PIPES GAS

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

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Remove or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1	Steel Wrapped	1' or Less	* 43,819	8		43,827	Not Available
2	Steel Wrapped	1" thru 2"	1,076	5		1,081	
3	Steel Wrapped	2" thru 4"	71			71	
4	Steel Wrapped	4" thru 8"	0			0	
5	Steel Wrapped	Over 8"	0			0	
6							
7							
8	Plastic	1' or Less	81,989		752	81,237	
9	Plastic	1" thru 2"	679	21		700	
10	Plastic	2" thru 4"	88	2		90	
11	Plastic	4" thru 8"	0			0	
12	Plastic	Over 8"	0			0	
13							
14							
15							
16							
17	TOTALS		127,722	36	752	127,006	

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

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				141,006	5,077	2,564	143,519

Name of Respondent Avista Corporation	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

GAS ACCOUNT - NATURAL GAS

<p>1 The purpose of this schedule is to account for the quality of natural gas received and delivered by the respondent.</p> <p>2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.</p> <p>4 Indicated in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.</p> <p>5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>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.</p>
---	---

01 NAME OF SYSTEM

Line No.	Item (a)	Ref. Page No. (b)	Amount of Dth (1) (c)
GAS RECEIVED			
2	Gas Purchases (Accounts 800-805)		20,409,979
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (489.2)	305	
6	Gas of Others Received for Distribution (Account 489.3)	301	6,752,623
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
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.?)		27,162,602
GAS DELIVERED			
17	Gas Sales (Accounts 480 - 484)		17,006,565
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	6,752,623
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel	509	
27	Other Deliveries (Specify): Sales for Resale		3,551,393
28	Total Deliveries (Total lines 17 thru 27.?)		27,310,581
GAS UNACCOUNTED FOR			
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		(147,979)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		(147,979)
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		27,162,602

Data Request for Statistics Report - 2005

Line No		Total Company Operations		Washington Operations	
		2005	2004	2005	2004
1	GAS SERVICE REVENUES				
2					
3	RESIDENTIAL SALES	229,736,621	194,470,117	112,489,326	91,341,542
4	COMMERCIAL SALES	126,647,601	104,754,350	63,339,411	51,060,026
5	INDUSTRIAL SALES	11,867,199	9,422,721	3,995,813	3,285,627
6	OTHER SALES	424,720	362,706	364,959	334,126
7	SALES FOR RESALE	63,085,081	152,110	28,031,362	-
8	TRANSPORTATION OF GAS OF OTHERS	7,601,297	8,187,511	3,521,509	3,561,997
9	OTHER OPERATING REVENUES	3,853,678	3,143,811	2,784,034	2,968,126
10					
11	TOTAL GAS SERVICE REVENUES	443,216,197	320,493,326	214,526,414	152,551,444
12					
13	THERMS OF GAS SOLD-TRANSPORTED				
14					
15	RESIDENTIAL SALES	199,433,556	201,696,263	101,323,534	98,040,965
16	COMMERCIAL SALES	122,980,835	122,851,688	63,953,081	62,146,078
17	INDUSTRIAL SALES	13,533,925	13,273,911	4,383,186	4,400,569
18	OTHER SALES	465,790	479,230	405,848	443,156
19	SALES FOR RESALE	79,961,354	305,000	35,513,928	-
20	TRANSPORTATION OF GAS OF OTHERS	169,024,680	156,977,535	67,526,230	55,626,751
21					
22	TOTAL THERMS OF GAS SOLD-TRANSPORTED	585,400,140	495,583,627	273,105,807	220,657,519
23					
24	AVERAGE NUMBER OF GAS CUSTOMERS PER MONTH				
25					
26	RESIDENTIAL SALES	265,294	268,571	121,859	118,972
27	COMMERCIAL SALES	31,652	31,886	13,064	12,811
28	INDUSTRIAL SALES	306	311	155	160
29	OTHER SALES	52	37	30	28
30	SALES FOR RESALE	13	-	4	-
31	TRANSPORTATION OF GAS OF OTHERS	77	81	30	33
32					
33					
34	TRANS. & DISTRN. MAINS - FEET (END OF YEAR)	33,221,760	33,681,120	14,667,840	14,166,240
35	NO.OF METERS IN SERV.& HELD IN RESERVE (AVE.)	317,187	327,804	143,519	141,006
36	AVERAGE B.T.U. CONTENT PER CU. FT.	1,027	1,027	1,024	1,027

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. 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 a material refund to the utility with respect to power or gas purchases. State for each year affected 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 and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$280,597,321	\$251,031,104
3	Operating Expenses			
4	Operation Expenses (401)	320-325		
5	Maintenance Expenses (402)	320-325		
6	Depreciation Expense (403)	336-338		
7	Amort. & Depl. of Utility Plant (404-405)	336-338		
8	Amort. of Utility Plant Acq. Adj. (406)	336-338		
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Regulatory Debits (407.3)			
12	(Less) Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	262-263		
14	Income Taxes - Federal (409.1)	262-263		
15	- Other (409.1)	262-263		
16	Provision for Deferred Income Taxes (410.1)	234,272-277		
17	(Less) Provision for Deferred Income Taxes -Cr. (411.1)	234,272-277		
18	Investment Tax Credit Adj. - Net (411.4)	266		
19	(Less) Gains from Disp. of Utility Plant (411.6)			
20	Losses from Disp. of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)			
22	Losses from Disposition of Allowances (411.9)			
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)			
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		\$280,597,321	\$251,031,104

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

STATEMENT OF INCOME FOR THE YEAR

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. 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 approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
(e)	(f)	(g)	(h)	(i)	(j)	
						1
\$194,621,447	\$191,336,472	\$85,975,874	\$59,694,632			2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
\$194,621,447	\$191,336,472	\$85,975,874	\$59,694,632		\$0	20

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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**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)	709,100,434	602,427,097
4	Property Under Capital Leases	1,486,476	
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Investment in Kettle Falls		
8	TOTAL (Enter Total of lines 3 thru 7)	710,586,910	602,427,097
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	7,473,515	5,642,818
12	Acquisition Adjustments	0	0
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	718,060,425	608,069,915
14	Accum. Prov. for Depr., Amort., & Depl.	0	0
15	Net Utility Plant (Enter total of line 13 less 14)	718,060,425	608,069,915
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 Avista Corporation		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report April 17, 2006	Year of Report Dec. 31, 2005
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)					
Gas <i>(d)</i>	Other (Specify) <i>(e)</i>	Other (Specify) <i>(f)</i>	Other (Specify) <i>(g)</i>	Common <i>(h)</i>	Line No.
					1
					2
101,680,989				4,992,348	3
226,857				1,259,619	4
					5
					6
					7
101,907,846				6,251,967	8
					9
					10
1,775,077				55,620	11
					12
103,682,923				6,307,587	13
0					14
103,682,923				6,307,587	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: [X] An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[] A Resubmission	April 17, 2006	Dec. 31, 2005

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. 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).
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

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	0	
3	302 Franchises and Consents	0	
4	303 Miscellaneous Intangible Plant	103,362	
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	103,362	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 Manufactured 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: [X] An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[] A Resubmission	April 17, 2006	Dec. 31, 2005

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 supplementary 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
			103,362	4
0	0	0	103,362	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	25
				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	April 17, 2006	Dec. 31, 2005
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	346 Gas Measuring and Regulating Equipment	0		
35	347 Other Equipment	0		
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0	
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0	
38	Manufactured Gas Production Plant (Submit Supplementary Statement)	0		
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	0	0	
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land	0		
43	350.2 Rights-of-Way	0		
44	351 Structures and Improvements	0		
45	352 Wells	0		
46	352.1 Storage Leaseholds and Rights	0		
47	352.2 Reservoirs	0		
48	352.3 Non-recoverable Natural Gas	0		
49	353 Lines	0		
50	354 Compressor Station Equipment	0		
51	355 Measuring and Regulating Equipment	0		
52	356 Purification Equipment	0		
53	357 Other Equipment	0		
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	0	0	
55	Other Storage Plant			
56	360 Land and Land Rights	0		
57	361 Structures and Improvements	0		
58	362 Gas Holders	0		
59	363 Purification Equipment	0		
60	363.1 Liquefaction Equipment	0		
61	363.2 Vaporizing Equipment	0		
62	363.3 Compressor Equipment	0		
63	363.4 Measuring and Regulating Equipment	0		
64	363.5 Other Equipment	0		
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0	
66	Base Load Liquefied Natural Gas Terminating 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 Transportation 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: <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year Ending
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GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	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	April 17, 2006	Dec. 31, 2005
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	29,392		
89	375 Structures and Improvements	121,113	4,135	
90	376 Mains	50,103,756	444,358	
91	377 Compressor Station Equipment	0		
92	378 Measuring and Regulating Equipment-General	1,084,273	33,435	
93	379 Measuring and Regulating Equipment-City Gate	702,645	68,918	
94	380 Services	36,934,337	1,166,380	
95	381 Meters	6,927,531	1,569,051	
96	382 Meter Installations	0		
97	383 House Regulators	0		
98	384 House Regulator Installations	0		
99	385 Industrial Measuring and Regulating Station Equipment	481,715	7,609	
100	386 Other Property on Customers' Premises	0		
101	386 Other Equipment	0		
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	96,384,762	3,293,886	
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	573,887	153,037	
108	393 Stores Equipment	0		
109	394 Tools, Shop, and Garage Equipment	326,638	46,382	
110	395 Laboratory Equipment	59,088		
111	396 Power Operated Equipment	600,375	123,604	
112	397 Communication Equipment	275,326	5,414	
113	398 Miscellaneous Equipment	0		
114	Subtotal (Enter Totals of lines 104 thru 113)	1,835,314	328,437	
115	399 Other Tangible Property	0		
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	1,835,314	328,437	
117	TOTAL (Accounts 101 and 106)	98,323,438	3,622,323	
118	Gas Plant Purchased (See Instruction 8)	0		
119	(Less) Gas Plant Sold (See Instruction 8)	0		
120	Experimental Gas Plant Unclassified	0		
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	98,323,438	3,622,323	

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.		April 17, 2006	Dec. 31, 2005	
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
			29,392	88
			125,248	89
5,917			50,542,197	90
			0	91
			1,117,708	92
2,275			769,288	93
18,854			38,081,863	94
			8,496,582	95
			0	96
			0	97
			0	98
			489,324	99
			0	100
			0	101
27,046	0	0	99,651,602	102
			0	104
			0	105
			0	106
			726,924	107
			0	108
2,291			370,729	109
306			58,782	110
			723,979	111
8,272			272,468	112
			0	113
10,869	0	0	2,152,882	114
			0	115
10,869	0	0	2,152,882	116
37,915	0	0	101,907,846	117
			0	118
			0	119
			0	120
37,915	0	0	101,907,846	121

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Name of Respondent Avista Corporation	This Report is: <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr) April 17, 2005	Year of Report Dec. 31, 2005
	<input type="checkbox"/> A Resubmission		

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 portions. 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 (j)
1	Balance at Beginning of Year					2,259,790	48,100		2,307,890
2	Gas Delivered to Storage					4,551,112	76,370		4,627,482
3	Gas Withdrawn from Storage					3,490,023	0		3,490,023
4	Other Debits and Credits					0	(249)		(249)
5	Balance at End of Year					3,320,879	124,221		3,445,100
6	Dth					542,270	41,303		583,573
7	Amount Per Dekatherm					\$6.1240	\$3.0076		\$5.9035

8 State basis of segregation of inventory between current and noncurrent portions:

Current portion is gas expected to be sold within a 24 month period. All other gas is considered non-current.

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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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	46,814,255	37,273,915
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	24,303,913	19,895,903
5	Large (or Ind.) (See Instr. 6)	2,150,723	1,585,952
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	37,010	28,580
8	TOTAL Sales to Ultimate Consumers	73,305,901 (1)	58,784,350
9	(483) Sales for Resale	11,432,755	
10	TOTAL Nat. Gas Service Revenues	84,738,656	58,784,350
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	84,738,656	58,784,350
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	7,254	7,348
17	(489) Rev. from Trans. of Gas of Others	925,944 (1)	902,934
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	304,020	0
24	TOTAL Other Operating Revenues	1,237,218	910,282
25	TOTAL Gas Operating Revenues	85,975,874	59,694,632
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	85,975,874	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	71,118,168	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	2,150,723	
30	Sales for Resale	11,432,755	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	37,010	
33	TOTAL (Same as Line 10, Columns (b) and (d))	84,738,656	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corporation	(2) <input type="checkbox"/> A Resubmission	April 17,2006	Dec. 31, 2005

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.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
42,654,929	40,813,093	58,161	55,501	2
				3
24,400,669	24,149,097	7,408	7,199	4
2,375,464	2,104,530	104	103	5
				6
39,602	36,074	6	6	7
69,470,664 (2)	67,102,794	65,679	62,809	8
14,484,563	0	2		9
83,955,227	67,102,794	65,681	62,809	10
<p>NOTES</p> <p>(1) Includes \$2,423,177 unbilled revenues.</p> <p>(2) Includes 801,571 therms relating to unbilled revenues.</p>				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
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Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES				
Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
B2. Products Extraction (Continued)				
48	Maintenance			
49	784 Maintenance Supervision and Engineering	-	-	
50	785 Maintenance of Structures and Improvements	-	-	
51	786 Maintenance of Extraction and Refining Equipment	-	-	
52	787 Maintenance of Pipe Lines	-	-	
53	788 Maintenance of Extracted Products Storage Equipment	-	-	
54	789 Maintenance of Compressor Equipment	-	-	
55	790 Maintenance of Gas Measuring and Reg. Equipment	-	-	
56	791 Maintenance of Other Equipment	-	-	
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	-	-	
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	-	-	
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 Purchases	-	-	
71	803 Natural Gas Transmission Line Purchases	-	-	
72	804 Natural Gas City Gate Purchases	71,116,666	41,178,093	
73	804.1 Liquefied Natural Gas Purchases	-	-	
74	805 Other Gas Purchases	175,575	-	
75	(Less) 805.1 Purchased Gas Cost Adjustments	(3,821,083)	-	
76				
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	67,471,158	41,178,093	
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	-	76,372	
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	972,390	76,372	
87	(Less) 808.2 Gas Delivered to Storage-Credit	(4,393,269)	-	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-	
90	Gas Used in Utility Operations-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	-	-	
92	811 Gas Used for Products Extraction-Credit	-	-	
93	812 Gas used for Other Utility Operations-Credit	-	-	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-	
95	813 Other Gas Supply Expenses	328,853	94,924	
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	64,379,132	41,349,389	
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	64,379,132	41,349,389	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	11,985	4,286	
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	73,279	90,625	
112	825 Storage Well Royalties	-	-	
113	826 Rents	-	-	
114	TOTAL Operation (Enter Total of lines 101 thru 113)	85,265	94,911	
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	81,656	46,494	
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	81,656	46,494	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	166,921	141,405	
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 Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
GAS OPERATION AND MAINTENANCE EXPENSES				
Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminating 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 Maintenance 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 Terminating and Processing Exp (Lines 165 & 175)	-	-	
177	TOTAL Natural Gas storage (Enter Total of lines 125, 146, and 176)	166,921	141,405	
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) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005
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)	-	-	
4. DISTRIBUTION EXPENSES				
203	Operation			
204	870 Operation Supervision and Engineering	121,297	154,937	
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	606,551	671,483	
209	875 Measuring and Regulating Station Expenses-General	34,922	17,317	
210	876 Measuring and Regulating Station Expenses-Industrial	(16)	973	
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	57,942	45,249	
212	878 Meter and House Regulator Expenses	153,940	287,903	
213	879 Customer Installations Expenses	399,925	315,521	
214	880 Other Expenses	462,908	351,019	
215	881 Rents	5,977	1,844	
216	TOTAL Operation (Enter Total of lines 204 thru 215)	1,843,445	1,846,246	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	14,424	-	
219	886 Maintenance of Structures and Improvements	-	-	
220	887 Maintenance of Mains	341,354	246,437	
221	888 Maintenance of Compressor Station Equipment	-	-	
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	73,253	61,026	
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	60,139	49,373	
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	8,270	12,767	
225	892 Maintenance of Services	200,289	57,220	
226	893 Maintenance of Meters and House Regulators	144,604	171,210	
227	894 Maintenance of Other Equipment	6,064	-	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	848,396	598,033	
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	2,691,841	2,444,279	
5. CUSTOMER ACCOUNTS EXPENSES				
231	Operation			
232	901 Supervision	131,713	17,104	
233	902 Meter Reading Expenses	412,132	491,325	
234	903 Customer Records and Collection Expenses	1,175,169	1,354,541	
235	904 Uncollectible Accounts	285,570	337,660	
236	905 Miscellaneous Customer Accounts Expenses	101,284	108,298	
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	2,105,868	2,308,928	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	514,672	514,541	
242	909 Informational and Instructional Expenses	3,726	38,139	
243	910 Miscellaneous Customer Service and Informational Expenses	20,889	17,903	
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	539,287	570,583	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	-	-	
248	912 Demonstrating and Selling Expenses	115,355	229,423	
249	913 Advertising Expenses	26,678	31,388	
250	916 Miscellaneous Sales Expenses	-	2,105	
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	142,033	262,916	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	1,647,795	1,263,147	
255	921 Office Supplies and Expenses	336,377	473,022	
256	(Less) (922) Administrative Expenses Transferred-Cr.	(2,709)	(1,750)	
257	923 Outside Services Employed	813,038	665,630	
258	924 Property Insurance	81,542	62,492	
259	925 Injuries and Damages	238,488	295,168	
260	926 Employee Pensions and Benefits	44,697	141,458	
261	927 Franchise Requirements	-	-	
262	928 Regulatory Commission Expenses	226,191	303,596	
263	(Less) (929) Duplicate Charges-Cr.	-	-	
264	930.1 General Advertising Expenses	(2,121)	-	
265	930.2 Miscellaneous General Expenses	278,108	281,788	
266	931 Rents	217,170	368,226	
267	TOTAL Operation (Enter Total of lines 254 thru 266)	3,878,576	3,852,777	
268	Maintenance			
269	935 Maintenance of General Plant	390,311	291,628	
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	4,268,886	4,144,405	
271	TOTAL Gas O. and M. Exp.(Lines 97,177,201,229,237,244,251,and 270)	74,293,968	51,221,905	

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.		construction employees in a footnote.	
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special		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, 2005			
2. Total Regular Full-Time Employees		48	42
3. Total Part-Time and Temporary Employees allocation of General Employees		0	0
4. Total Employees		48	42

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> April 17, 2006	Year of Report Dec. 31, 2005
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TRANSMISSION MAINS

Show particulars Called for Concerning Transmission Mains*

Line No.	Kind of Material <i>(a)</i>	Diameter of Pipe, Inches <i>(b)</i>	Total Length in Use Beginning of Year, Feet <i>(c)</i>	Laid During Year, Feet <i>(d)</i>	Taken up or Abandoned During Year, Feet <i>(e)</i>	Total Length in Use End of Year, Feet <i>(f)</i>
1	None					
2						
3						
4						
5						
6						
7						
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9						
10						
11						
12						
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39						
40						
41						
42						
43						
44						
45						
46	TOTALS			0		0

* Show separately and identify lines held under a title other than full ownership.

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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DISTRIBUTION MAINS

Show Particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1	Steel Wrapped	Less than 2"	1,631,520	21,120		1,652,640
2	Steel Wrapped	2" to 4"	601,920			601,920
3	Steel Wrapped	4" to 8"	332,640			332,640
4	Steel Wrapped	8" to 12"	5,280			5,280
5	Steel Wrapped	Over 12"	0			0
6						
7						
8	Plastic	Less than 2"	4,007,520	327,360		4,334,880
9	Plastic	2" to 4"	1,098,240	68,640		1,166,880
10	Plastic	4" to 8"	253,440	26,400		279,840
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		7,930,560	443,520	0	8,374,080

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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SERVICE PIPES GAS

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

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Remove or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1	Steel Wrapped	1' or Less	16,115	21		16,136	Not
2	Steel Wrapped	1" thru 2"	34			34	Available
3	Steel Wrapped	2" thru 4"	0			0	
4	Steel Wrapped	4" thru 8"	0			0	
5	Steel Wrapped	Over 8"	0			0	
6							
7							
8	Plastic	1' or Less	46,310	2,802		49,112	
9	Plastic	1" thru 2"	160	7		167	
10	Plastic	2" thru 4"	2	1		3	
11	Plastic	4" thru 8"	0			0	
12	Plastic	Over 8"	0			0	
13							
14							
15							
16							
17	TOTALS		62,621	2,831	0	65,452	

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				65,262	2,552		67,814

Name of Respondent Avista Corporation	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

GAS ACCOUNT - NATURAL GAS

- | | |
|---|---|
| <p>1 The purpose of this schedule is to account for the quality of natural gas received and delivered by the respondent.</p> <p>2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.</p> <p>4 Indicated in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.</p> <p>5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.</p> <p>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</p> | <p>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.</p> <p>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.</p> <p>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.</p> |
|---|---|

01 NAME OF SYSTEM			
Line No.	Item (a)	Ref. Page No. (b)	Amount of Dth (1) (c)
	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		8,271,069
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (489.2)	305	
6	Gas of Others Received for Distribution (Account 489.3)	301	4,964,091
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
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.?)		13,235,160
	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		6,947,066
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	4,964,091
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel	509	
27	Other Deliveries (Specify): Sales for Resale		1,448,456
28	Total Deliveries (Total lines 17 thru 27.?)		13,359,613
	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		(124,453)
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		(124,453)
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		13,235,160

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Name of Respondent Avista Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. 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 a material refund to the utility with respect to power or gas purchases. State for each year affected 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 and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400) Note (1)	300-301	\$212,417,865	\$87,412,761
3	Operating Expenses			
4	Operation Expenses (401)	320-325		
5	Maintenance Expenses (402)	320-325		
6	Depreciation Expense (403)	336-338		
7	Amort. & Depl. of Utility Plant (404-405)	336-338		
8	Amort. of Utility Plant Acq. Adj. (406)	336-338		
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Taxes Other Than Income Taxes (408.1)	262-263		
12	Income Taxes - Federal (409.1)	262-263		
13	- Other (409.1)	262-263		
14	Provision for Deferred Income Taxes (410.1)	234,272-277		
15	(Less) Provision for Deferred Income Taxes - Cr. (411)	234,272-277		
16	Investment Tax Credit Adj. - Net (411.4)	266		
17	(Less) Gains from Disp. of Utility Plant (411.7)			
18	Losses from Disp. of Utility Plant (411.7)			
19	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 18)			
20	Net Utility Operating Income (Enter Total of line 2 less 19) (Carry forward to page 117, line 21)		\$212,417,865	\$87,412,761

Note: (1) Information other than operating revenue not available by state.

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005

STATEMENT OF INCOME FOR THE YEAR

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. 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 approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
\$79,561,725	\$0	\$132,856,140	\$87,412,761			2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
		\$132,856,140	\$87,412,761			20

Name of Respondent	This report is: <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	<input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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. 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).
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

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	730,153	
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	730,153	0
6	PRODUCTION PLANT		
7	Manufactured Gas Production Plant		
8	304 Land and Land Rights	7,628	
9	305 Structures and Improvements	0	
10	306 Boiler Plant Equipment	0	
11	307 Other Power Equipment	0	
12	308 Coke Ovens	0	
13	309 Producer gas equipment	0	
14	310 Water Gas Generating Equipment	0	
15	311 Liquefied Petroleum Gas Equipment	67,290	
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 Manufactured Gas Production Plant (Enter Total of lines 8 thru 24)	74,918	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: [X] An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	[] A Resubmission	April 17, 2006	Dec. 31, 2005

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 supplementary 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
533,522			196,631	4
533,522	0	0	196,631	5
				6
				7
			7,628	8
			0	9
			0	10
			0	11
			0	12
			0	13
			0	14
			67,290	15
			0	16
			0	17
			0	18
			0	19
			0	20
			0	21
			0	22
			0	23
			0	24
				25
0	0	0	74,918	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.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005
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)	74,918	0	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	74,918	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 Transportation 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: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.		April 17, 2006	Dec. 31, 2005	
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	0	0	74,918	38
0	0	0	74,918	39
			0	40
			0	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
			0	55
			0	56
			0	57
			0	58
			0	59
			0	60
			0	61
			0	62
			0	63
			0	64
0	0	0	0	65
			0	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
			0	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	April 17, 2006	Dec. 31, 2005
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	367 Mains	0	0	
82	368 Compressor Station Equipment	0		
83	369 Measuring and Regulating Equipment	0		
84	370 Communications Equipment	0		
85	371 Other Equipment	0		
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	0	0	
87	DISTRIBUTION PLANT			
88	374 Land and Land Rights	23,532		
89	375 Structures and Improvements	178,090		
90	376 Mains	73,873,643	4,206,465	
91	377 Compressor Station Equipment	0		
92	378 Measuring and Regulating Equipment-General	977,282	8,528	
93	379 Measuring and Regulating Equipment-City Gate	583,909	4,007	
94	380 Services	49,961,718	1,662,682	
95	381 Meters	20,996,034	4,367,168	
96	382 Meter Installations	0		
97	383 House Regulators	0		
98	384 House Regulator Installations	0		
99	385 Industrial Measuring and Regulating Station Equipment	753,122	5,286	
100	386 Other Property on Customers' Premises	0		
101	387 Other Equipment	539		
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	147,347,869	10,254,136	
103	GENERAL PLANT			
104	389 Land and Land Rights	7,953		
105	390 Structures and Improvements	382,346	31,146	
106	391 Office Furniture and Equipment	9,685		
107	392 Transportation Equipment	1,146,641		
108	393 Stores Equipment	56,148		
109	394 Tools, Shop, and Garage Equipment	659,371	40,870	
110	395 Laboratory Equipment	289,358	40,917	
111	396 Power Operated Equipment	5,315		
112	397 Communication Equipment	116,215	21,206	
113	398 Miscellaneous Equipment	0		
114	Subtotal (Enter Totals of lines 104 thru 113)	2,673,032	134,139	
115	399 Other Tangible Property	0		
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	2,673,032	134,139	
117	TOTAL (Accounts 101 and 106)	150,825,972	10,388,275	
118	Gas Plant Purchased (See Instruction 8)	0		
119	(Less) Gas Plant Sold (See Instruction 8)	0		
120	Experimental Gas Plant Unclassified	0		
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	150,825,972	10,388,275	

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.		April 17, 2006	Dec. 31, 2005	
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
		0	0	81
			0	82
0		0	0	83
		0	0	84
			0	85
0	0	0	0	86
			23,532	87
			178,090	88
98,143			77,981,965	89
			0	90
		8,092	993,902	91
		(8,092)	579,824	92
1,018,762			50,605,638	93
507,748			24,855,454	94
			0	95
			0	96
			0	97
			0	98
			758,408	99
			0	100
			539	101
1,624,653	0	0	155,977,352	102
		253,732	261,685	103
		1,365,334	1,778,826	104
9,685			0	105
		11,382	1,158,023	106
975			55,173	107
13,067		54,624	741,798	108
		13,115	343,390	109
			5,315	110
4,920		7,696	140,197	111
			0	112
28,647	0	1,705,883	4,484,407	113
			0	114
28,647	0	1,705,883	4,484,407	115
2,186,822	0	1,705,883	160,733,308	116
			0	117
			0	118
			0	119
			0	120
2,186,822	0	1,705,883	160,733,308	121

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Name of Respondent Avista Corporation	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2005	Year of Report Dec. 31, 2005
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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 portions. 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					322,821	204,357		527,178
2	Gas Delivered to Storage					576,641	341,357		917,998
3	Gas Withdrawn from Storage					322,909	0		322,909
4	Other Debits and Credits						0		0
5	Balance at End of Year					576,553	545,714		1,122,267
6	Dth					95,565	172,400		267,965
7	Amount Per Dekatherm					\$6.0331	\$3.1654		\$4.1881

8 State basis of segregation of inventory between current and noncurrent portions:

Current portion is gas expected to be sold within a 24 month period. All other gas is considered non-current.

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr) April 17,2006	Year of Report Dec. 31, 2005
	(2) <input type="checkbox"/> A Resubmission		

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.

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.

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 (col-added for billing purposes, one customer should be counted) 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	63,497,866	51,206,457
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	36,245,803	28,000,286
5	Large (or Ind.) (See Instr. 6)	5,720,663	4,551,142
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	19,206	0
8	TOTAL Sales to Ultimate Consumers	105,483,538 (1)	83,757,885
9	(483) Sales for Resale	23,506,946	
10	TOTAL Nat. Gas Service Revenues	128,990,484	83,757,885
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	128,990,484	83,757,885
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	87,362	104,716
17	(489) Rev. from Trans. of Gas of Others	3,053,653 (1)	3,574,389
18	(490) Sales of Prod. Ext. from Nat. Gas		
19	(491) Rev. from Nat. Gas Proc. by Others		
20	(492) Incidental Gasoline and Oil Sales		
21	(493) Rent from Gas Property	15,060	15,060
22	(494) Interdepartmental Rents		
23	(495) Other Gas Revenues	709,580	(39,289)
24	TOTAL Other Operating Revenues	3,865,656	3,654,876
25	TOTAL Gas Operating Revenues	132,856,140	87,412,761
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	132,856,140	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	99,743,669	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	5,720,663	
30	Sales for Resale	23,506,946	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	19,206	
33	TOTAL (Same as Line 10, Columns (b) and (d))	128,990,484	

Name of Respondent	This Report Is:	Date of Report	Year of Report
Avista Corporation	(1) <input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	
	(2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	

Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	Line No.
				1
49,274,176		79,474	76,919	2
				3
32,180,692	30,278,920	10,712	10,480	4
6,775,275	6,768,812	47	48	5
				6
16,996		16		7
88,247,139 (2)	84,177,703	90,249	87,447	8
29,762,863	0	7	0	9
118,010,002	84,177,703	90,256	87,447	10

	NOTES	11
		12
		13
		14
		15
		16
		17
	(1) Includes \$1,905,912 unbilled revenues.	18
		19
	(2) Includes (167,965) therms relating to unbilled revenues.	20
		21
		22
		23
		24
	25	
	26	
	27	
	28	
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	30	
	31	
	32	
	33	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	Year of Report
Avista Corp.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 17, 2006	December 31, 2005
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 Purchases	-	-	
71	803 Natural Gas Transmission Line Purchases	-	-	
72	804 Natural Gas City Gate Purchases	98,970,263	59,463,988	
73	804.1 Liquefied Natural Gas Purchases	-	-	
74	805 Other Gas Purchases	498,520	(4,062,980)	
75	(Less) 805.1 Purchased Gas Cost Adjustments	(709,947)	-	
76				
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	98,758,836	55,401,008	
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	-	88,839	
84	807.5 Other Purchased Gas Expenses	-	-	
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	88,839	
86	808.1 Gas Withdrawn from Storage-Debit	-	-	
87	(Less) 808.2 Gas Delivered to Storage-Credit	(576,553)	-	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-	
90	Gas Used in Utility Operations-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	-	-	
92	811 Gas Used for Products Extraction-Credit	-	-	
93	812 Gas used for Other Utility Operations-Credit	-	-	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-	
95	813 Other Gas Supply Expenses	397,416	110,063	
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	98,579,700	55,599,910	
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	98,579,700	55,599,910	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
GAS OPERATION AND MAINTENANCE EXPENSES					
Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES				
99	A. Underground Storage Expenses				
100	Operation				
101	814 Operation Supervision and Engineering	-	-		
102	815 Maps and Records	-	-		
103	816 Wells Expenses	-	-		
104	817 Lines Expense	-	-		
105	818 Compressor Station Expenses	-	-		
106	819 Compressor Station Fuel and Power	-	-		
107	820 Measuring and Regulating Station Expenses	-	-		
108	821 Purification Expenses	-	-		
109	822 Exploration and Development	-	-		
110	823 Gas Losses	-	-		
111	824 Other Expenses	-	-		
112	825 Storage Well Royalties	-	-		
113	826 Rents	-	-		
114	TOTAL Operation (Enter Total of lines 101 thru 113)	-	-		
115	Maintenance				
116	830 Maintenance Supervision and Engineering	-	-		
117	831 Maintenance of Structures and Improvements	-	-		
118	832 Maintenance of Reservoirs and Wells	-	-		
119	833 Maintenance of Lines	-	-		
120	834 Maintenance of Compressor Station Equipment	-	-		
121	835 Maintenance of Measuring and Regulating Station Equipment	-	-		
122	836 Maintenance of Purification Equipment	-	-		
123	837 Maintenance of Other Equipment	-	-		
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	-	-		
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	-	-		
126	B. Other Storage Expenses				
127	Operation				
128	840 Operation Supervision and Engineering	-	-		
129	841 Operation Labor and Expenses	-	-		
130	842 Rents	-	-		
131	842.1 Fuel	-	-		
132	842.2 Power	-	-		
133	842.3 Gas Losses	-	-		
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-	-		
135	Maintenance				
136	843.1 Maintenance Supervision and Engineering	-	-		
137	843.2 Maintenance of Structures and Improvements	-	-		
138	843.3 Maintenance of Gas Holders	-	-		
139	843.4 Maintenance of Purification Equipment	-	-		
140	843.5 Maintenance of Liquefaction Equipment	-	-		
141	843.6 Maintenance of Vaporizing Equipment	-	-		
142	843.7 Maintenance of Compressor Equipment	-	-		
143	843.8 Maintenance of Measuring and Regulating Equipment	-	-		
144	843.9 Maintenance of Other Equipment	-	-		
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-	-		
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	-	-		

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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 Maintenance of Compressor Station Equipment	-	-	
173	847.7 Maintenance of Communication Equipment	-	-	
174	847.8 Maintenance of Other Equipment	-	-	
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	-	-	
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	-	-	
177	TOTAL Natural Gas storage (Enter Total of lines 125, 146, and 176)	-	-	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	-	-	
181	851 System Control and Load Dispatching	-	-	
182	852 Communication System Expenses	-	-	
183	853 Compressor Station Labor and Expenses	-	-	
184	854 Gas for Compressor Station Fuel	-	-	
185	855 Other Fuel and Power for Compressor Stations	-	-	
186	856 Mains Expenses	-	-	
187	857 Measuring and Regulating Station Expenses	-	-	
188	858 Transmission and Compression of Gas by Others	-	-	
189	859 Other Expenses	-	-	
190	860 Rents	-	-	
191	TOTAL Operation (Enter Total of lines 180 thru 190)	-	-	

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005
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)	-	-	
4. DISTRIBUTION EXPENSES				
203	Operation			
204	870 Operation Supervision and Engineering	327,856	307,024	
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	880,732	807,426	
209	875 Measuring and Regulating Station Expenses-General	90,308	17,589	
210	876 Measuring and Regulating Station Expenses-Industrial	570	-	
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	453	(2,986)	
212	878 Meter and House Regulator Expenses	379,517	473,370	
213	879 Customer Installations Expenses	618,026	994,232	
214	880 Other Expenses	605,119	406,986	
215	881 Rents	7,327	13,432	
216	TOTAL Operation (Enter Total of lines 204 thru 215)	2,909,909	3,017,073	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	154,960	106,058	
219	886 Maintenance of Structures and Improvements	-	-	
220	887 Maintenance of Mains	852,708	1,160,270	
221	888 Maintenance of Compressor Station Equipment	-	-	
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	123,234	155,135	
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	25,544	38,500	
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	9,651	3,857	
225	892 Maintenance of Services	228,760	198,113	
226	893 Maintenance of Meters and House Regulators	342,233	191,655	
227	894 Maintenance of Other Equipment	48,685	65,339	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	1,785,776	1,918,927	
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	4,695,685	4,936,000	
5. CUSTOMER ACCOUNTS EXPENSES				
230	Operation			
232	901 Supervision	189,574	23,798	
233	902 Meter Reading Expenses	251,939	491,161	
234	903 Customer Records and Collection Expenses	1,777,724	1,816,144	
235	904 Uncollectible Accounts	415,884	320,880	
236	905 Miscellaneous Customer Accounts Expenses	148,363	66,360	
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	2,783,484	2,718,343	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	640,319	691,389	
242	909 Informational and Instructional Expenses	940	49,003	
243	910 Miscellaneous Customer Service and Informational Expenses	1,134	-	
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	642,394	740,392	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	-	-	
248	912 Demonstrating and Selling Expenses	202,529	100,071	
249	913 Advertising Expenses	50,049	7,657	
250	916 Miscellaneous Sales Expenses	-	2,503	
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	252,578	110,231	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	2,369,620	1,803,385	
255	921 Office Supplies and Expenses	579,317	71,726	
256	(Less) (922) Administrative Expenses Transferred-Cr.	-	-	
257	923 Outside Services Employed	1,087,049	944,572	
258	924 Property Insurance	66,249	80,064	
259	925 Injuries and Damages	469,485	461,626	
260	926 Employee Pensions and Benefits	61,388	185,749	
261	927 Franchise Requirements	-	-	
262	928 Regulatory Commission Expenses	448,222	330,022	
263	(Less) (929) Duplicate Charges-Cr.	-	-	
264	930.1 General Advertising Expenses	(3,046)	-	
265	930.2 Miscellaneous General Expenses	348,045	317,568	
266	931 Rents	307,951	498,988	
267	TOTAL Operation (Enter Total of lines 254 thru 266)	5,734,279	5,339,700	
268	Maintenance			
269	935 Maintenance of General Plant	544,176	201,222	
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	6,278,454	5,540,922	
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	113,232,294	69,645,798	

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.		construction employees in a footnote.	
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special		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, 2005		
2. Total Regular Full-Time Employees		133	129
3. Total Part-Time and Temporary Employees allocation of General Employees		21	23
4. Total Employees		154	152

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
	(2) <input type="checkbox"/> A Resubmission		

TRANSMISSION MAINS

Show particulars Called for Concerning Transmission Mains*

Line No.	Kind of Material <i>(a)</i>	Diameter of Pipe, Inches <i>(b)</i>	Total Length in Use Beginning of Year, Feet <i>(c)</i>	Laid During Year, Feet <i>(d)</i>	Taken up or Abandoned During Year, Feet <i>(e)</i>	Total Length in Use End of Year, Feet <i>(f)</i>
1						
2	Steel Coated	Over 4" through 10"	332,640			332,640
3	Steel Coated	4" or Less	15,840	5280		21,120
4						-
5						-
6						-
7						-
8						-
9						-
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
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30						-
31						-
32						-
33						-
34						-
35						-
36						-
37						-
38						-
39						-
40						-
41						-
42						-
43						-
44						-
45						-
46	TOTALS		348,480	5,280		353,760

* Show separately and identify lines held under a title other than full ownership.

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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DISTRIBUTION MAINS

Show Particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1	Steel Wrapped	Less than 2"	2,719,200	21,120		2,740,320
2	Steel Wrapped	2" to 4"	828,960		5,280	823,680
3	Steel Wrapped	4" to 8"	427,680	10,560		438,240
4	Steel Wrapped	8" to 12"	15,840			15,840
5	Steel Wrapped	Over 12"	0			0
6						
7						
8	Plastic	Less than 2"	4,651,680	316,800		4,968,480
9	Plastic	2" to 4"	755,040	21,120		776,160
10	Plastic	4" to 8"	58,080	5,280		63,360
11	Plastic	8" to 12"	0			0
12	Plastic	Over 12"	0			0
13						
14						
15						
16						
17						
18						
19	Change in footage reflects additions net of retirements.					
20						
21						
22						
23						
24	TOTALS		9,456,480	374,880	5,280	9,826,080

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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SERVICE PIPES GAS

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

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Removed or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1	Steel Wrapped	1' or Less	32,123		114	32,009	Not Available
2	Steel Wrapped	1" thru 2"	473	165		638	
3	Steel Wrapped	2" thru 4"	20	1		21	
4	Steel Wrapped	4" thru 8"	2			2	
5	Steel Wrapped	Over 8"	0			0	
6							
7							
8	Plastic	1' or Less	64,937	2,932		67,869	
9	Plastic	1" thru 2"	1,820		2	1,818	
10	Plastic	2" thru 4"	73	1		74	
11	Plastic	4" thru 8"	4			4	
12	Plastic	Over 8"	0			0	
13							
14							
15	Number added is net of retirements						
16							
17	TOTALS		99,452	3,099	116	102,435	

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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CUSTOMER'S METERS

Line No.	Size (a)	Type (b)	Make (c)	Capacity (d)	Owned Beginning of Year (e)	Added During Year (f)	Retired During Year (g)	Owned End of Year (h)
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				102,528	5,371	2,045	105,854

Name of Respondent Avista Corporation	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

GAS ACCOUNT - NATURAL GAS

<p>1 The purpose of this schedule is to account for the quality of natural gas received and delivered by the respondent.</p> <p>2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.</p> <p>4 Indicated in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.</p> <p>5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>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.</p>
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01 NAME OF SYSTEM

Line No.	Item (a)	Ref. Page No. (b)	Amount of Dth (1) (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		12,062,615
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (489.2)	305	
6	Gas of Others Received for Distribution (Account 489.3)	301	5,102,636
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
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.?)		17,165,251
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		8,824,714
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	5,102,636
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel	509	
27	Other Deliveries (Specify): Sales for Resale		2,976,286
28	Total Deliveries (Total lines 17 thru 27.?)		16,903,636
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		261,615
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		261,615
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		17,165,251

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Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. 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 a material refund to the utility with respect to power or gas purchases. State for each year affected 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 and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400) Note (1)	300-301	\$9,857,770	\$20,682,299
3	Operating Expenses			
4	Operation Expenses (401)	320-325		
5	Maintenance Expenses (402)	320-325		
6	Depreciation Expense (403)	336-338		
7	Amort. & Depl. of Utility Plant (404-405)	336-338		
8	Amort. of Utility Plant Acq. Adj. (406)	336-338		
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Taxes Other Than Income Taxes (408.1)	262-263		
12	Income Taxes - Federal (409.1)	262-263		
13	- Other (409.1)	262-263		
14	Provision for Deferred Income Taxes (410.1)	234,272-277		
15	(Less) Provision for Deferred Income Taxes - Cr. (411)	234,272-277		
16	Investment Tax Credit Adj. - Net (411.4)	266		
17	(Less) Gains from Disp. of Utility Plant (411.7)			
18	Losses from Disp. of Utility Plant (411.7)			
19	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 18)			
20	Net Utility Operating Income (Enter Total of line 2 less 19) (Carry forward to page 117, line 21)		\$9,857,770	\$20,682,299

Note: (1) Information other than operating revenue not available by state.

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

STATEMENT OF INCOME FOR THE YEAR

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. 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 approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
		\$9,857,770	\$20,682,299			2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
		\$9,857,770	\$20,682,299			20

Name of Respondent Avista Corp.	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
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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. 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).

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

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	0	
3	302 Franchises and Consents	1,593	
4	303 Miscellaneous Intangible Plant	0	
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	1,593	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 Manufactured 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: [X] An Original	Date of Report (Mo, Da, Yr)	Year Ending
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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 supplementary 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.
			0	1
			0	2
1,593			0	3
			0	4
1,593	0	0	0	5
			0	6
			0	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	25
0	0	0	0	26
			0	27
			0	28
			0	29
			0	30
			0	31
			0	32
			0	33

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.		April 17, 2006	Dec. 31, 2005
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)			
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346 Gas Measuring and Regulating Equipment	0	
35	347 Other Equipment	0	
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0
38	Manufactured Gas Production Plant (Submit Supplementary Statement)	0	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	0	0
40	NATURAL GAS STORAGE AND PROCESSING PLANT		
41	Underground Storage Plant		
42	350.1 Land	0	
43	350.2 Rights-of-Way	0	
44	351 Structures and Improvements	0	
45	352 Wells	0	
46	352.1 Storage Leaseholds and Rights	0	
47	352.2 Reservoirs	0	
48	352.3 Non-recoverable Natural Gas	0	
49	353 Lines	0	
50	354 Compressor Station Equipment	0	
51	355 Measuring and Regulating Equipment	0	
52	356 Purification Equipment	0	
53	357 Other Equipment	0	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	0	0
55	Other Storage Plant		
56	360 Land and Land Rights	0	
57	361 Structures and Improvements	0	
58	362 Gas Holders	0	
59	363 Purification Equipment	0	
60	363.1 Liquefaction Equipment	0	
61	363.2 Vaporizing Equipment	0	
62	363.3 Compressor Equipment	0	
63	363.4 Measuring and Regulating Equipment	0	
64	363.5 Other Equipment	0	
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
67	364.1 Land and Land Rights	0	
68	364.2 Structures and Improvements	0	
69	364.3 LNG Processing Terminal Equipment	0	
70	364.4 LNG Transportation 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: <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year Ending
Avista Corp.	<input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

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	April 17, 2006	Dec. 31, 2005
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	160		
89	375 Structures and Improvements	0		
90	376 Mains	10,126,835	650	
91	377 Compressor Station Equipment	0		
92	378 Measuring and Regulating Equipment-General	30,750		
93	379 Measuring and Regulating Equipment-City Gate	55,039		
94	380 Services	7,487,909	2,365	
95	381 Meters	2,541,019	14,261	
96	382 Meter Installations	0		
97	383 House Regulators	0		
98	384 House Regulator Installations	0		
99	385 Industrial Measuring and Regulating Station Equipment	18,036		
100	386 Other Property on Customers' Premises	0		
101	386 Other Equipment	0		
102	TOTAL Distribution Plant (Enter Totals of lines 88 thru 101)	20,259,748	17,276	
103	GENERAL PLANT			
104	389 Land and Land Rights	69,137		
105	390 Structures and Improvements	189,942		
106	391 Office Furniture and Equipment	0		
107	392 Transportation Equipment	115,776		
108	393 Stores Equipment	611		
109	394 Tools, Shop, and Garage Equipment	55,496	141,896	
110	395 Laboratory Equipment	32,548		
111	396 Power Operated Equipment	55,893		
112	397 Communication Equipment	21,548		
113	398 Miscellaneous Equipment	1,308	1,832	
114	Subtotal (Enter Totals of lines 104 thru 113)	542,259	143,728	
115	399 Other Tangible Property	0		
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	542,259	143,728	
117	TOTAL (Accounts 101 and 106)	20,803,600	161,004	
118	Gas Plant Purchased (See Instruction 8)	0		
119	(Less) Gas Plant Sold (See Instruction 8)	0		
120	Experimental Gas Plant Unclassified	0		
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	20,803,600	161,004	

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
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GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			0	81
			0	82
			0	83
			0	84
			0	85
0	0	0	0	86
				87
160			0	88
			0	89
10,127,485			0	90
			0	91
30,750			0	92
55,039			0	93
7,490,274			0	94
2,555,280			0	95
			0	96
			0	97
			0	98
18,036			0	99
			0	100
			0	101
20,277,024	0	0	0	102
				103
69,137			0	104
189,942			0	105
			0	106
115,776			0	107
611			0	108
197,392			0	109
32,548			0	110
55,893			0	111
21,548			0	112
3,140			0	113
685,987	0	0	0	114
			0	115
685,987	0	0	0	116
20,964,604	0	0	0	117
			0	118
			0	119
			0	120
20,964,604	0	0	0	121

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Name of Respondent Avista Corporation	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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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 portions. 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						342,454		342,454
2	Gas Delivered to Storage						32,908		32,908
3	Gas Withdrawn from Storage						374,124		374,124
4	Other Debits and Credits						(1,238)		(1,238)
5	Balance at End of Year						0		0
6	Dth						0		0
7	Amount Per Dekatherm						\$0.0000		\$0.0000

8 State basis of segregation of inventory between current and noncurrent portions:

California storage balance is zero at the end of the year as we no longer do business in California.

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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	6,935,174	14,648,203
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	2,758,474	5,798,135
5	Large (or Ind.) (See Instr. 6)		
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	3,545	
8	TOTAL Sales to Ultimate Consumers	9,697,193 (1)	20,446,338
9	(483) Sales for Resale	114,018	
10	TOTAL Nat. Gas Service Revenues	9,811,211	20,446,338
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	9,811,211	20,446,338
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues	34,442	155,760
17	(489) Rev. from Trans. of Gas of Others	100,191 (1)	148,191
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	(88,074)	(67,990)
24	TOTAL Other Operating Revenues	46,559	235,961
25	TOTAL Gas Operating Revenues	9,857,770	20,682,299
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	9,857,770	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	9,693,648	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)		
30	Sales for Resale	114,018	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	3,545	
33	TOTAL (Same as Line 10, Columns (b) and (d))	9,811,211	

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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GAS OPERATING REVENUES (Account 400) (Continued)

reported figures, explain any inconsistencies in a footnote.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf

per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

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

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
6,180,917		5,800	17,179	2
				3
2,446,393	6,277,593	468	1,396	4
				5
				6
3,344				7
8,630,654 (2)	21,989,827	6,268	18,575	8
200,000	0	0		9
8,830,654	21,989,827	6,268	18,575	10

NOTES

(1) Includes (\$1,440,026) unbilled revenues.

(2) Includes (1,961,271) therms relating to unbilled revenues.

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
GAS OPERATION AND MAINTENANCE EXPENSES				
If the amount for previous year is not derived from previously reported figures, explain in footnotes.				
Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production	-	-	
3	Manufactured Gas Production (Submit Supplemental Statement)			
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation	-	-	
7	750 Operation Supervision and Engineering	-	-	
8	751 Production Maps and Records	-	-	
9	752 Gas Wells Expenses	-	-	
10	753 Field Lines Expenses	-	-	
11	754 Field Compressor Station Expenses	-	-	
12	755 Field Compressor Station Fuel and Power	-	-	
13	756 Field Measuring and Regulating Station Expenses	-	-	
14	757 Purification Expenses	-	-	
15	758 Gas Well Royalties	-	-	
16	759 Other Expenses	-	-	
17	760 Rents	-	-	
18	TOTAL Operation (Enter Total of lines 7 thru 17)	-	-	
19	Maintenance			
20	761 Maintenance Supervision and Engineering	-	-	
21	762 Maintenance of Structures and Improvements	-	-	
22	763 Maintenance of Producing Gas Wells	-	-	
23	764 Maintenance of Field Lines	-	-	
24	765 Maintenance of Field Compressor Station Equipment	-	-	
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	-	-	
26	767 Maintenance of Purification Equipment	-	-	
27	768 Maintenance of Drilling and Cleaning Equipment	-	-	
28	769 Maintenance of Other Equipment	-	-	
29	TOTAL Maintenance (Enter Total of lines 20 thru 28)	-	-	
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	-	-	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering	-	-	
34	771 Operation Labor	-	-	
35	772 Gas Shrinkage	-	-	
36	773 Fuel	-	-	
37	774 Power	-	-	
38	775 Materials	-	-	
39	776 Operation Supplies and Expenses	-	-	
40	777 Gas Processed by Others	-	-	
41	778 Royalties on Products Extracted	-	-	
42	779 Marketing Expenses	-	-	
43	780 Products Purchased for Resale	-	-	
44	781 Variation in Products Inventory	-	-	
45	(Less) 782 Extracted Products Used by the Utility-Credit	-	-	
46	783 Rents	-	-	
47	TOTAL Operation (Enter Total of Lines 33 thru 46)	-	-	

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Avista Corp.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005
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 Prurchases	-	-	
71	803 Natural Gas Transmission Line Purchases	-	-	
72	804 Natural Gas City Gate Purchases	7,696,028	16,332,436	
73	804.1 Liquefied Natural Gas Purchases	-	-	
74	805 Other Gas Purchases	60,334	(7,057)	
75	(Less) 805.1 Purchased Gas Cost Adjustments	1,619,770	-	
76				
77	TOTAL Purchased Gas (Enter Total of lines 67 to 76)	9,376,132	16,325,379	
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	-	15,757	
84	807.5 Other Purchased Gas Expenses	-	-	
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-	15,757	
86	808.1 Gas Withdrawn from Storage-Debit	120,267	-	
87	(Less) 808.2 Gas Delivered to Storage-Credit	(32,908)	(83,689)	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-	
90	Gas Used in Utility Operations-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	-	-	
92	811 Gas Used for Products Extraction-Credit	-	-	
93	812 Gas used for Other Utility Operations-Credit	-	-	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	-	-	
95	813 Other Gas Supply Expenses	-	18,801	
96	TOTAL Other Gas Supply Exp (Total of lines 77,78,85,86 thru 89,94,95)	9,463,491	16,276,248	
97	TOTAL Production Expenses (Enter Total of lines 3,30,58,65, and 96)	9,463,491	16,276,248	

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005
GAS OPERATION AND MAINTENANCE EXPENSES				
Line No.	Amount (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	-	-	
102	815 Maps and Records	-	-	
103	816 Wells Expenses	-	-	
104	817 Lines Expense	-	-	
105	818 Compressor Station Expenses	-	-	
106	819 Compressor Station Fuel and Power	-	-	
107	820 Measuring and Regulating Station Expenses	-	-	
108	821 Purification Expenses	-	-	
109	822 Exploration and Development	-	-	
110	823 Gas Losses	-	-	
111	824 Other Expenses	-	-	
112	825 Storage Well Royalties	-	-	
113	826 Rents	-	-	
114	TOTAL Operation (Enter Total of lines 101 thru 113)	-	-	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	-	-	
117	831 Maintenance of Structures and Improvements	-	-	
118	832 Maintenance of Reservoirs and Wells	-	-	
119	833 Maintenance of Lines	-	-	
120	834 Maintenance of Compressor Station Equipment	-	-	
121	835 Maintenance of Measuring and Regulating Station Equipment	-	-	
122	836 Maintenance of Purification Equipment	-	-	
123	837 Maintenance of Other Equipment	-	-	
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	-	-	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	-	-	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	-	-	
129	841 Operation Labor and Expenses	-	-	
130	842 Rents	-	-	
131	842.1 Fuel	-	-	
132	842.2 Power	-	-	
133	842.3 Gas Losses	-	-	
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-	-	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	-	-	
137	843.2 Maintenance of Structures and Improvements	-	-	
138	843.3 Maintenance of Gas Holders	-	-	
139	843.4 Maintenance of Purification Equipment	-	-	
140	843.5 Maintenance of Liquefaction Equipment	-	-	
141	843.6 Maintenance of Vaporizing Equipment	-	-	
142	843.7 Maintenance of Compressor Equipment	-	-	
143	843.8 Maintenance of Measuring and Regulating Equipment	-	-	
144	843.9 Maintenance of Other Equipment	-	-	
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-	-	
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	-	-	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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 Maintenance of Compressor Station Equipment	-	-	
173	847.7 Maintenance of Communication Equipment	-	-	
174	847.8 Maintenance of Other Equipment	-	-	
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	-	-	
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	-	-	
177	TOTAL Natural Gas storage (Enter Total of lines 125, 146, and 176)	-	-	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	-	-	
181	851 System Control and Load Dispatching	-	-	
182	852 Communication System Expenses	-	-	
183	853 Compressor Station Labor and Expenses	-	-	
184	854 Gas for Compressor Station Fuel	-	-	
185	855 Other Fuel and Power for Compressor Stations	-	-	
186	856 Mains Expenses	-	-	
187	857 Measuring and Regulating Station Expenses	-	-	
188	858 Transmission and Compression of Gas by Others	-	-	
189	859 Other Expenses	-	-	
190	860 Rents	-	-	
191	TOTAL Operation (Enter Total of lines 180 thru 190)	-	-	

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Avista Corp.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	December 31, 2005
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)	-	-	
4. DISTRIBUTION EXPENSES				
203	Operation			
204	870 Operation Supervision and Engineering	7,218	60,896	
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	18,416	92,019	
209	875 Measuring and Regulating Station Expenses-General	4,650	-	
210	876 Measuring and Regulating Station Expenses-Industrial	-	-	
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	(13)	4,449	
212	878 Meter and House Regulator Expenses	19,264	106,394	
213	879 Customer Installations Expenses	32,383	79,669	
214	880 Other Expenses	27,800	30,181	
215	881 Rents	-	1,550	
216	TOTAL Operation (Enter Total of lines 204 thru 215)	109,718	375,158	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	(289)	7,753	
219	886 Maintenance of Structures and Improvements	-	-	
220	887 Maintenance of Mains	1,974	8,948	
221	888 Maintenance of Compressor Station Equipment	-	-	
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	129	8,443	
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	(44)	4	
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	(13)	-	
225	892 Maintenance of Services	1,583	12,065	
226	893 Maintenance of Meters and House Regulators	8,002	12,095	
227	894 Maintenance of Other Equipment	(142)	3,577	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	11,200	52,885	
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	120,918	428,043	
5. CUSTOMER ACCOUNTS EXPENSES				
230	Operation			
231	901 Supervision	-	5,068	
232	902 Meter Reading Expenses	40,084	85,845	
233	903 Customer Records and Collection Expenses	12,562	336,989	
234	904 Uncollectible Accounts	-	80,042	
235	905 Miscellaneous Customer Accounts Expenses	-	13,884	
236	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	52,646	521,737	

Name of Respondent Avista Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report December 31, 2005
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	(335)	5,320	
242	909 Informational and Instructional Expenses	-	1,822	
243	910 Miscellaneous Customer Service and Informational Expenses	-	-	
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	(335)	7,142	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	-	-	
248	912 Demonstrating and Selling Expenses	-	-	
249	913 Advertising Expenses	-	1,635	
250	916 Miscellaneous Sales Expenses	-	535	
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	-	2,170	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	(260)	248,950	
255	921 Office Supplies and Expenses	16	100,301	
256	(Less) (922) Administrative Expenses Transferred-Cr.	-	-	
257	923 Outside Services Employed	7,469	178,630	
258	924 Property Insurance	-	11,043	
259	925 Injuries and Damages	48,931	63,671	
260	926 Employee Pensions and Benefits	291	33,476	
261	927 Franchise Requirements	-	-	
262	928 Regulatory Commission Expenses	29,588	129,592	
263	(Less) (929) Duplicate Charges-Cr.	-	-	
264	930.1 General Advertising Expenses	(9)	-	
265	930.2 Miscellaneous General Expenses	-	43,007	
266	931 Rents	-	68,824	
267	TOTAL Operation (Enter Total of lines 254 thru 266)	86,024	877,494	
268	Maintenance			
269	935 Maintenance of General Plant	6,473	33,191	
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	92,497	910,685	
271	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,251,and 270)	9,729,216	18,146,025	

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.		construction employees in a footnote.	
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special		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, 2005			
2. Total Regular Full-Time Employees		0	8
3. Total Part-Time and Temporary Employees allocation of General Employees		0	0
4. Total Employees		0	8

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Name of Respondent Avista Corp.	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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TRANSMISSION MAINS

Show Particulars Called for Concerning Transmission 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	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
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15						
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39						
40						
41						
42						
43						
44						
45						
46	TOTALS			0		0

* Show separately and identify lines held under a title other than full ownership.

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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DISTRIBUTION MAINS

Show Particulars Called for Concerning Distribution Mains

Line No.	Kind of Material (a)	Diameter of Pipe, Inches (b)	Total Length in Use Beginning of Year, Feet (c)	Laid During Year, Feet (d)	Taken up or Abandoned During Year, Feet (e)	Total Length in Use End of Year, Feet (f)
1	Steel Wrapped	Less than 2"	396,000	0	396,000	0
2	Steel Wrapped	2" to 4"	68,640	0	68,640	0
3	Steel Wrapped	4" to 8"	190,080	0	190,080	0
4	Steel Wrapped	8" to 12"	0	0	0	0
5	Steel Wrapped	Over 12"	0	0	0	0
6						
7						
8	Plastic	Less than 2"	512,160	0	512,160	0
9	Plastic	2" to 4"	68,640	0	68,640	0
10	Plastic	4" to 8"	0	0	0	0
11	Plastic	8" to 12"	0	0	0	0
12	Plastic	Over 12"	0	0	0	0
13						
14						
15						
16						
17						
18						
19	Change in footage reflects additions net of retirements.					
20						
21						
22						
23						
24	TOTALS		1,235,520	0	1,235,520	0

Name of Respondent Avista Corp.	This Report Is:	(1) <input checked="" type="checkbox"/>	An Original	Date of Report (Mo, Da, Yr)	Year of Report
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DISTRIBUTION MAINS

Show Particulars Called for Concerning Distribution Mains

Line No.	Footnote
1	The California portion of our distribution system was sold in May of 2005.
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
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19	
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21	
22	
23	
24	

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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SERVICE PIPES GAS

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

Line No.	Type (a)	Diameter in Inches (b)	Number at Beginning of Year (c)	Number Added During Year (d)	Number Remove or Abandoned During Year (e)	Number at Close of Year (f)	Average Length in Feet (g)
1	Steel Wrapped	1' or Less	7,801		7,801	0	Not Available
2	Steel Wrapped	1" thru 2"	27		27	0	
3	Steel Wrapped	2" thru 4"	0			0	
4	Steel Wrapped	4" thru 8"	0			0	
5	Steel Wrapped	Over 8"	0			0	
6							
7							
8	Plastic	1' or Less	8,433		8,433	0	
9	Plastic	1" thru 2"	18		18	0	
10	Plastic	2" thru 4"	3		3	0	
11	Plastic	4" thru 8"	2		2	0	
12	Plastic	Over 8"	0			0	
13							
14							
15	Number added is net of retirements.						
16							
17	TOTALS		16,284	0	16,284	0	

Name of Respondent Avista Corp.	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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	(2) <input type="checkbox"/> A Resubmission		

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.	Footnote
1	The California portion of our service pipes were sold in May of 2005.
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	

Name of Respondent Avista Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> April 17, 2006	Year of Report Dec. 31, 2005
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CUSTOMER'S METERS

Line No.	Size <i>(a)</i>	Type <i>(b)</i>	Make <i>(c)</i>	Capacity <i>(d)</i>	Owned Beginning of Year <i>(e)</i>	Added During Year <i>(f)</i>	Retired During Year <i>(g)</i>	Owned End of Year <i>(h)</i>
1	Detailed information not available.							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16	TOTAL				19,008	0	19,008	0

Name of Respondent Avista Corporation	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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GAS ACCOUNT - NATURAL GAS

1	The purpose of this schedule is to account for the quality of natural gas received and delivered by the respondent.	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.
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.	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.
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	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)	Ref. Page No. (b)	Amount of Dth (1) (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		1,097,632
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (489.2)	305	
6	Gas of Others Received for Distribution (Account 489.3)	301	83,118
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
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.?)		1,180,750
16	GAS DELIVERED		
17	Gas Sales (Accounts 480 - 484)		863,065
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	83,118
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel	509	
27	Other Deliveries (Specify): Sales for Resale		20,900
28	Total Deliveries (Total lines 17 thru 27.?)		967,083
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		213,667
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total lines 30 thru 35)		213,667
37	Total Deliveries & Unaccounted For (Total lines 28 thru 36)		1,180,750

NOTE: California System sold in 2005.

Name of Respondent Avista Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
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STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. 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 a material refund to the utility with respect to power or gas purchases. State for each year affected 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 and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$10,877,767	\$7,691,177
3	Operating Expenses			
4	Operation Expenses (401)	320-325		
5	Maintenance Expenses (402)	320-325		
6	Depreciation Expense (403)	336-338		
7	Amort. & Depl. of Utility Plant (404-405)	336-338		
8	Amort. of Utility Plant Acq. Adj. (406)	336-338		
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Regulatory Debits (407.3)			
12	(Less Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	262-263		
14	Income Taxes - Federal (409.1)	262-263		
15	- Other (409.1)	262-263		
16	Provision for Deferred Income Taxes (410.1)	234,272-277		
17	(Less) Provision for Deferred Income Taxes -Cr. (411.1)	234,272-277		
18	Investment Tax Credit Adj. - Net (411.4)	266		
19	(Less) Gains from Disp. of Utility Plant (411.6)			
20	Losses from Disp. of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)			
22	Losses from Disposition of Allowances (411.9)			
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)			
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		\$10,877,767	\$7,691,177

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

STATEMENT OF INCOME FOR THE YEAR

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. 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 approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	
(e)	(f)	(g)	(h)	(i)	(j)	
						1
\$10,877,767	\$7,691,177					2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
\$10,877,767	\$7,691,177	\$0	\$0		\$0	20

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
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STATEMENT OF INCOME FOR THE YEAR

- Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
- Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.
- Use page 122 for important notes regarding the statement of income or any account thereof.

- 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 a material refund to the utility with respect to power or gas purchases. State for each year affected 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 and gas purchases.
- Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$0	\$64,745,777
3	Operating Expenses			
4	Operation Expenses (500-935)	320-325		
5	Maintenance Expenses (500-935)	320-325		
6	Depreciation Expense (403)	336-338		
7	Amort. & Depl. of Utility Plant (404-405)	336-338		
8	Amort. of Utility Plant Acq. Adj. (406)	336-338		
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Regulatory Debits (407.3)			
12	(Less Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	262-263		
14	Income Taxes - Federal (409.1)	262-263		
15	- Other (409.1)	262-263		
16	Provision for Deferred Income Taxes (410.1)	234,272-277		
17	(Less) Provision for Deferred Income Taxes -Cr. (411.1)	234,272-277		
18	Investment Tax Credit Adj. - Net (411.4)	266		
19	(Less) Gains from Disp. of Utility Plant (411.6)			
20	Losses from Disp. of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)			
22	Losses from Disposition of Allowances (411.9)			
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)			
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		\$0	\$64,745,777

Name of Respondent Avista Corp	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 17, 2006	Dec. 31, 2005

STATEMENT OF INCOME FOR THE YEAR

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. 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 approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
\$0	\$64,593,587	\$0	\$152,190			2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
\$0	\$64,593,587	\$0	\$152,190		\$0	20

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
Avista Corp.			

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. 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).
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

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	810,267	299,527
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	810,267	299,527
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 Manufactured 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: [X] An Original	Date of Report (Mo, Da, Yr)	Year Ending
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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 supplementary 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
467,299			642,495	4
467,299	0	0	642,495	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	April 17, 2006	Dec. 31, 2005
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	346 Gas Measuring and Regulating Equipment	0		
35	347 Other Equipment	0		
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	0	0	
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	0	0	
38	Manufactured Gas Production Plant (Submit Supplementary Statement)	0		
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	0	0	
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land			
43	350.2 Rights-of-Way	0		
44	351 Structures and Improvements	0		
45	352 Wells	0		
46	352.1 Storage Leaseholds and Rights	0		
47	352.2 Reservoirs	0		
48	352.3 Non-recoverable Natural Gas	0		
49	353 Lines	0		
50	354 Compressor Station Equipment	0		
51	355 Measuring and Regulating Equipment	0		
52	356 Purification Equipment	0		
53	357 Other Equipment	0		
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	0	0	
55	Other Storage Plant			
56	360 Land and Land Rights	0		
57	361 Structures and Improvements	0		
58	362 Gas Holders	0		
59	363 Purification Equipment	0		
60	363.1 Liquefaction Equipment	0		
61	363.2 Vaporizing Equipment	0		
62	363.3 Compressor Equipment	0		
63	363.4 Measuring and Regulating Equipment	0		
64	363.5 Other Equipment	0		
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	0	0	
66	Base Load Liquefied Natural Gas Terminating 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 Transportation 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: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.		April 17, 2006	Dec. 31, 2005	
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: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr) April 17, 2006	Year Ending Dec. 31, 2005
Avista Corp.				
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	253,732		
105	390 Structures and Improvements	1,365,334		
106	391 Office Furniture and Equipment	0	378,871	
107	392 Transportation Equipment	451,834	5,140	
108	393 Stores Equipment	0		
109	394 Tools, Shop, and Garage Equipment	479,197	57,411	
110	395 Laboratory Equipment	346,855		
111	396 Power Operated Equipment	368,144		
112	397 Communication Equipment	702,265	11,348	
113	398 Miscellaneous Equipment	31,332		
114	Subtotal (Enter Totals of lines 104 thru 113)	3,998,693	452,770	
115	399 Other Tangible Property	0		
116	TOTAL General Plant (Enter Totals of lines 114 and 115)	3,998,693	452,770	
117	TOTAL (Accounts 101 and 106)	4,808,960	752,297	
118	Gas Plant Purchased (See Instruction 8)	0		
119	(Less) Gas Plant Sold (See Instruction 8)	0		
120	Experimental Gas Plant Unclassified	0		
121	TOTAL Gas Plant in Service (Enter Totals of lines 117 thru 120)	4,808,960	752,297	

Name of Respondent	This report is: [X] An Original [] A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending	
Avista Corp.		April 17, 2006	Dec. 31, 2005	
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
			0	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
		(253,732)	0	103
		(1,365,334)	0	104
			378,871	105
		(11,382)	445,592	106
			0	107
2,161		(54,624)	479,823	108
1,641		(13,115)	332,099	109
			368,144	110
		(7,696)	705,917	111
			31,332	112
3,802	0	(1,705,883)	2,741,778	113
			0	114
3,802	0	(1,705,883)	2,741,778	115
471,101	0	(1,705,883)	3,384,273	116
			0	117
			0	118
			0	119
			0	120
471,101	0	(1,705,883)	3,384,273	121

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr) April 17,2006	Year of Report Dec. 31, 2005
	(2) <input type="checkbox"/> A Resubmission		

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		
3	(481) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 6)		
5	Large (or Ind.) (See Instr. 6)		
6	(482) Other Sales to Public Authorities		
7	(484) Interdepartmental Sales	0	0
8	TOTAL Sales to Ultimate Consumers	0	0
9	(483) Sales for Resale	0	152,110
10	TOTAL Nat. Gas Service Revenues	0	152,110
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	0	152,110
13	OTHER OPERATING REVENUES		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts		
16	(488) Misc. Service Revenues		
17	(489) Rev. from Trans. of Gas of Others		
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	0	80
24	TOTAL Other Operating Revenues	0	
25	TOTAL Gas Operating Revenues	0	152,190
26	(Less) (496) Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	0	
28	Dis. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)		
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)		
30	Sales for Resale	0	
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	0	
33	TOTAL (Same as Line 10, Columns (b) and (d))	0	

Name of Respondent Avista Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr) April 17, 2006	Year of Report Dec. 31, 2005
	(2) <input type="checkbox"/> A Resubmission		

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.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
				2
				3
				4
				5
				6
				7
				8
0	305,000	0	0	9
0	305,000	0	0	10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33