advantage IQ

Advantage IQ, Inc.
Regional Office
1620 S. Frontage Rd, Ste. 200
Hastings, Minnesota 55033
(651) 480-3126
www.advantageIQ.com

March 29, 2011

Mr. James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Keystone Building, 400 North Street
2nd Floor, Room N201
Harrisburg, PA 17120

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MAR 29 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Mr. McNulty:

We respectfully submit our application for license to broker electric services to the public in the state of Pennsylvania.

Enclosed are the requested documents:

Check for $350.00 for the license fee
Broker of Electric license application
License application attachments
State of Pennsylvania Certificate of Good Standing – attachment 1
State of Washington Certificate – attachment 2
Attachments 3,3A,4,5,6
Affidavits – appendix A, B, C
Bond – appendix D
Appendix F,H

As requested this includes 3 copies of the application and the electronic version of the application.

Sincerely,

Bradley D. Gawboy

Bradley D. Gawboy
Senior Director, Electric Supply Solutions

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of **Advantage IQ, Inc.** for approval to offer, render, furnish, or supply electricity or electric generation services as a(n) **Broker / Marketer** to the public in the Commonwealth of Pennsylvania (Pennsylvania).

To the Pennsylvania Public Utility Commission:

1. IDENTIFICATION AND CONTACT INFORMATION

a. **IDENTITY OF THE APPLICANT**: Provide name *(including any fictitious name or d/b/a)*, primary address, web address, and telephone number of Applicant:

Advantage IQ, Inc.
1313 N. Atlantic St, Suite 5000; Spokane, WA 99201
www.advantageiq.com
Telephone: 1-800-767-4197

b. **PENNSYLVANIA ADDRESS / REGISTERED AGENT**: If the Applicant maintains a primary address outside of Pennsylvania, provide the name, address, telephone number, and fax number of the Applicant's secondary office within Pennsylvania. If the Applicant does not maintain a physical location within Pennsylvania, provide the name, address, telephone number, and fax number of the Applicant's Registered Agent within Pennsylvania.

CT Corporation System
116 Pine Street, Suite 320; Harrisburg, PA 17101
Telephone: 717-234-6004

c. **REGULATORY CONTACT**: Provide the name, title, address, telephone number, fax number, and e-mail address of the person to whom questions about this Application should be addressed.

Bradley Gawboy, Senior Director, Supply Solutions
1620 South Frontage Road, Suite 200; Hastings, MN 55033
E-mail: bgawboy@advantageiq.com
Telephone: 763-420-9747 Fax: 888-697-9179

d. **ATTORNEY**: Provide the name, address, telephone number, fax number, and e-mail address of the Applicant's attorney. If the Applicant is not using an attorney, explicitly state so.

M. Todd Colton, Corporate Counsel
1313 N. Atlantic, Suite 5000; Spokane, WA 99201
E-mail: tcolton@advantageiq.com
Telephone: 509-329-7918 Fax: 509-321-0828

e. **CONTACTS FOR CONSUMER SERVICE AND COMPLAINTS:** Provide the name, title, address, telephone number, FAX number, and e-mail of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with the Applicant, the Electric Distribution Company, the Pennsylvania Public Utility Commission, or other agencies. The main contact's information will be listed on the Commission website list of licensed EGSs.

Bradley Gawboy, Senior Director, Supply Solutions
1620 South Frontage Road, Suite 200; Hastings, MN 55033
E-mail: bgawboy@advantageiq.com
Telephone: 763-420-9747 Fax: 888-697-9179

Melody Swanson, Manager of Energy Procurement
1313 N Atlantic St, Suite 5000; Spokane, WA 99201
E-mail: mswanson@advantageiq.com
Telephone: 1-800-791-7564

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2. BUSINESS ENTITY FILINGS AND REGISTRATION

a. FICTITIOUS NAME: *(Select appropriate statement and provide supporting documentation as listed.)*

☐ The Applicant will be using a fictitious name or doing business as ("d/b/a")

Provide a copy of the Applicant's filing with Pennsylvania's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

or

X The Applicant will not be using a fictitious name.

b. BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:
(Select appropriate statement and provide supporting documentation. As well, understand that Domestic means being formed within Pennsylvania and foreign means being formed outside Pennsylvania.)

☐ The Applicant is a sole proprietor.

- If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

or

☐ The Applicant is a:

☐ domestic general partnership (*)
☐ domestic limited partnership (15 Pa. C.S. §8511)
☐ foreign general or limited partnership (15 Pa. C.S. §4124)
☐ domestic limited liability partnership (15 Pa. C.S. §8201)
☐ foreign limited liability general partnership (15 Pa. C.S. §8211)
☐ foreign limited liability limited partnership (15 Pa. C.S. §8211)

- Provide proof of compliance with appropriate Department of State filing requirements as indicated above.
- Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.
- Provide the state in which the business is organized/formed and provide a copy of the Applicant's charter documentation.
- * If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

or

X The Applicant is a:

☐ domestic corporation (15 Pa. C.S. §1308)
X foreign corporation (15 Pa. C.S. §4124)
☐ domestic limited liability company (15 Pa. C.S. §8913)
☐ foreign limited liability company (15 Pa. C.S. §8981)
☐ Other (Describe):

- Provide proof of compliance with appropriate Department of State filing requirements as indicated above. **See Attachment 1.**
- Provide the state in which the business is incorporated/organized/formed and provide a copy of the Applicant's charter documentation. **Advantage IQ, Inc. is a Washington corporation. See Attachment 2.**
- Give name and address of officers. **See Attachment 3.**

3. AFFILIATES AND PREDECESSORS

(both in state and out of state)

a. **AFFILIATES:** Give name and address of any affiliate(s) currently doing business and state whether the affiliate(s) are jurisdictional public utilities. If the Applicant does not have any affiliates doing business, explicitly state so. Also, state whether the applicant has any affiliates that are currently applying to do business in Pennsylvania. **See Attachment 3A. None of Applicant's affiliates are jurisdictional public utilities.**

b. **PREDECESSORS**: Identify the predecessor(s) of the Applicant and provide the name(s) under which the Applicant has operated within the preceding five (5) years, including address, web address, and telephone number, if applicable. If the Applicant does not have any predecessors that have done business, explicitly state so.

Advantage IQ, Inc. changed its name from Avista Advantage, Inc. to Advantage IQ, Inc. on or about June 29, 2006. On or about July 2, 2008, Advantage IQ, Inc. merged with Cadence Network, Inc., a Delaware corporation, where Cadence Network, Inc. was the disappearing corporation and Advantage IQ, Inc. was the surviving corporation. On or about December 30, 2010, Applicant acquired substantially all of the assets and liabilities of The Loyalton Group, Inc., with offices at 1620 South Frontage Rd, Suite 200; Hastings, MN 55033, web address: www.loyaltongroup.com, and telephone: 651-480-3126. Applicant has assumed The Loyalton Group's business, including personnel, and operates under Applicant's name. The Loyalton Group was licensed by the Commission on or about May 6, 2010 under License # A-2010-2157066.

4. OPERATIONS

APPLICANT'S PRESENT OPERATIONS: *(select and complete the appropriate statement)*

X The Applicant is presently doing business in Pennsylvania as a

- ☐ municipal electric corporation
- ☐ electric cooperative
- ☐ local gas distribution company
- ☐ provider of electric generation, transmission or distribution services
- X Other; Identify the nature of service being rendered. **Broker**

or

☐ The Applicant is not presently doing business in Pennsylvania.

a. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a (*may check multiple*):

- ☐ Generator of electricity
- ☐ Supplier of electricity
- ☐ Aggregator engaged in the business of supplying electricity
- X Broker/Marketer engaged in the business of supplying electricity services
- ☐ Electric Cooperative and supplier of electric power
- ☐ Other (Describe):

Definitions

- Supplier – an entity that sells electricity to end-use customers utilizing the jurisdictional transmission and distribution facilities of an EDC.
- Aggregator - an entity that purchases electric energy and takes title to electric energy as an *intermediary for sale to retail customers.*
- Broker/Marketer - an entity that acts as an intermediary in the sale and purchase of electric energy but does not take title to electric energy.

b. **PROPOSED SERVICES:** Describe in detail the electric services or the electric generation services which the Applicant proposes to offer.

Consulting and brokering of retail electric supply to Advantage IQ's commercial, industrial and governmental customers.

c. **PROPOSED SERVICE AREA:** Provide a list of each Electric Distribution Company for which the Applicant proposes to provide service.

Applicant proposes to serve its clients throughout all the deregulated utility service territories in Pennsylvania.

d. **CUSTOMERS:** Applicant proposes to provide services to:

- ☐ Residential Customers
- **X** Small Commercial Customers - (25 kW and Under)
- **X** Large Commercial Customers - (Over 25 kW)
- **X** Industrial Customers
- **X** Governmental Customers
- ☐ All of above
- ☐ Other (Describe):

e. **PROPOSED MARKETING METHOD** *(check all that apply)*

- x Internal – Applicant will use its own internal resources/employees for marketing
- ☐ External EGS – Applicant will contract with a PUC **LICENSED EGS** broker/marketer
- ☐ Affiliate – Applicant will use a **NON-EGS** affiliate marketing company and or individuals.
- ☐ External Third-Party – Applicant will contract with a **NON-EGS** third party marketing company and or individuals
- ☐ Other (Describe):

f. **DOOR TO DOOR SALES:** Will the Applicant be implementing door to door sales activities?

- ☐ Yes
- **X** No

If yes, will the Applicant be using a Third Party Verification procedure?

- ☐ Yes
- ☐ No

If yes, describe the Applicant's Third Party Verification procedures.

g. **START DATE:** Provide the approximate date the Applicant proposes to begin services within the Commonwealth.

Advantage IQ, Inc. intends to continue providing services to its existing customers during the licensing process.

5. COMPLIANCE

a. **CRIMINAL/CIVIL PROCEEDINGS:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application, has been or is currently the defendant of a criminal or civil proceeding within the last five (5) years.

Identify all such proceedings (active or closed), by name, subject and citation; whether before an administrative body or in a judicial forum. If the Applicant has no proceedings to list, explicitly state such.

As of the date of submission of this application, Applicant is unaware of any such proceedings to list.

b. **SUMMARY:** If applicable; provide a statement as to the resolution or present status of any such proceedings listed above.

7. FINANCIAL FITNESS

a. **BONDING:** In accordance with 66 Pa. C.S. Section 2809(c)(1)(i), the Applicant is required to file a bond or other instrument to ensure its financial responsibilities and obligations as an EGS. Therefore, the Applicant is...

☐ Furnishing the **original** (along with copies) of an initial bond, letter of credit or proof of bonding to the Commission in the amount of $250,000.

☐ Furnishing the **original** (along with copies) of another initial security for Commission approval, to ensure financial responsibility.

X Filing for a modification to the $250,000 requirement and furnishing the **original** (along with copies) of an initial bond, letter of credit or proof of bonding to the Commission in the amount of $10,000. Applicant is required to provide information supporting an amount less than $250,000. Such supporting information must include indication that the Applicant will not take title to electricity and will not pay electricity bills on behalf of its customers. Further details for modification may be described as well.

- *At the conclusion of Applicant's first year of operation it is the intention of the Commission to tie security bonds to a percentage of Applicant's gross receipts resulting from the sale of generated electricity consumed in Pennsylvania. The amount of the security bond will be reviewed and adjusted on an annual basis.*
- *Example version of a bond and letter of credit are attached at Appendix D & E, Applicant's security must follow language from these examples.*
- *Any deviation from these examples must be identified in the application and may not be acceptable to the Commission.*

b. **FINANCIAL RECORDS, STATEMENTS, AND RATINGS:** Applicant must provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following: **See Attachments 4, 5 and 6.**

- Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies.
- Published Applicant or parent company financial and credit information (i.e. 10Q or 10K). (SEC/EDGAR web addresses are sufficient)
  http://investor.avistacorp.com/phoenix.zhtml?c=97267&p=irol-reportsAnnual
- Applicant's accounting statements, including balance sheet and income statements for the past two years.
- Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form, evidence of Moody's, S&P, or Fitch ratings, and/or other independent financial service reports.
- A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.
- Audited financial statements exhibiting accounts over a minimum two year period.
- Bank account statement, tax returns from the previous two years, or any other information that demonstrates Applicant's financial fitness.

c. **ACCOUNTING RECORDS CUSTODIAN**: Provide the name, title, address, telephone number, FAX number, and e-mail address of Applicant's custodian for its accounting records.

Fran Aga, Director of Accounting
1313 N. Atlantic St, Suite 5000
Spokane, WA 99201
Telephone: 509-329-7463
E-mail: faga@advantageiq.com

d. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached as Appendix F to this application.

All sections of the Tax Certification Statement must be completed. Absence (submitting N/A) of any of the TAX identifications numbers (items 7A through 7C) shall be accompanied by supporting documentation or an explanation validating the absence of such information.

Items 7A and 7C on the Tax Certification Statement are designated by the Pennsylvania Department of Revenue. Item 7B on the Tax Certification Statement is designated by the Internal Revenue Service.

8. TECHNICAL FITNESS:

To ensure that the present quality and availability of service provided by electric utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided.

a.) **EXPERIENCE, PLAN, STRUCTURE:** such information may include: **See Attachments 5 and 6.**

- Applicant's previous experience in the electricity industry.
- Summary and proof of licenses as a supplier of electric services in other states or jurisdictions.
- Type of customers and number of customers Applicant currently serves in other jurisdictions.
- Staffing structure and numbers as well as employee training commitments.
- Business plans for operations within the Commonwealth.
- Documentation of membership in PJM, ECAR, MAAC, other regional reliability councils, or any other membership or certification that is deemed appropriate to justify competency to operate as an EGS within the Commonwealth.
- Any other information appropriate to ensure the technical capabilities of the Applicant.

b.) **OFFICERS**: Identify Applicant's chief officers including names and their professional resumes. **See Attachments 4, 5 and 6.**

c.) **FERC FILING**: Applicant has:

☐ Filed an Application with the Federal Energy Regulatory Commission to be a Power Marketer.

☐ Received approval from FERC to be a Power Marketer at Docket or Case Number ____________.

X Not applicable

9. DISCLOSURE STATEMENT:

a. **Disclosure Statements:** If proposing to serve Residential and/or Small Commercial (under 25 kW) customers, provide a Residential and/or Small Commercial disclosure statement. A sample disclosure statement is provided as Appendix G to this Application.

- Electricity should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

10. VERIFICATIONS, ACKNOWLEDGEMENTS, AND AGREEMENTS

a. **PJM LOAD SERVING ENTITY REQUIREMENT:** As a prospective EGS, the applicant understands that those EGSs which provide retail electric supply service (i.e. takes title to electricity) must provide either:

- proof of registration as a PJM Load Serving Entity (LSE), or
- proof of a contractual arrangement with a registered PJM LSE that facilitates the retail electricity services of the EGS.

The Applicant understands that compliance with this requirement must be filed within 120 days of the Applicant receiving a license. As well, the Applicant understands that compliance with this requirement may be filed with this instant application.

(Select only one of the following)

☐ AGREED - Applicant has included compliance with this requirement in the instant application, labeled in correspondence with this section (10).

☐ AGREED - Applicant will provide compliance with this requirement within 120 days of receiving its license

X ACKNOWLEDGED - Applicant is not proposing to provide retail electric supply service at this time, and therefore is not presently obligated to provide such information

b. **STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission. Further, the Applicant agrees that it must comply with and ensure that its employees, agents, representatives, and independent contractors comply with the standards of conduct and disclosure set out in Commission regulations at 52 Pa. Code § 54.43.

X AGREED

c. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:

- Retail Electricity Choice Activity Reports: The regulations at 52 Pa. Code §§ 54.201--54.204 require that all active EGSs report sales activity information. An EGS will file an annual report reporting for customer groups defined by annual usage. Reports must be filed using the appropriate report form that may be obtained from the PUC's Secretary's Bureau or the forms officer, or may be down-loaded from the PUC's internet web site.

- Reports of Gross Receipts: Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on a quarterly and year to date basis no later than 30 days following the end of the quarter.

- The Treasurer or other appropriate officer of Applicant shall transmit to the Department of Revenue by March 15, an annual report, and under oath or affirmation, of the amount of gross receipts received by Applicant during the prior calendar year.

- Applicant shall report to the Commission the percentages of total electricity supplied by each fuel source on an annual basis:

- Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 28 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive electric market.

X AGREED

d. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2809(D). Transferee will be required to file the appropriate licensing application.

  X AGREED

e. **ASSESSMENT:** The Commission does not presently assess Electric Generation Suppliers for the purposes of recovery of regulatory expenses; see *PPL Energyplus, LLC v. Commonwealth, 800 A.2d 360 (Pa. Cmwlth. 2002).*

  X ACKNOWLEDGED

f. **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur to the information upon which the Commission relied in approving the original filing. See 52 Pa. Code § 54.34.

  X AGREED

g. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

  X AGREED

h. **NOTIFICATION OF CHANGE:** If your answer to any of these items changes during the pendency of your application or if the information relative to any item herein changes while you are operating within the Commonwealth of Pennsylvania, you are under a duty to so inform the Commission, within twenty (20) days, as to the specifics of any changes which have a significant impact on the conduct of business in Pennsylvania. See 52 Pa. Code § 54.34.

  X AGREED

i. **CEASING OF OPERATIONS:** Applicant is also required to officially notify the Commission if it plans to cease doing business in Pennsylvania, 90 days prior to ceasing operations.

  X AGREED

j. **Electronic Data Interchange:** The Applicant acknowledges the Electronic Data Interchange (EDI) requirements and the relevant contacts for each EDC, as listed at appendix J.

  X AGREED

k. **FEE:** The Applicant has enclosed or paid the required initial licensing fee of $350.00 payable to the Commonwealth of Pennsylvania.

  X PAYMENT ENCLOSED

11. AFFIDAVITS

a.) **APPLICATION AFFIDAVIT:** Complete and submit with your filing an officially notarized Application Affidavit stating that all the information submitted in this application is truthful and correct. An example copy of this Affidavit can be found at Appendix A.

b.) **OPERATIONS AFFIDAVIT:** Provide an officially notarized affidavit stating that you will adhere to the reliability protocols of the North American Electric Reliability Council, the appropriate regional reliability council(s), and the Commission, and that you agree to comply with the operational requirements of the control area(s) within which you provide retail service. An example copy of this Affidavit can be found at Appendix B.

12. NEWSPAPER PUBLICATIONS

Notice of filing of this Application must be published in newspapers of general circulation covering each county in which the applicant intends to provide service. Below is a list of newspapers which cover the publication requirements for Electric Generation Suppliers looking to do business in Pennsylvania.

The newspapers in which proof of publication is required is dependent on the service territories the applicant is proposing to serve. The chart below dictates which newspapers are necessary for each EDC. If the applicant is proposing to serve the entire Commonwealth, please file proof of publication in all seven newspapers.

Please file with the Commission the Certification of Publication, along with a photostatic copy of the notice to complete the notice requirements.

Proof of newspaper publications must be filed with the initial application. Applicants **do not** need a docket number in their publication. Docket numbers will be issued when all criteria on the item 14 checklist (see below) are satisfied.

	Duquesne	Met Ed	PECO	Penelec	Penn Power	PPL	UGI	West Penn	Entire Commonwealth
Philadelphia Daily News		X	X			X			X
Harrisburg Patriot-News		X		X		X		X	X
Scranton Times Tribune		X		X		X	X		X
Williamsport Sun Gazette				X		X		X	X
Johnstown Tribune Democrat				X				X	X
Erie Times-News				X	X				X
Pittsburgh Post-Gazette	X				X			X	X

(Example Publication is provided at Appendix H)

13. SIGNATURE

Applicant:: [signature]

By: Gene Lynes

Title: CFO

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MAR 29 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ATTACHMENT 1

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF STATE

MARCH 9, 2011

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

I DO HEREBY CERTIFY THAT,

ADVANTAGE IQ, INC.

is duly qualified as a Foreign Corporation under the laws of the Commonwealth of Pennsylvania and remains a subsisting corporation so far as the records of this office show, as of the date herein.

I DO FURTHER CERTIFY THAT, This Certificate of Good Standing shall not imply that all fees, taxes, and penalties owed to the Commonwealth of Pennsylvania are paid.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written.

Acting Secretary of the Commonwealth

Certification Number: 9371742-1
Verify this certificate online at http://www.corporations.state.pa.us/corp/soskb/verify.asp

ATTACHMENT 2

UNITED STATES OF AMERICA

The State of Washington

Secretary of State

I, SAM REED, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF EXISTENCE/AUTHORIZATION

OF

ADVANTAGE IQ, INC.

I FURTHER CERTIFY that the records on file in this office show that the above named Profit Corporation was formed under the laws of the State of WA and was issued a Certificate Of Incorporation in Washington on 11/6/1995.

I FURTHER CERTIFY that as of the date of this certificate, ADVANTAGE IQ, INC. remains active and has complied with the filing requirements of this office.

Date: March 9, 2011

UBI: 601-668-881

Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

Sam Reed, Secretary of State

07/02/08 1322036-004
$345.00 K #6131
uid:1533506

FILED
SECRETARY OF STATE
JUL 02 2008
STATE OF WASHINGTON

SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION OF ADVANTAGE IQ, INC.

ARTICLE I

Name. The name of the Corporation is Advantage IQ, Inc. (the "Corporation").

ARTICLE II

Registered Office and Agent. The address of the registered office of the Corporation in the State of Washington is 1411 East Mission Avenue, Spokane, Washington 99252 and the registered agent of the Corporation shall be designated by the Board of Directors from time to time.

ARTICLE III

Powers of the Corporation. The Corporation shall have the power to engage in and carry on any lawful business or trade and exercise all powers granted to a corporation formed under the Washington Business Corporation Act (the "WBCA"), including any amendments thereto or successor statute that may hereinafter be enacted.

ARTICLE IV

A. Authorized Class of Stock. The total authorized stock of this Corporation shall consist of 52,185,399 shares of capital stock, of which 50,000,000 shares shall be Common Stock with $0.0001 par value per share and 2,185,399 shares shall be Preferred Stock with $0.0001 par value per share. The total authorized stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding), except as provided to the contrary in the provisions establishing a class or series of stock, by the affirmative vote or written consent of a majority in voting power of the stock of the Corporation entitled to vote, voting together as a single class.

B. Rights, Preferences and Restrictions of Preferred Stock. The Preferred Stock may be divided into such number of series as the Board of Directors may determine. Subject to the provisions of Article XI the Board of Directors is authorized to determine and alter the rights, preferences, privileges and restrictions granted to and imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock and the designation of any such series of Preferred Stock. The Board of Directors, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series and subject to the provisions of Article XI, may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series. Subject to the provisions of Article XI:

1. Issuance of Preferred Stock In Series. The Preferred Stock may be issued from time to time in one or more series in any manner permitted by law and the provisions of these Articles of Incorporation of this Corporation, as determined from time to time by the Board of Directors and stated in the resolution or resolutions providing for the issuance thereof, prior to the issuance of any shares thereof. The Board of Directors shall have the authority to fix and determine and to amend, subject to the provisions hereof, the designation, preferences, limitations and relative rights of the shares of any series that is wholly unissued or to be established. Unless otherwise specifically provided in the resolution establishing any series, the Board of Directors shall further have the authority, after the issuance of shares of a series whose number it has designated, to amend the resolution establishing such series to decrease the number of shares of that series, but not below the number of shares of such series then outstanding.

2. Dividends. The holders of shares of the Preferred Stock shall be entitled to receive dividends, out of the funds of the Corporation legally available therefor, at the rate and at the time or times, whether cumulative or noncumulative, as may be provided by the Board of Directors in designating a particular series of Preferred Stock. If such dividends on the Preferred Stock shall be cumulative, then if dividends shall not have been paid, the deficiency shall be fully paid or the dividends declared and set apart for payment at such rate, but without interest on cumulative dividends, before any dividends on the Common Stock shall be paid or declared and set apart for payment. The holders of the Preferred Stock shall not be entitled to receive any dividends thereon other than the dividends referred to in this section.

3. Redemptions. The Preferred Stock may be redeemable at such price, in such amount, and at such time or times as may be provided by the Board of Directors in designating a particular series of Preferred Stock. In any event, such Preferred Stock may be repurchased by the Corporation to the extent legally permissible.

4. Liquidation. In the event of any liquidation, dissolution, or winding up of the affairs of this Corporation, whether voluntary or involuntary, then, before any distribution shall be made to the holders of the Common Stock, the holders of the Preferred Stock at the time outstanding shall be entitled to be paid the preferential amount or amounts per share as may be provided by the Board of Directors in designating a particular series of Preferred Stock and dividends accrued thereon to the date of such payment. The holders of the Preferred Stock shall not be entitled to receive any distributive amounts upon the liquidation, dissolution, or winding up of the affairs of the Corporation other than the distributive amounts referred to in this section, unless otherwise provided by the Board of Directors in designating a particular series of Preferred Stock.

5. Conversion. Shares of Preferred Stock may be convertible into Common Stock of this Corporation upon such terms and conditions, at such rate and subject to such adjustments as may be provided by the Board of Directors in designating a particular series of Preferred Stock.

6. Voting Rights. Holders of Preferred Stock shall have such voting rights as may be provided by the Board of Directors in designating a particular series of Preferred Stock.

C. Common Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Common Stock are as set forth below in this Division (C) of this Article IV.

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of this Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. Upon the liquidation, dissolution or winding up of this Corporation, the assets of this Corporation shall be distributed as provided in Section 4 of Division (B) of this Article IV.

3. Voting Rights. The holder of each share of Common Stock shall have the right to one vote for each such share, and shall be entitled to notice of any shareholders' meeting in accordance with the Bylaws of this corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law.

ARTICLE V

Bylaws, Directors, Books and Records. In furtherance of and not in limitation of powers conferred by statute, it is further provided that:

A. Subject to the limitations and exceptions, if any, contained in the Bylaws of the Corporation, the Bylaws may be adopted, amended or repealed by the Board of Directors of the Corporation; and

B. Elections of directors need not be by written ballot unless, and only to the extent, otherwise provided in the Bylaws; and

C. Subject to the provisions of Article XI, the number of directors of the Corporation shall be determined in the manner provided in the Bylaws and may be increased or decreased from time to time in the manner provided therein; and

D. Subject to any applicable requirements of law, the books of the Corporation may be kept outside the State of Washington at such locations as may be designated by the Board of Directors or in the Bylaws of the Corporation; and

ARTICLE VI

No Cumulative Voting. The right to cumulate votes in the election of directors shall not exist with respect to shares of capital stock of the Corporation.

ARTICLE VII

Actions Without a Meeting. Any action required or permitted to be taken at a shareholders' meeting may be taken without a meeting or a vote if either: (i) the action is taken by written consent of all shareholders entitled to vote on the action; or (ii) for so long as the Corporation is not a public company, the action is taken by written consent of shareholders holding of record, or otherwise entitled to vote, in the aggregate not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares are entitled to vote on the action were present and voted.

To the extent that the WBCA requires prior notice of any such action to be given to nonconsenting or nonvoting shareholders, such notice shall be given prior to the date on which the action becomes effective, as required by the WBCA. The form of notice shall be sufficient to apprise the nonconsenting or nonvoting shareholder of the nature of the action to be effected in a manner approved by the Board of Directors or by the committee or officers to whom the Board of Directors has delegated the responsibility.

ARTICLE VIII

Shareholder Approval by Majority Vote or Consent. Unless these Articles of Incorporation provide for a greater voting requirement for any voting group of shareholders, the affirmative vote or written consent of a majority of all the votes entitled to be cast by a voting group shall be sufficient, valid and effective to approve and authorize any acts of the Corporation that, under the WBCA, would otherwise require the approval of two-thirds of all of the votes entitled to be cast, including, without limitation: (i) an amendment to these Articles of Incorporation; (ii) the merger of the Corporation into another corporation or the merger of one or more other corporations into the Corporation; (iii) the acquisition by another corporation of all of the outstanding shares of one or more classes or series of capital stock of the Corporation; (iv) the sale, lease, exchange or other disposition by the Corporation of all or substantially all of its property otherwise than in the usual and regular course of business; or (v) the dissolution of the Corporation.

ARTICLE IX

A. Limitation of Director Liability. To the full extent that the WBCA, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of the liability of directors, a director of the Corporation shall not be liable to the Corporation or its shareholders for monetary damages for conduct as a director. Any amendments to or repeal of this Article IX shall not adversely affect any right or protection of a director of this Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

B. Indemnification. To the full extent that the WBCA, as it exists on the date hereof or may hereafter be amended, the Corporation is authorized to provide indemnification of directors, officers, employees and agents.

ARTICLE X

Amendments. Except as provided herein, the Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute and these Articles of Incorporation, and all rights conferred upon shareholders herein, are granted subject to this reservation.

ARTICLE XI

A. Principal Shareholders Agreement. So long as the Principal Shareholders Agreement between the Corporation and certain of its shareholders dated June 30, 2008 (the "Principal Shareholders Agreement") remains in effect, the Corporation shall comply with the following (capitalized terms used and not defined in this Article XI shall have the meaning for such term set forth in the Principal Shareholders Agreement):

1. Consent by Shareholders Representative. Action by the Board to approve any of the following matters shall require the affirmative vote of a majority of the Directors and the consent of the Shareholder Representative (the "Special Consent Matters"):

a) altering or amending the preferences, privileges or rights of any class of shares in a manner which has an adverse impact on the Former C Corp Shareholders (actions which affect all holders of common stock in the same manner and do not jeopardize the Corporation's ability to provide the Redemption described in Section 10 of the Principal Shareholders Agreement shall not constitute such an impact);

b) altering the size of the Board or the Compensation Committee;

c) making any material change in the Corporation's Second Amended and Restated Articles of Incorporation, other than the addition of one or more classes of preferred stock which do not jeopardize the Corporation's ability to provide the Redemption described in Section 10 of the Principal Shareholders Agreement;

d) engaging in any transaction with any Affiliate of the Corporation (which, for purposes of this Agreement, shall be any entity controlling, continued by or under common control with the Corporation), including any sale or purchase of stock, debt transaction or disproportionate distribution or dividend;

e) making any material change in the nature of the business conducted by the Corporation; and

f) incurring any intercompany debt with any Affiliate of a Principal Shareholder.

2. In the event that any of the Special Consent Matters are proposed for consideration at a meeting of the Board, the Shareholders Representative shall receive advance notice of the meeting and shall be entitled to participate, as an observer, in that portion of the meeting that relates to the Special Consent Matter. If the Shareholders Representative does not deliver to the Directors a written notice of objection to any of the Special Consent Matters within seven (7) days after receipt of written notice of the approval by the Board, the Shareholders Representative will be deemed to have approved the Matter.

3. The Shareholder Representative shall be elected by a majority of the shares owned by the C Corp Principals may remove or replace the Shareholders Representative at any time by vote of a majority of the Shares held by the C Corp Principals.

B. Preemptive Rights. Except as otherwise provided in these Amended and Restated Articles of Incorporation, the Principal Shareholders Agreement, or by agreement in which the Corporation so provides, no preemptive rights to acquire additional securities issued by the Corporation shall exist with respect to shares of stock, or securities convertible into shares of stock of the Corporation. So long as the Principal Shareholders Agreement remains in effect, the Corporation shall comply with the following:

1. Grant of Rights. The Principal Shareholders shall have a preemptive right to purchase, pro rata, all or any part of New Securities that the Corporation may, from time to time, propose to sell and issue after the date hereof. Each such Principal Shareholder's pro rata share of New Securities, for the purposes of this right, is the ratio of the number of Shares held by such holder at the time the New Securities are offered to the total number of Shares outstanding on the date of the proposed issuance (calculated on a fully diluted basis).

2. Procedure. If the Corporation proposes to undertake an issuance of New Securities, it will give each Principal Shareholder having a preemptive right under this Article XI written notice of its intention, describing the type of New Securities, the price and the general terms and conditions upon which the Corporation proposes to issue the same. Each such Principal Shareholder will have ten (10) days from the giving of such notice to agree to purchase its pro rata share of New Securities for the price and upon the terms and conditions specified in the notice by giving written notice to the Corporation and stating therein the quantity of New Securities to be purchased. The Corporation will give each Principal Shareholder having a preemptive right under this Article XI written notice on the date following such 10-day period as to any New Securities with respect to which Principal Shareholders have not exercised their right of first refusal. Each such holder will have a right of over allotment such that if any Principal Shareholder having a preemptive right under this Article XI fails to exercise its rights hereunder to purchase its pro rata portion of the New Securities, the other holders may purchase the non-purchasing holder's portion on a pro rata basis, within ten (10) days from the end of such preceding 10-day period.

3. Remaining Shares. If the Principal Shareholders fail to exercise in full such right within such twenty (20) days, the Corporation will have one hundred twenty (120) days thereafter to sell the New Securities in respect of which such Principal Shareholders rights were not exercised, at a price and upon general terms and conditions no more favorable to the purchasers thereof than specified in the Corporation's notice to the Principal Shareholders pursuant to this Article XI. If the Corporation has not sold the New Securities within such one hundred twenty (120) day period, the Corporation will not thereafter issue or sell any New Securities, without first offering such securities to the Principal Shareholders in the manner provided above.

4. New Securities. "New Securities" means any Shares of the Corporation; provided that, "New Securities" does not include: (a) the Common Stock issued or issuable on conversion of Preferred Stock; (b) Shares issues pursuant to any rights or agreements, including, without limitation, any security convertible or exchangeable, with or without consideration, into

or for any shares, options and warrants, provided further that the preemptive rights established by this Article XI will apply with respect to the initial sale or grant by the Corporation of such rights or agreements; (c) any Share that is issued by the Corporation as part of any public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended; (d) Shares of Common Stock issued in connection with any stock split, stock dividend or recapitalization of the Corporation; (e) securities issued pursuant to the acquisition of another corporation by the Corporation by merger, purchase of all or substantially all of the assets, or other reorganization whereby the Corporation owns more than fifty percent (50%) of the voting power of such corporation; and (f) Shares issued to management, directors or employees of the Corporation pursuant to stock purchase or stock option plans or other arrangements that are approved by the Compensation Committee; (g) Shares issued as Additional Shares in accordance with the terms of the Merger Agreement between the Corporation and Cadence Network, Inc. dated June 30, 2008; and (h) Shares issued pursuant to Section 10.5 of the Principal Shareholders Agreement.

IN WITNESS WHEREOF, said Advantage IQ, Inc. has caused this certificate to be signed by its duly authorized officer, as of the 1st day of July, 2008.

ADVANTAGE IQ, INC.

By: Karen Feltes

Name: Karen Feltes

Title: Senior Vice President and Corporate Secretary

CERTIFICATE OF OFFICER

OF

ADVANTAGE IQ, INC.

Pursuant to the provisions of RCW 23B.10.070, the Second Amended and Restated Articles of Incorporation of Advantage IQ, Inc., a Washington corporation, are hereby submitted for filing.

1. The name of record of the corporation is Advantage IQ, Inc.

3. The Amended and Restated Articles of Incorporation of Advantage IQ, Inc. are amended and restated in their entirety and replaced with the Second Amended and Restated Articles of Incorporation of Advantage IQ, Inc. (the "Restated Articles") in the form attached hereto as Exhibit A.

4. The Restated Articles were approved by the Board of Directors of the corporation on June 27, 2008 and by the shareholders of the corporation on June 27, 2008 in accordance with the provisions of RCW 23B.10.030, 23B.10.040 and 23B.10.070.

IN WITNESS WHEREOF, the undersigned certifies that she is the Senior Vice President and Corporate Secretary of the corporation and has executed these Second Amended and Restated Articles of Incorporation this 1st day of July, 2008.

ADVANTAGE IQ, INC.

By: Karen Feltes

Name: Karen Feltes

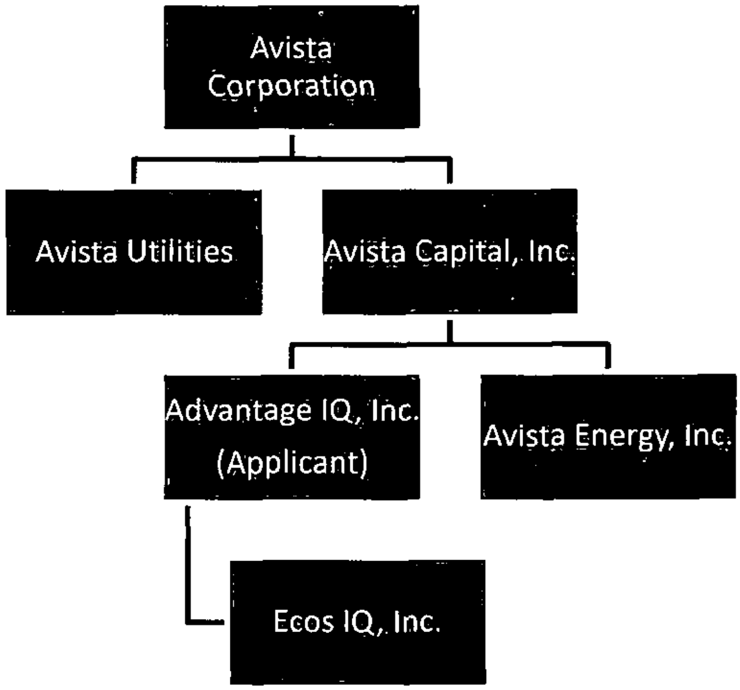
Title: Senior Vice President and Corporate Secretary

ATTACHMENT 3

Advantage IQ, Inc. – Board of Directors			2011	Advantage IQ, Inc. – Officers		
Last Name	**First Name**	**Title & Business Address**		**Last Name**	**First Name**	**Title & Business Address**
Anderson	Erik J.	Director 3720 Carillon Point Kirkland, WA 98033		Chamberlain	Steve	Sr. Vice President 210 West Minnehaha Parkway Minneapolis, MN 55419
Blake	Kristianne	Director P.O. Box 28338 Spokane, WA 99228		Durkin	Marian M.	Sr. Vice President 1411 E. Mission Avenue Spokane, WA 99202
Kelly	John F.	Director 142 Isla Dorada Blvd. Coral Gables, FL 33143		Feltes	Karen S.	Sr. Vice President & Corporate Secretary 1411 E. Mission Avenue Spokane, WA 99202
Heggedahl	Jeff	Director 1313 N. Atlantic, Suite 5000 Spokane, WA 99201		Fleming	Susan Y.	Assistant Corporate Secretary 1411 E. Mission Avenue Spokane, WA 99202
Levinsohn	Craig	Director One Merrill Circle St. Paul, MN 55108		Heggedahl	Jeff	President & CEO 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
Lieberman	Jeff	Director 680 Fifth Avenue, 8th Floor New York, NY 10022		Capobianco	Donato	Sr. Vice President & General Counsel 309 SW 6th Avenue #1000 Portland, OR 97204
Morris	Scott L.	Chairman of the Board 1411 E. Mission Avenue Spokane, WA 99202		Kearney	Julie	Vice President 309 SW 6th Avenue #1000 Portland, OR 97204
				Lynes	Gene	EVP, CFO & Treasurer 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
				Nikdel	Hossein	VP & CTO 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
				Morris	Scott L.	Chairman of the Board 1411 E. Mission Avenue Spokane, WA 99202
				Schlect	Ed	Executive Vice President 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
				Thies	Mark T.	Sr. Vice President 1411 E. Mission Avenue Spokane, WA 99202
				Thoren	Diane C.	Assistant Treasurer 1411 E. Mission Avenue Spokane, WA 99202
				Thomsen	Jon	Executive Vice President 309 SW 6th Avenue #1000 Portland, OR 97204

Attachment 3A

General Graphical Depiction of Applicant's Corporate Structure



Avista Corporation 1411 E. Mission Avenue Spokane, WA 99202	Avista Capital, Inc. 1411 E. Mission Avenue Spokane, WA 99202
Avista Utilities 1411 E. Mission Avenue Spokane, WA 99202	Advantage IQ, Inc. (Applicant) 1313 N. Atlantic St., Suite 5000 Spokane, WA 99201
Avista Energy, Inc. 1411 E. Mission Avenue Spokane, WA 99202	Ecos IQ, Inc. 309 SW 6th Ave., Suite 1000 Portland, OR 97204

ATTACHMENT 4

RECEIVED
MAR 29 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

For the Commissions convenience, the following 10K has been shortened from its original length of approximately 200 pages to 45 pages, which only includes information specific to Applicant or necessary for the Commission to review the audited financials of Applicant. The full version may be obtained by using the following web link:

http://investor.avistacorp.com/phoenix.zhtml?c=97267&p=irol-reportsAnnual

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 1-3701

AVISTA CORPORATION
(Exact name of Registrant as specified in its charter)

Washington (State or other jurisdiction of incorporation or organization)	91-0462470 (I.R.S. Employer Identification No.)
1411 East Mission Avenue, Spokane, Washington (Address of principal executive offices)	99202-2600 (Zip Code)

Registrant's telephone number, including area code: 509-489-0500
Web site: http://www.avistacorp.com

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange on Which Registered
Common Stock, no par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of Class
Preferred Stock, Cumulative, Without Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

The aggregate market value of the Registrant's outstanding Common Stock, no par value (the only class of voting stock), held by non-affiliates is $1,081,138,342 based on the last reported sale price thereof on the consolidated tape on June 30, 2010.

As of January 31, 2011, 57,276,041 shares of Registrant's Common Stock, no par value (the only class of common stock), were outstanding.

Documents Incorporated By Reference

Document	Part of Form 10-K into Which Document is Incorporated
Proxy Statement to be filed in connection with the annual meeting of shareholders to be held on May 12, 2011	**Part III, Items 10, 11, 12, 13 and 14**

PART I

Item 1. Business

Company Overview

Avista Corporation (Avista Corp. or the Company), incorporated in the state of Washington in 1889, is an energy company engaged in the generation, transmission and distribution of energy as well as other energy-related businesses. As of December 31, 2010, we employed 1,554 people in our utility operations and 945 people in our subsidiary businesses. Our corporate headquarters are in Spokane, Washington, the hub of the Inland Northwest. Historically, the primary industries in our service areas were mining, lumber and wood products, military and agriculture. Although they remain important, our economy is now more diversified. Health care, higher education, finance, manufacturing and tourism are also important sectors. Retail trade, governmental and professional services have expanded to serve a larger population.

We have two reportable business segments as follows:

- **Avista Utilities** – an operating division of Avista Corp. that comprises our regulated utility operations. Avista Utilities generates, transmits and distributes electricity and distributes natural gas. The utility also engages in wholesale purchases and sales of electricity and natural gas.
- **Advantage IQ** – an indirect subsidiary of Avista Corp. (approximately 76 percent owned as of December 31, 2010) provides energy efficiency and cost management programs and services for multi-site customers and utilities throughout North America. Advantage IQ's primary product lines include expense management services for utility, telecom and lease needs as well as strategic energy management and efficiency services that include procurement , conservation, performance reporting, financial planning and energy efficiency program management for commercial enterprises and utilities.

We have ancillary businesses and investments that include a sheet metal fabrication business, emerging technology venture fund investments and commercial real estate investments, Spokane Energy, LLC (Spokane Energy) (which was consolidated effective January 1, 2010) as well as certain natural gas storage facilities held by Avista Energy, Inc. (Avista Energy). These activities do not represent a reportable business segment and are conducted by various indirect subsidiaries of Avista Corp. Over time as opportunities arise, we dispose of assets and phase out operations that do not fit with our overall corporate strategy. However, we may invest incremental funds to protect our existing investments and invest in new businesses that fit with our overall corporate strategy.

Advantage IQ, Avista Energy, and various other companies are subsidiaries of Avista Capital, Inc. (Avista Capital) which is a direct, wholly owned subsidiary of Avista Corp. Total Avista Corp. stockholders' equity was $1,125.8 million as of December 31, 2010, of which $77.7 million represented our investment in Avista Capital.

See "Item 6. Selected Financial Data" and "Note 27 of the Notes to Consolidated Financial Statements" for information with respect to the operating performance of each business segment (and other subsidiaries).

Avista Utilities

General

Through our regulated utility operations, we generate, transmit and distribute electricity and distribute natural gas. Retail electric and natural gas customers include residential, commercial and industrial classifications. We also engage in wholesale purchases and sales of electricity and natural gas as an integral part of energy resource management and our load-serving obligation.

Our utility provides electric distribution and transmission, as well as natural gas distribution services in parts of eastern Washington and northern Idaho. We also provide natural gas distribution service in parts of northeast and southwest Oregon. At the end of 2010, we supplied retail electric service to 359,000 customers and retail natural gas service to 319,000 customers across our entire service territory. Our service territory covers 30,000 square miles with a population of 1.5 million. See "Item 2. Properties" for further information on our utility assets. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Economic Conditions and Utility Load Growth" for information on economic conditions in our service territory.

Electric Operations

In addition to providing electric distribution and transmission services, we generate electricity from facilities that we own and we purchase capacity and energy and fuel for generation under long-term and short-term contracts. We also sell capacity and energy, and surplus fuel in the wholesale market in connection with our resource optimization activities as described below.

As part of our resource procurement and management operations in the electric business, we engage in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve our load obligations and the use of these resources to capture available economic value. We sell and purchase wholesale electric capacity and energy and fuel as part of the process of acquiring and balancing resources to serve our load obligations. These transactions range from terms of one hour up to multiple years. We make continuing projections of:

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

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

- purchasing fuel for generation,
- when economical, selling fuel and substituting wholesale electric purchases, and
- other wholesale transactions to capture the value of generation and transmission resources and fuel delivery capacity contracts.

Our optimization process includes entering into hedging transactions to manage risks.

Our generation assets are interconnected through the regional transmission system and are operated on a coordinated basis to enhance load-serving capability and reliability. We provide transmission and ancillary services in eastern Washington, northern Idaho and western Montana. Transmission revenues were $12.8 million in 2010, $9.3 million in 2009 and $9.5 million in 2008.

Electric Requirements

Our peak electric native load requirement for 2010 occurred on November 23, 2010 at which time our total obligation was 2,507 MW consisting of:

- native load of 1,704 MW,
- long-term wholesale obligations of 237 MW, and
- short-term wholesale obligations of 566 MW.

At that time our maximum resource capacity available was 2,905 MW, which included:

- company-owned electric generation of 1,537 MW,

Advantage IQ

Our subsidiary, Advantage IQ provides sustainable utility expense management and energy management solutions to multi-site companies across North America. Advantage IQ's invoice processing, auditing and payment services, coupled with energy procurement, comprehensive reporting and advanced analysis, provide the critical data clients need to balance the financial, social and environmental aspects of doing business.

As part of the expense management services, Advantage IQ analyzes and audits invoices, then presents consolidated bills on-line, and processes payments. Information gathered from invoices, providers and other customer-specific data allows Advantage IQ to provide its clients with in-depth analytical support, real-time reporting and consulting services.

Advantage IQ also provides comprehensive energy efficiency program management services to utilities across North America. As part of these management services, Advantage IQ helps utilities develop and execute energy efficiency programs with a complete turn-key solution.

Advantage IQ has secured five patents on its two critical business systems:

- Facility IQ® system, which provides operational information drawn from facility bills, and
- AviTrack® database, which processes and reports on information gathered from service providers to ensure that customers are receiving the most effective services at the proper price.

We are not aware of any claimed or threatened infringement on any of Advantage IQ's patents issued to date and we expect to continue to expand and protect existing patents, as well as file additional patent applications for new products, services and process enhancements.

The following table presents key statistics for Advantage IQ:

	2010	2009	2008
Customers at year-end	534	532	537
Billed sites at year-end	360,596	421,080	417,078
Dollars of customer bills processed (in billions)	$ 17.3	$ 17.4	$ 16.7

The decrease in billed sites at year-end 2010 as compared to prior periods was due to the loss of a customer that had a significant number of billed sites, but represented only approximately 1 percent of annual revenues. On December 31, 2010, Advantage IQ acquired substantially all of the assets and liabilities of The Loyalton Group, a Minneapolis-based energy management firm known for its energy procurement and price risk management solutions. In January 2011, Advantage IQ acquired substantially all of the assets and liabilities of Building Knowledge Networks, a Seattle-based real-time building energy management services provider.

Other Businesses

Avista Energy still owns natural gas storage facilities and we expect these assets to be transferred to our utility operations on May 1, 2011. This business had operating revenues and resource costs through the end of 2009 related to the power purchase agreement for the Lancaster Plant. The rights and obligations related to the power purchase agreement for the Lancaster Plant were conveyed to Avista Corp. (Avista Utilities) in January 2010.

The implementation of amendments to accounting standards (See Note 2 of the Notes to Consolidated Financial Statements) resulted in the Company including Spokane Energy in its consolidated financial statements effective January 1, 2010. Spokane Energy is a special purpose limited liability company and all of its membership capital is owned by Avista Corp. Spokane Energy was formed in December 1998, to assume ownership of a fixed rate electric capacity contract between Avista Corp. and Portland General Electric Company. The consolidation of Spokane Energy results in an increase in operating revenues, operating expenses and interest expense with no impact on net income.

Our other businesses also include Advanced Manufacturing and Development (AM&D) doing business as METALfx, a subsidiary that performs custom sheet metal fabrication of electronic enclosures, parts and systems for the computer, telecom, renewable energy and medical industries. Our other investments and operations include:

- real estate investments (primarily commercial office buildings),
- investments in emerging technology venture capital funds and low income housing, and
- the remaining investment in a fuel cell business that was previously a subsidiary of the Company.

Item 6. Selected Financial Data

(in thousands, except per share data and ratios)	Years Ended December 31, 2010	2009	2008	2007	2006
Operating Revenues:					
Avista Utilities	$ 1,419,646	$ 1,395,201	$ 1,572,664	$ 1,288,363	$ 1,267,938
Advantage IQ	102,035	77,275	59,085	47,255	39,636
Other	61,067	40,089	45,014	82,139	198,737
Intersegment eliminations	(24,008)	—	—	—	—
Total	$ 1,558,740	$ 1,512,565	$ 1,676,763	$ 1,417,757	$ 1,506,311
Income (Loss) from Operations (pre-tax):					
Avista Utilities	$ 208,104	$ 195,389	$ 174,245	$ 150,053	$ 177,049
Advantage IQ	15,865	11,603	11,297	11,012	10,479
Other	6,219	(6,334)	(631)	(22,636)	12,032
Total	$ 230,188	$ 200,658	$ 184,911	$ 138,429	$ 199,560
Net income	$ 94,948	$ 88,648	$ 74,757	$ 38,727	$ 72,941
Net income attributable to noncontrolling interests	$ (2,523)	$ (1,577)	$ (1,137)	$ (252)	$ —
Net Income (Loss) Attributable to Avista Corporation:					
Avista Utilities	$ 86,681	$ 86,744	$ 70,032	$ 43,822	$ 57,794
Advantage IQ	7,433	5,329	6,090	6,651	6,255
Other	(1,689)	(5,002)	(2,502)	(11,998)	8,892
Total	$ 92,425	$ 87,071	$ 73,620	$ 38,475	$ 72,941
Average common shares outstanding, basic	55,595	54,694	53,637	52,796	49,162
Average common shares outstanding, diluted	55,824	54,942	54,028	53,263	49,897
Common shares outstanding at year-end	57,120	54,837	54,488	52,909	52,514
Earnings per Common Share Attributable to Avista Corporation:					
Diluted	$ 1.65	$ 1.58	$ 1.36	$ 0.72	$ 1.46
Basic	$ 1.66	$ 1.59	$ 1.37	$ 0.73	$ 1.48
Dividends paid per common share	$ 1.000	$ 0.810	$ 0.690	$ 0.595	$ 0.570
Book value per common share at year-end	$ 19.71	$ 19.17	$ 18.30	$ 17.27	$ 17.41
Total Assets at Year-End:					
Avista Utilities	$ 3,589,235	$ 3,400,384	$ 3,434,844	$ 3,009,499	$ 2,895,883
Advantage IQ	221,086	143,060	125,911	108,929	100,431
Other	129,774	63,515	69,992	71,369	1,060,194
Total	$ 3,940,095	$ 3,606,959	$ 3,630,747	$ 3,189,797	$ 4,056,508
Long-Term Debt (including current portion)	$ 1,101,857	$ 1,071,338	$ 826,465	$ 948,833	$ 976,459
Nonrecourse Long-Term Debt of Spokane					

Energy (including current portion) (1)	$ 58,934	$ —	$ —	$ —	$ —
Long-Term Debt to Affiliated Trusts	$ 51,547	$ 51,547	$ 113,403	$ 113,403	$ 113,403
Preferred Stock Subject to Mandatory Redemption	$ —	$ —	$ —	$ —	$ 26,250
Total Avista Corporation Stockholders' Equity	$ 1,125,784	$ 1,051,287	$ 996,883	$ 913,966	$ 914,525
Ratio of Earnings to Fixed Charges (2)	2.86	2.95	2.43	1.67	2.14

(1) Spokane Energy was consolidated effective January 1, 2010. See Note 2 of the Notes to Consolidated Financial Statements.
(2) See Exhibit 12 for computations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Business Segments

We have two reportable business segments as follows:

- **Avista Utilities** – an operating division of Avista Corp. that comprises our regulated utility operations. Avista Utilities generates, transmits and distributes electricity and distributes natural gas. The utility also engages in wholesale purchases and sales of electricity and natural gas.
- **Advantage IQ** – an indirect subsidiary of Avista Corp. (approximately 76 percent owned as of December 31, 2010) provides energy efficiency and cost management programs and services for multi-site customers and utilities throughout North America. Advantage IQ's primary product lines include expense management services for utility, telecom and lease needs as well as strategic energy management and efficiency services that include procurement , conservation, performance reporting, financial planning and energy efficiency program management for commercial enterprises and utilities.

We have other businesses, including sheet metal fabrication, venture fund investments and real estate investments, Spokane Energy (which was consolidated effective January 1, 2010) as well as certain natural gas storage facilities held by Avista Energy. These activities do not represent a reportable business segment and are conducted by various direct and indirect subsidiaries of Avista Corp., including AM&D, doing business as METALfx.

The following table presents net income (loss) attributable to Avista Corporation for each of our business segments (and the other businesses) for the year ended December 31 (dollars in thousands):

	2010	2009	2008
Avista Utilities	$ 86,681	$ 86,744	$ 70,032
Advantage IQ	7,433	5,329	6,090
Other	(1,689)	(5,002)	(2,502)
Net income attributable to Avista Corporation	$ 92,425	$ 87,071	$ 73,620

Executive Level Summary

Overall

Net income attributable to Avista Corporation was $92.4 million for 2010, an increase from $87.1 million for 2009. This was primarily due to an increase in earnings at Advantage IQ and a decrease in the net loss from the other businesses. Earnings at Avista Utilities were positively impacted by general rate increases, offset by warmer weather in the heating season and an increase in interest expense, other operating expenses and depreciation and amortization.

Avista Utilities

Avista Utilities is our most significant business segment. Our utility operating and financial performance is dependent upon, among other things:

- weather conditions,
- regulatory decisions, allowing our utility to recover costs, including purchased power and fuel costs, on a timely basis, and to earn a reasonable return on investment,
- the price of natural gas in the wholesale market, including the effect on the price of fuel for generation,
- the price of electricity in the wholesale market, including the effects of weather conditions, natural gas prices and other factors affecting supply and demand, and
- the ability to obtain financing through the issuance of debt and/or equity securities, which can be affected by various factors including our credit ratings, interest rates and other capital market conditions.

In our utility operations, we continue to execute our regulatory strategy to regularly review the need for rate changes in each jurisdiction to improve the recovery of costs and capital investments in our generation, transmission and distribution infrastructure. We filed general rate increase requests in each of our jurisdictions in 2010. General rate increases went into effect in Idaho on October 1, 2010 and in Washington effective January 1, 2010 and December 1, 2010. In February 2011, we reached an all-party settlement in Oregon for a general rate increase that is subject to approval by the OPUC.

Our utility net income was $86.7 million for 2010 and 2009. Earnings for 2010 were positively impacted by an increase in gross margin (operating revenues less resource costs). The increase in gross margin was primarily due to general rate increases and power supply costs below the amount included in base retail rates in Washington, partially offset by lower retail loads (particularly for natural gas) caused by warmer weather during the heating season. The increase in gross margin was offset by an increase in interest expense, other operating expenses and depreciation and amortization.

We are continuing to invest in generation, transmission and distribution systems to enhance service reliability for our customers and replace aging infrastructure. Utility capital expenditures were $202.2 million for 2010. We expect utility capital expenditures to be about $250 million for 2011. These estimates of capital expenditures are subject to continuing review and adjustment (see discussion at "Avista Utilities Capital Expenditures").

Advantage IQ

Advantage IQ had net income attributable to Avista Corporation of $7.4 million for 2010, an increase from $5.3 million for 2009. The increase was primarily due to moderate growth from expense management and energy management services coupled with the acquisition of Ecos Consulting, Inc. (Ecos) effective August 31, 2009. Advantage IQ's earnings potential continues to be moderated by low short-term interest rates, which limits interest revenue on funds held for customers.

On December 31, 2010, Advantage IQ acquired substantially all of the assets and liabilities of The Loyalton Group, a Minneapolis-based energy management firm known for its energy procurement and price risk management solutions. The acquisition of The Loyalton Group was funded through available cash at Advantage IQ.

In January 2011, Advantage IQ acquired substantially all of the assets and liabilities of Building Knowledge Networks, a Seattle-based real-time building energy management services provider. The acquisition of Building Knowledge Networks was funded through available cash at Advantage IQ.

Effective July 2, 2008, Advantage IQ acquired Cadence Network, a Cincinnati, Ohio-based energy and expense management company. As consideration, the owners of Cadence Network received a 25 percent ownership interest in Advantage IQ through the issuance of Advantage IQ common stock. The previous owners of Cadence Network can exercise a right to have their shares of Advantage IQ stock redeemed by Advantage IQ during July 2011 or July 2012 if Advantage IQ is not liquidated through either an initial public offering or sale of the business to a third party. Their redemption rights expire July 31, 2012. The redemption price would be determined based on the fair market value of Advantage IQ at the time of the redemption election as determined by certain independent parties. As of December 31, 2010, there were redeemable noncontrolling interests of $38.1 million related to these redemption rights. Should the previous owners of Cadence Network exercise their redemption rights, Advantage IQ will seek the necessary funding through its credit facility, a capital request from existing owners, an infusion of capital from potential new investors or a combination of these sources. In January 2011, the other owners of Advantage IQ (including Avista Capital) purchased shares held by the one of the previous owners of Cadence Network (that owned 4.5 percent of Advantage IQ). Avista Capital's portion of the purchase was $5.6 million.

We may seek to monetize all or part of our investment in Advantage IQ in the future, regardless of whether Advantage IQ's minority owner redemption rights are exercised. The value of a potential monetization depends on future market conditions, growth of the business and other factors. This may provide access to public market capital and provide potential liquidity to Avista Corp. and the other owners of Advantage IQ. There can be no assurance that such a transaction will be completed.

Other Businesses

The net loss for these operations was $1.7 million for 2010 compared to a net loss of $5.0 million for 2009. The improvement in results was due in part to increased earnings at METALfx and reduced litigation costs related to the remaining contracts and previous operations of Avista Energy. In 2010, we recorded a $2.2 million impairment of our investment in a fuel cell business that was previously a subsidiary of the Company. Also, in 2009 we recorded a $3.0 million impairment of a commercial building.

Liquidity and Capital Resources

We need to access long-term capital markets from time to time to finance capital expenditures, repay maturing long-term debt and obtain additional working capital. Our ability to access capital on reasonable terms is subject to numerous factors, many of which, including market conditions, are beyond our control. If we are unable to obtain capital on reasonable terms, it may limit or eliminate our ability to finance capital expenditures and repay maturing long-term debt. Our liquidity needs could exceed our short-term credit availability and lead to defaults on various financing arrangements. We would also likely be prohibited from paying dividends on our common stock.

At December 31, 2010, we had a committed line of credit in the total amount of $320.0 million with an expiration date of April 5, 2011 under which there were $110.0 million of cash borrowings and $27.1 million in letters of credit outstanding. We also had a committed line of credit in the total amount of $75.0 million with an expiration date of April 5, 2011 under which there were no borrowings outstanding as of December 31, 2010.

As of December 31, 2010, we had a combined $257.9 million of available liquidity under our $320.0 million and $75.0 million committed lines of credit.

Fuel for generation decreased $44.8 million due to a decrease in natural gas fuel prices, as well as a decrease in thermal generation (primarily due to the outage at Colstrip).

Other fuel costs decreased $11.2 million. This represents fuel that was purchased for generation but was later sold when conditions indicated that it was not economical to use the fuel for generation as part of the resource optimization process. The associated revenues are reflected as sales of fuel.

The increase in other regulatory amortizations of $9.1 million primarily relates to the amortization of costs under demand side management programs.

The expense for natural gas purchased decreased $190.2 million due to a decrease in the price of natural gas (decreased costs $214.7 million), partially offset by an increase in the total therms purchased (increased costs $24.5 million). The increase in total therms purchased was due to an increase in wholesale sales with the balancing of loads and resources as part of the natural gas procurement process, partially offset by a decrease in retail sales volumes. During 2009, we amortized $20.3 million of deferred natural gas costs compared to $20.4 million for 2008.

Advantage IQ

2010 compared to 2009

Advantage IQ's net income attributable to Avista Corporation was $7.4 million for 2010 compared to $5.3 million for 2009. Operating revenues increased $24.8 million and operating expenses increased $20.5 million. The increase in net income attributable to Avista Corporation, operating revenues and expenses was primarily due the third quarter 2009 acquisition of Ecos, as well as moderate growth in expense management and energy management services. The increase in operating expenses was also due to the amortization of intangible assets from the acquisition of Ecos. As of December 31, 2010, Advantage IQ had 534 customers representing 361,000 billed sites in North America. The decrease in billed sites at year-end 2010 as compared to year-end 2009 billed sites of 421,000 was due to the loss of a customer that had a significant number of billed sites, but represented only approximately 1 percent of annual revenues. In 2010, Advantage IQ managed bills totaling $17.3 billion, a decrease of $0.1 billion, or 0.8 percent, as compared to 2009. This decrease was primarily due to a decrease in the average value of each bill processed.

2009 compared to 2008

Advantage IQ's net income attributable to Avista Corporation was $5.3 million for 2009 compared to $6.1 million for 2008. Operating revenues increased $18.2 million and operating expenses increased $17.9 million. The increase in operating revenues and expenses was primarily due to the third quarter 2008 acquisition of Cadence Network and the third quarter 2009 acquisition of Ecos, as well as increased revenues from other customer billing services. These increases in operating revenues were partially offset by a decrease in interest revenue on funds held for customers (due to a decrease in interest rates). The increase in operating expenses was also due to the amortization of intangible assets from the acquisitions. As of December 31, 2009, Advantage IQ had 532 customers representing 421,000 billed sites in North America. In 2009, Advantage IQ managed bills totaling $17.4 billion, an increase of $0.7 billion, or 4 percent, as compared to 2008. The acquisition of Cadence Network added $1.7 billion in processed bills for 2009 as compared to 2008.

Other Businesses

2010 compared to 2009

The net loss attributable to Avista Corporation from these operations was $1.7 million for 2010 compared to $5.0 million for 2009. Operating revenues increased $21.0 million, operating expenses increased $8.4 million, and interest expense increased $5.3 million. The increase in operating revenues, operating expenses and interest expense was primarily due to the consolidation of Spokane Energy effective January 1, 2010, which had no impact on the net loss attributable to Avista Corporation. The improvement in results for these businesses in 2010 was due in part to increased earnings at METALfx, which had net income of $0.8 million for 2010, compared to $0.2 million for 2009. We also had decreased litigation costs related to the remaining contracts and previous operations of Avista Energy. Losses on long-term investments were $3.3 million for 2010 compared to $0.8 million for 2009. The loss for 2010 includes a $2.2 million impairment of our investment in a fuel cell business that was previously a subsidiary of the Company. In 2009, we recorded an impairment of a commercial building of $3.0 million.

Avista Utilities Capital Expenditures

Capital expenditures for our utility were $626.9 million for the years 2008 through 2010. We expect utility capital expenditures to be $250 million for 2011, and between $230 million and $240 million for each of 2012 and 2013. The increase in capital expenditures from $202.2 million in 2010 to $250 million in 2011 is primarily due to hydroelectric generation plant upgrades, smart grid projects and a slight increase in customer growth. Our capital budget for 2011 includes the following (dollars in millions):

Transmission and distribution	$ 68
Generation	42
Customer growth	40
Information technology	28
Smart grid	19
Natural gas	16
Environmental	12
Other	25
Total	$ 250

These estimates of capital expenditures are subject to continuing review and adjustment. Actual capital expenditures may vary from our estimates due to factors such as changes in business conditions, construction schedules and environmental requirements.

We applied to the Smart Grid Investment Grant program under the American Recovery and Reinvestment Act (the ARRA) of 2009, proposing a 50 percent cost share for the deployment of smart grid enabling technologies in the Spokane area. In October 2009, we were selected to negotiate a grant under this stimulus program. The grant is for $20 million and our contribution will be $22 million, the majority of which will be spent over a three-year period. We finalized the grant agreement with the Department of Energy in March 2010.

We applied with Battelle Northwest to participate in a Smart Grid Demonstration Project in Pullman, Washington under the ARRA. In November 2009, this project was selected by the Department of Energy for a grant. The funding agreement was finalized in September 2010. The Smart Grid Demonstration Project will partner with other regional utilities and proposes a 50 percent cost share for a group of projects. Our portion of the regional demonstration project is estimated to cost $15 million, the majority of which will be spent over a three-year period.

In February 2011, we issued a request for proposals (RFP) seeking to acquire up to 35 aMW of renewable energy, or as much as 100 MW of nameplate wind capacity with deliveries beginning in 2012. We completed the acquisition of the development rights for a wind generation site in 2008. While this RFP does not include the development of this site, we will continue to study this site in preparation for later development.Future generation resource decisions may be further impacted by legislation for restrictions on greenhouse gas (GHG) emissions and renewable energy requirements as discussed at "Environmental Issues and Other Contingencies."We are continuing our participation in planning activities for the development of a proposed 1,000-3,000 MW transmission project that would extend from British Columbia, Canada to Northern California. The project would be implemented in two sections; one from Canada to northeastern Oregon (the northern section) and then on into California (the southern section). Western Area Power Administration is leading the development on the southern section and is working with Pacific Gas and Electric, Transmission Agency of Northern California and others. British Columbia Transmission Corporation is leading the development effort on the northern section. The participants have received a Western Electricity Coordinating Council (WECC) Phase I Rating for both sections of the project, and Avista Corp. is working on a WECC Phase II Rating for an interconnection from the project to the Avista Corp. transmission system. We have contributed $0.7 million to the project to date with no additional funding anticipated in 2011.

Advantage IQ Credit Agreement

As of December 31, 2010, Advantage IQ had a $15.0 million committed credit agreement with an expiration date of February 2011 that had no borrowings outstanding. Advantage IQ may elect to increase the credit facility to $25.0 million under the same agreement. The credit agreement is secured by substantially all of Advantage IQ's assets. In February 2011, Advantage IQ extended the expiration date of this credit agreement to May 2011. Advantage IQ is in the process of evaluating alternatives and expects to have a new credit facility in place prior to the May 2011 expiration of its current credit agreement.

Advantage IQ Redeemable Stock

In 2007, Advantage IQ amended its employee stock incentive plan to provide an annual window at which time holders of common stock can put their shares back to Advantage IQ providing the shares are held for a minimum of six months. Stock is reacquired at fair market value at the date of reacquisition. As the repurchase feature is at the discretion of the minority shareholders and option holders, there were redeemable noncontrolling interests of $8.6 million as of December 31, 2010 for the intrinsic value of stock options outstanding, as well as outstanding redeemable stock. In 2009, the Advantage IQ employee stock incentive plan was amended such that, on a prospective basis, not all options granted under the plan have the put right. Additionally, there were redeemable noncontrolling interests of $38.1 million related to the Cadence Network acquisition, as the previous owners can exercise a right to put their stock back to Advantage IQ in July 2011 or July 2012 if Advantage IQ is not liquidated through either an initial public offering or sale of the business to a third party. Their redemption rights expire July 31, 2012. Should the previous owners of Cadence Network exercise their redemption rights, Advantage IQ will seek the necessary funding through its credit facility, a capital request from existing owners, an infusion of capital from potential new investors or a combination of these sources. In January 2011, the other owners of Advantage IQ (including Avista Capital) purchased shares held by the one of the previous owners of Cadence Network (that owned 4.5 percent of Advantage IQ). Avista Capital's portion of the purchase was $5.6 million.

Accounts Receivable Financing Facility

On December 30, 2010, Avista Corp., Avista Receivables Corporation (ARC), Bank of America, N.A. and Ranger Funding Company, LLC terminated a Receivables Purchase Agreement at the direction of the Company. ARC is a wholly owned, bankruptcy-remote subsidiary of the Company formed in 1997 for the purpose of acquiring or purchasing interests in certain accounts receivable, both billed and unbilled, of the Company. We elected to terminate the Receivables Purchase Agreement prior to its March 11, 2011 expiration date based on our forecasted liquidity needs. The Receivables Purchase Agreement was originally entered into on May 29, 2002 (and was renewed on an annual basis) and provided us with funds for general corporate needs. Under the Receivables Purchase Agreement, we could borrow up to $50.0 million based on calculations of eligible receivables. We did not borrow any funds under this revolving agreement in 2010.

Off-Balance Sheet Arrangements

As of December 31, 2010, we had $27.1 million in letters of credit outstanding under our $320.0 million committed line of credit, a decrease from $28.4 million as of December 31, 2009.

Pension Plan

As of December 31, 2010, our pension plan had assets with a fair value that was less than the benefit obligation under the plan. In 2009 and 2010, the fair value of pension plan assets increased due to market returns and our contributions, offset by benefit payments. We contributed $21 million to the pension plan in 2010. We expect to contribute $26 million to the pension plan in 2011. The final determination of pension plan contributions for future periods is subject to multiple variables, most of which are beyond our control, including further changes to the fair value of pension plan assets and changes in actuarial assumptions (in particular the discount rate used in determining the benefit obligation).

Credit Ratings

Our access to capital markets and our cost of capital are directly affected by our credit ratings. In addition, many of our contracts for the purchase and sale of energy commodities contain terms dependent upon our credit ratings. See "Credit and Nonperformance Risk" and "Note 6 of the Notes to Consolidated Financial Statements." The following table summarizes our credit ratings as of February 25, 2011:

	Standard & Poor's (1)	Moody's (2)
Avista Corporation		
Corporate/Issuer rating	BBB-	Baa3
Senior secured debt	BBB+	Baa1
Senior unsecured debt	N/A (3)	Baa3
Rating outlook	Positive	Positive (4)

(1) Standard & Poor's lowest level of "investment grade" credit rating is BBB-.
(2) Moody's lowest level of "investment grade" credit rating is Baa3.

(5) Represents our estimated cash contributions to the pension plan through 2015. We cannot reasonably estimate pension plan contributions beyond 2015 at this time.
(6) Under the transaction agreement, the previous owners of Cadence Network can exercise a right to have their shares of Advantage IQ common stock redeemed by Advantage IQ during July 2011 or July 2012 if Advantage IQ is not liquidated through either an initial public offering or sale of the business to a third party. Their redemption rights expire July 31, 2012. The redemption price would be determined based on the fair market value of Advantage IQ at the time of the redemption election as determined by certain independent parties. In addition, certain shares acquired under Advantage IQ's employee stock incentive plan are redeemable at the option of the shareholder.
(7) Represents a commitment to fund a limited partnership venture fund commitment made by a subsidiary of Avista Capital.

These contractual obligations do not include income tax payments.

In addition to the contractual obligations disclosed above, we will incur additional operating costs and capital expenditures in future periods for which we are not contractually obligated as part of our normal business operations.

Competition

Our utility electric and natural gas distribution business has historically been recognized as a natural monopoly. In each regulatory jurisdiction, our rates for retail electric and natural gas services (other than specially negotiated retail rates for industrial or large commercial customers, which are subject to regulatory review and approval) are determined on a "cost of service" basis. Rates are designed to provide, after recovery of allowable operating expenses and capital investments, an opportunity for us to earn a reasonable return on investment as set by our regulators.

In retail markets, we compete with various rural electric cooperatives and public utility districts in and adjacent to our service territories in the provision of service to new electric customers. Alternate providers of energy may also compete with us for sales to existing customers. Similarly, our natural gas distribution operations compete with other energy sources including heating oil, propane and other fuels. Also, non-utility businesses are developing new technologies and services to help energy consumers manage energy in new ways that may improve productivity and could alter demand for the energy we sell.

In wholesale markets, competition for available electric supply is influenced by the:

- localized and system-wide demand for energy,
- type, capacity, location and availability of generation resources, and
- variety and circumstances of market participants.

These wholesale markets are regulated by the FERC, which requires electric utilities to:

- transmit power and energy to or for wholesale purchasers and sellers,
- enlarge or construct additional transmission capacity for the purpose of providing these services, and
- transparently price and offer transmission services without favor to any party, including the merchant functions of the utility.

Participants in the wholesale energy markets include:

- other utilities,
- federal power marketing agencies,
- energy marketing and trading companies,
- independent power producers,
- financial institutions, and
- commodity brokers.

Advantage IQ is subject to competition for service to existing customers and as they develop products and services and enter new markets. Competition from other companies may mean challenges for Advantage IQ to be the first to market a new product or service to gain an advantage in market share. Other challenges for Advantage IQ include the availability of funding and resources to meet capital needs, and rapidly advancing technologies which requires continual product enhancement to avoid obsolescence.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Avista Corporation
Spokane, Washington

We have audited the accompanying consolidated balance sheets of Avista Corporation and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income, comprehensive income, equity and redeemable noncontrolling interests, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Avista Corporation and subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for variable interest entities effective January 1, 2010, due to the adoption of Accounting Standards Update No. 2009-17, *Consolidations – Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities.*

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2011, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Seattle, Washington
February 25, 2011

CONSOLIDATED STATEMENTS OF INCOME
Avista Corporation

For the Years Ended December 31
Dollars in thousands, except per share amounts

	2010	2009	2008
Operating Revenues:			
Utility revenues	$ 1,417,846	$ 1,395,201	$ 1,572,664
Non-utility energy marketing and trading revenues	20,018	24,436	25,225
Other non-utility revenues	120,876	92,928	78,874
Total operating revenues	1,558,740	1,512,565	1,676,763
Operating Expenses:			
Utility operating expenses:			
Resource costs	795,075	799,539	1,031,989
Other operating expenses	242,521	229,907	206,528
Depreciation and amortization	100,554	93,783	87,845
Taxes other than income taxes	73,392	76,583	72,057
Non-utility operating expenses:			
Resource costs	11,389	23,408	23,553
Other operating expenses	98,549	82,695	65,093
Depreciation and amortization	7,072	5,992	4,787
Total operating expenses	1,328,552	1,311,907	1,491,852
Income from operations	230,188	200,658	184,911
Interest expense	(75,789)	(65,077)	(73,446)
Interest expense to affiliated trusts	(635)	(1,957)	(6,141)
Capitalized interest	298	545	4,612
Other income (expense)-net	(7,957)	802	10,446
Income before income taxes	146,105	134,971	120,382
Income tax expense	51,157	46,323	45,625
Net income	94,948	88,648	74,757
Less: Net income attributable to noncontrolling interests	(2,523)	(1,577)	(1,137)
Net income attributable to Avista Corporation	$ 92,425	$ 87,071	$ 73,620
Weighted-average common shares outstanding (thousands), basic	55,595	54,694	53,637
Weighted-average common shares outstanding (thousands), diluted	55,824	54,942	54,028
Earnings per common share attributable to Avista Corporation:			
Basic	$ 1.66	$ 1.59	$ 1.37
Diluted	$ 1.65	$ 1.58	$ 1.36
Dividends paid per common share	$ 1.00	$ 0.81	$ 0.69

The Accompanying Notes are an Integral Part of These Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Avista Corporation

For the Years Ended December 31
Dollars in thousands

	2010	2009	2008
Net income	$ 94,948	$ 88,648	$ 74,757
Other Comprehensive Income (Loss):			
Unrealized losses on interest rate swap agreements - net of taxes of $(2,063)	—	—	(3,831)
Reclassification adjustment for realized losses on interest rate swap agreements deferred as a regulatory asset (included in long-term debt) - net of taxes of $5,738	—	—	10,657
Change in unfunded benefit obligation for pension plan - net of taxes of $(1,064), $2,015 and $3,602, respectively	(1,976)	3,742	6,690
Total other comprehensive income (loss)	(1,976)	3,742	13,516
Comprehensive income	92,972	92,390	88,273
Comprehensive income attributable to noncontrolling interests	(2,523)	(1,577)	(1,137)
Comprehensive income attributable to Avista Corporation	$ 90,449	$ 90,813	$ 87,136

The Accompanying Notes are an Integral Part of These Statements.

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CONSOLIDATED BALANCE SHEETS
Avista Corporation

As of December 31
Dollars in thousands

	2010	2009
Assets:		
Current Assets:		
Cash and cash equivalents	$ 69,413	$ 37,035
Accounts and notes receivable-less allowances of $44,883 and $42,928	230,229	210,645
Current portion of long-term energy contract receivable of Spokane Energy	9,645	—
Utility energy commodity derivative assets	2,592	7,757
Regulatory asset for utility derivatives	48,891	8,330
Funds held for customers	100,543	51,648
Materials and supplies, fuel stock and natural gas stored	48,530	37,282
Deferred income taxes	28,822	34,473
Income taxes receivable	19,069	16,438
Other current assets	21,831	15,315
Total current assets	579,565	418,923
Net Utility Property:		
Utility plant in service	3,713,885	3,549,658
Construction work in progress	62,051	60,055
Total	3,775,936	3,609,713
Less: Accumulated depreciation and amortization	1,061,699	1,002,702
Total net utility property	2,714,237	2,607,011
Other Non-current Assets:		
Investment in exchange power-net	21,233	23,683
Investment in affiliated trusts	11,547	11,547
Goodwill	25,935	24,718
Long-term energy contract receivable of Spokane Energy	62,525	—
Other property and investments-net	74,553	77,590
Total other non-current assets	195,793	137,538
Deferred Charges:		
Regulatory assets for deferred income tax	90,025	97,945
Regulatory assets for pensions and other postretirement benefits	178,985	141,085
Other regulatory assets	112,830	109,825
Non-current utility energy commodity derivative assets	15,261	45,483
Non-current regulatory asset for utility derivatives	15,724	—
Power deferrals	18,305	27,771
Other deferred charges	19,370	21,378
Total deferred charges	450,500	443,487

Total assets	$ 3,940,095	$ 3,606,959

The Accompanying Notes are an Integral Part of These Statements.

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CONSOLIDATED BALANCE SHEETS (continued)

Avista Corporation

As of December 31

Dollars in thousands

	2010	2009
Liabilities and Equity:		
Current Liabilities:		
Accounts payable	$ 171,707	$ 160,861
Customer fund obligations	100,543	51,648
Current portion of long-term debt	358	35,189
Current portion of nonrecourse long-term debt of Spokane Energy	12,463	—
Short-term borrowings	110,000	92,700
Utility energy commodity derivative liabilities	51,483	16,087
Natural gas deferrals	22,074	39,952
Other current liabilities	110,547	106,980
Total current liabilities	579,175	503,417
Long-term debt	1,101,499	1,036,149
Nonrecourse long-term debt of Spokane Energy	46,471	—
Long-term debt to affiliated trusts	51,547	51,547
Regulatory liability for utility plant retirement costs	223,131	217,176
Non-current regulatory liability for utility derivatives	—	42,611
Pensions and other postretirement benefits	161,189	123,281
Deferred income taxes	495,474	494,666
Other non-current liabilities and deferred credits	109,703	52,665
Total liabilities	2,768,189	2,521,512
Commitments and Contingencies (See Notes to Consolidated Financial Statements)		
Redeemable Noncontrolling Interests	46,722	34,833
Equity:		
Avista Corporation Stockholders' Equity:		
Common stock, no par value; 200,000,000 shares authorized; 57,119,723 and 54,836,781 shares outstanding	827,592	778,647
Accumulated other comprehensive loss	(4,326)	(2,350)
Retained earnings	302,518	274,990
Total Avista Corporation stockholders' equity	1,125,784	1,051,287
Noncontrolling Interests	(600)	(673)
Total equity	1,125,184	1,050,614
Total liabilities and equity	$ 3,940,095	$ 3,606,959

The Accompanying Notes are an Integral Part of These Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Avista Corporation

For the Years Ended December 31
Dollars in thousands

	2010	2009	2008
Operating Activities:			
Net income	$ 94,948	$ 88,648	$ 74,757
Non-cash items included in net income:			
Depreciation and amortization	107,626	99,775	92,632
Provision for deferred income taxes	37,734	13,853	44,161
Power and natural gas cost amortizations (deferrals), net	(9,795)	51,359	45,836
Amortization of debt expense	4,414	5,673	4,673
Amortization of investment in exchange power	2,450	2,450	2,450
Stock-based compensation expense	4,916	2,906	3,001
Equity-related AFUDC	(3,353)	(3,078)	(5,692)
Other	35,261	26,147	20,544
Payments for settlements with Coeur d'Alene Tribe	(4,000)	(12,000)	(25,187)
Contributions to defined benefit pension plan	(21,000)	(48,000)	(28,000)
Changes in working capital components:			
Accounts and notes receivable	(19,081)	14,659	(116,714)
Materials and supplies, fuel stock and natural gas stored	(11,248)	16,245	(18,541)
Other current assets	(9,230)	(3,528)	(10,494)
Accounts payable	13,606	(18,444)	47,669
Deposits from counterparties	(2,000)	3,000	(12,290)
Other current liabilities	7,189	19,116	(3,427)
Net cash provided by operating activities	228,437	258,781	115,378
Investing Activities:			
Utility property capital expenditures (excluding equity-related AFUDC)	(202,227)	(205,384)	(219,239)
Other capital expenditures	(2,429)	(3,120)	(3,459)
Federal grant payments received	7,585	—	—
Decrease in restricted cash	—	—	4,068
Cash paid by subsidiary for acquisition, net of cash received	(3,777)	(8,572)	(1,440)
Decrease (increase) in funds held for customers	(48,895)	8,507	30,790
Proceeds from asset sales	631	129	7,998
Other.	(4,111)	(1,712)	2,561
Net cash used in investing activities	(253,223)	(210,152)	(178,721)

The Accompanying Notes are an Integral Part of These Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

Avista Corporation

For the Years Ended December 31
Dollars in thousands

	2010	2009	2008
Financing Activities:			
Net increase (decrease) in short-term borrowings	$ 23,000	$ (159,500)	$ 252,200
Borrowings from Advantage IQ line of credit	2,300	—	—
Repayment of borrowings from Advantage IQ line of credit	(8,000)	—	—
Proceeds from issuance of long-term debt	136,365	249,425	296,165
Redemption and maturity of long-term debt	(110,242)	(17,266)	(403,856)
Premiums paid for the redemption of long-term debt	(10,710)	—	—
Maturity of nonrecourse long-term debt of Spokane Energy	(11,370)	—	—
Redemption of long-term debt to affiliated trusts	—	(61,856)	—
Long-term debt and short-term borrowing issuance costs	(916)	(3,726)	(5,024)
Cash received (paid) in interest rate swap agreements	—	10,776	(16,395)
Issuance of common stock	46,235	2,622	28,565
Cash dividends paid	(55,682)	(44,360)	(37,071)
Purchase of subsidiary noncontrolling interest	(2,593)	(5,450)	(6,624)
Increase (decrease) in customer fund obligations	48,895	(8,507)	(30,790)
Other	(118)	1,935	(1,353)
Net cash provided by (used in) financing activities	57,164	(35,907)	75,817
Net increase in cash and cash equivalents	32,378	12,722	12,474
Cash and cash equivalents at beginning of year	37,035	24,313	11,839
Cash and cash equivalents at end of year	$ 69,413	$ 37,035	$ 24,313
Supplemental Cash Flow Information:			
Cash paid during the year:			
Interest	$ 74,195	$ 58,756	$ 76,620
Income taxes	14,153	22,695	10,004
Non-cash financing and investing activities:			
Accounts payable for capital expenditures	8,315	8,404	10,509
Utility property acquired under capital leases	5,300	—	—
Redeemable noncontrolling interests	10,442	(400)	21,362
Contingent consideration by subsidiary for acquisition.	1,134	—	—
Issuance of stock by subsidiary for acquisition	—	—	37,000

The Accompanying Notes are an Integral Part of These Statements.

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CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

Avista Corporation

For the Years Ended December 31
Dollars in thousands

	2010	2009	2008
Common Stock, Shares:			
Shares outstanding at beginning of year	54,836,781	54,487,574	52,909,013
Issuance of common stock through equity compensation plans	141,645	343,498	697,257
Issuance of common stock through Employee Investment Plan (401-K)	11,116	4,309	15,361
Issuance of common stock through Dividend Reinvestment Plan	76,071	1,400	115,943
Issuance of common stock	2,054,110	—	750,000
Shares outstanding at end of year	57,119,723	54,836,781	54,487,574
Common Stock, Amount:			
Balance at beginning of year	$ 778,647	$ 774,986	$ 726,933
Equity compensation expense	3,097	2,711	2,600
Issuance of common stock through equity compensation plans	1,942	2,666	9,326
Issuance of common stock through Employee Investment Plan (401-K)	235	71	311
Issuance of common stock through Dividend Reinvestment Plan	1,451	26	2,328
Issuance of common stock, net of issuance costs	42,607	(141)	16,599
Equity transactions of consolidated subsidiaries	(387)	(1,672)	16,889
Balance at end of year	$ 827,592	$ 778,647	$ 774,986
Accumulated Other Comprehensive Income (Loss):			
Balance at beginning of year	$ (2,350)	$ (6,092)	$ (19,608)
Other comprehensive income (loss)	(1,976)	3,742	13,516
Balance at end of year	$ (4,326)	$ (2,350)	$ (6,092)
Retained Earnings:			
Balance at beginning of year	$ 274,990	$ 227,989	$ 206,641
Net income attributable to Avista Corporation	92,425	87,071	73,620
Cash dividends paid (common stock)	(55,682)	(44,360)	(37,071)
Valuation adjustments and other noncontrolling interests activity	(9,215)	4,290	(15,201)
Balance at end of year	$ 302,518	$ 274,990	$ 227,989
Total Avista Corporation stockholders' equity	$ 1,125,784	$ 1,051,287	$ 996,883
Noncontrolling Interests:			
Balance at beginning of year	$ (673)	$ —	$ —
Net income (loss) attributable to noncontrolling interests	66	(295)	—
Other	7	(378)	—
Balance at end of year	$ (600)	$ (673)	$ —
Total equity	$ 1,125,184	$ 1,050,614	$ 996,883

Redeemable Noncontrolling Interests:			
Balance at beginning of year	$ 34,833	$ 39,846	$ 14,840
Net income attributable to noncontrolling interests	2,457	1,872	1,137
Purchase of subsidiary noncontrolling interests	(2,593)	(5,450)	(6,624)
Valuation adjustments and other noncontrolling interests activity	12,025	(1,435)	30,493
Balance at end of year	$ 46,722	$ 34,833	$ 39,846

The Accompanying Notes are an Integral Part of These Statements.

NOTES TO CONSOLIDATED 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 Utilities is an operating division of Avista Corp., comprising the regulated utility operations. Avista Utilities generates, transmits and distributes electricity in parts of eastern Washington and northern Idaho. In addition, Avista Utilities has electric generating facilities in Montana and northern Oregon. Avista Utilities also provides natural gas distribution service in parts of eastern Washington and northern Idaho, as well as parts of northeast and southwest Oregon. Avista Capital, Inc. (Avista Capital), a wholly owned subsidiary of Avista Corp., is the parent company of all of the subsidiary companies in the non-utility businesses, except Spokane Energy, LLC (see Note 2 for further information). Avista Capital's subsidiaries include Advantage IQ, Inc. (Advantage IQ), a 76 percent owned subsidiary as of December 31, 2010. Advantage IQ is a provider of energy efficiency and other facility information and cost management programs and services for multi-site customers and utilities throughout North America. See Note 27 for business segment information.

Basis of Reporting

The consolidated financial statements include the assets, liabilities, revenues and expenses of the Company and its subsidiaries, including Advantage IQ and other majority owned subsidiaries and variable interest entities for which the Company or its subsidiaries are the primary beneficiaries. Intercompany balances were eliminated in consolidation. The accompanying consolidated financial statements include the Company's proportionate share of utility plant and related operations resulting from its interests in jointly owned plants (see Note 7).

Use of Estimates

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

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

Changes in these estimates and assumptions are considered reasonably possible and may have a material effect on the consolidated 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 (FERC) and adopted by the state regulatory commissions in Washington, Idaho, Montana and Oregon.

Regulation

The Company is subject to state regulation in Washington, Idaho, Montana and Oregon. The Company is also subject to federal regulation primarily by the FERC, as well as various other federal agencies with regulatory oversight of particular aspects of our operations.

Utility Revenues

Utility revenues related to the sale of energy are recorded when service is rendered or energy is delivered to customers. Revenues and resource costs from Avista Utilities' settled energy contracts that are "booked out" (not physically delivered) are reported on a net basis as part of utility revenues. 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 the following amounts as of December 31 (dollars in thousands):

	2010	2009
Unbilled accounts receivable	$ 84,073	$ 89,558

Other Non-Utility Revenues

Service revenues from Advantage IQ are recognized over the period services are rendered. New client account setup fees are deferred and recognized over the contractual life of the related client contract. Investment earnings on funds held for clients and fees earned from third parties on payment processing are an integral part of Advantage IQ's product offerings and are recognized in revenues as earned. Revenue arrangements with multiple elements are divided into separate units of accounting if certain criteria are met, including whether the delivered element has stand-alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. The consideration received is allocated among the separate units based on their respective fair values, and the applicable revenue recognition criteria are applied to each of the separate units. Revenues earned on payment processing through other service providers are reported gross on the income statement. Revenues from the other businesses are primarily derived from the operations of Advanced Manufacturing and Development (doing business as METALfx) and are recognized when the risk of loss transfers to the customer, which occurs when products are shipped.

Advertising Expenses

The Company expenses advertising costs as incurred. Advertising expenses were not a material portion of the Company's operating expenses in 2010, 2009 and 2008.

Depreciation

For utility operations, depreciation expense is estimated by a method of depreciation accounting utilizing composite rates for utility plant. Such rates are designed to provide for retirements of properties at the expiration of their service lives. For utility operations, the ratio of depreciation provisions to average depreciable property was as follows for the years ended December 31:

	2010	2009	2008
Ratio of depreciation to average depreciable property	2.84%	2.78%	2.77%

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

- electric thermal production - 32 years,
- hydroelectric production - 74 years,
- electric transmission - 50 years,
- electric distribution - 38 years, and
- natural gas distribution property - 49 years.

Taxes Other Than Income Taxes

Taxes other than income taxes include state excise taxes, city occupational and franchise taxes, real and personal property taxes and certain other taxes not based on net income. These taxes are generally based on revenues or the value of property. Utility related taxes collected from customers (primarily state excise taxes and city utility taxes) are recorded as operating revenue and expense and totaled the following amounts for the years ended December 31 (dollars in thousands):

	2010	2009	2008
Utility taxes	$ 49,953	$ 56,818	$ 53,855

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. As prescribed by regulatory authorities, AFUDC is capitalized as a part of the cost of utility plant and the debt related portion is credited currently against total interest expense in the Consolidated Statements of Income in the line item "capitalized interest." The equity related portion of AFUDC is included in the Consolidated Statement of Income in the line item "other income (expense)-net." The Company is permitted, under established regulatory rate practices, to recover the capitalized AFUDC, and a reasonable 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 does not occur until the related utility plant is placed in service and included in rate base. The effective AFUDC rate was the following for the years ended December 31:

Funds Held for Customers and Customer Fund Obligations

In connection with the bill paying services, Advantage IQ collects funds from its customers and remits the funds to the appropriate utility or other service provider. The funds collected are invested and classified as funds held for customers and a related liability for customer fund obligations is recorded. Funds held for customers include cash and cash equivalent investments.

Utility Plant in Service

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

Asset Retirement Obligations

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 9). The Company had estimated retirement costs (that do not represent legal or contractual obligations) included as a regulatory liability on the Consolidated Balance Sheets of the following amounts as of December 31 (dollars in thousands):

	2010	2009
Regulatory liability for utility plant retirement costs	$ 223,131	$ 217,176

Goodwill

Goodwill arising from acquisitions represents the excess of the purchase price over the estimated fair value of net assets acquired. The Company evaluates goodwill for impairment using a discounted cash flow model on at least an annual basis or more frequently if impairment indicators arise. The Company completed its annual evaluation of goodwill for potential impairment as of November 30, 2010 for the other businesses and as of December 31, 2010 for Advantage IQ and determined that goodwill was not impaired at that time. The changes in the carrying amount of goodwill are as follows (dollars in thousands):

	Advantage IQ	Other	Accumulated Impairment Losses	Total
Balance as of January 1, 2009	$ 15,886	$ 12,979	$ (7,733)	$ 21,132
Goodwill acquired during the year	4,209	—	—	4,209
Adjustments	(623)	—	—	(623)
Balance as of the December 31, 2009	19,472	12,979	(7,733)	24,718
Goodwill acquired during the year	1,113	—	—	1,113
Adjustments	104	—	—	104
Balance as of the December 31, 2010	$ 20,689	$ 12,979	$ (7,733)	$ 25,935

Accumulated impairment losses are attributable to the other businesses. The goodwill acquired in 2009 was related to Advantage IQ's acquisition of substantially all of the assets and liabilities of Ecos Consulting, Inc. (Ecos), a Portland, Oregon-based energy efficiency solutions provider. The adjustment to goodwill recorded in 2009 represents final adjustments for Advantage IQ's acquisition of Cadence Network based upon the completion of the review of the fair market values of relevant assets and liabilities identified as of the acquisition date. The goodwill acquired in 2010 was related to Advantage IQ's acquisition of substantially all the assets and liabilities of The Loyalton Group on December 31, 2010. Final accounting is pending the completion of further review of the fair values of the relevant assets and liabilities identified as of the acquisition date.

Other Intangibles

Other Intangibles primarily represent the amounts assigned to client relationships related to the Advantage IQ acquisition of Cadence

Network in 2008 (estimated amortization period of 12 years) and Ecos in 2009 (estimated amortization period of 3 years), software development costs (estimated amortization period of 5 to 7 years) and other. Other Intangibles are included in other property and investments - net on the Consolidated Balance Sheets. Amortization expense related to Other Intangibles was as follows for the years ended December 31 (dollars in thousands):

	2010	2009	2008
Other intangible amortization	$ 3,755	$ 2,412	$ 1,149

The following table details the future estimated amortization expense related to Other Intangibles (dollars in thousands):

	2011	2012	2013	2014	2015
Estimated amortization expense	$ 4,172	$ 3,946	$ 3,233	$ 2,710	$ 1,696

The gross carrying amount and accumulated amortization of Other Intangibles as of December 31, 2010 and 2009 are as follows (dollars in thousands):

	2010	2009
Client relationships	$ 11,459	$ 10,259
Software development costs	19,139	16,496
Other	1,450	1,371
Total other intangibles	32,048	28,126
Less accumulated amortization	(11,947)	(8,192)
Total other intangibles - net	$ 20,101	$ 19,934

Regulatory Deferred Charges and Credits

The Company prepares its consolidated financial statements in accordance with regulatory accounting practices because:

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

Regulatory accounting practices require that certain costs and/or obligations (such as incurred power and natural gas costs not currently included in rates, but expected to be recovered or refunded in the future) are reflected as deferred charges or credits on the Consolidated Balance Sheets. These costs and/or obligations are not reflected in the Consolidated Statements 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 regulatory accounting practices for all or a portion of its regulated operations, the Company could be:

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

See Note 26 for further details of regulatory assets and liabilities.

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 Utilities 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 Utilities is amortizing the recoverable portion of its investment in WNP-3 (recorded as investment in exchange power) over a 32.5-year period that began in 1987. For the Idaho jurisdiction, Avista Utilities fully amortized the recoverable portion of its investment in exchange power.

Unamortized Debt Expense

Unamortized debt expense includes debt issuance costs that are amortized over the life of the related debt.

Unamortized Debt Repurchase Costs

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

Redeemable Noncontrolling Interests

This item represents the estimated fair value of redeemable stock and stock options of Advantage IQ issued under its employee stock incentive plan and to the previous owners of Cadence Network. See Notes 5 and 23 for further information. The presentation of the buyback of Advantage IQ shares was corrected in the Consolidated Statements of Cash Flows for 2009 and 2008 by reclassifying the purchase of subsidiary noncontrolling interest of $5.5 million for 2009 and $6.6 million for 2008 from investing to financing activities.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, net of tax, consisted of the unfunded benefit obligation for pensions and other postretirement benefit plans as of December 31, 2010 and 2009.

Reclassifications

The Company made reclassifications in the Operating Activities sections of the Consolidated Statements of Cash Flows 2009 and 2008 to conform to the 2010 presentation. In particular, amortization of investment in exchange power and stock-based compensation are presented as their own line items. They were previously included in other.

NOTE 2. NEW ACCOUNTING STANDARDS

Effective January 1, 2009, the Company adopted amendments to the accounting for business combinations (Accounting Standards Codification (ASC) 805-10) that addresses the accounting for all transactions or other events in which an entity obtains control of one or more businesses. This requires the acquiring entity in a business combination to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the transaction at the acquisition date, measured at their fair values as of that date, with limited exceptions. The acquisition of Ecos was accounted for in accordance with the provisions of the amended accounting standards, which did not have a material effect on the consolidated financial statements.

Effective January 1, 2009, the Company adopted accounting standards that amended previous accounting guidance to establish accounting and reporting standards for a noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary (ASC 810-10). This clarifies that a noncontrolling interest in a subsidiary is an ownership in the consolidated entity that should be reported as equity in the consolidated financial statements. The adoption of these amended accounting standards had no material impact on the Company's financial condition and results of operations. However, it did impact the presentation and disclosure of noncontrolling interests in the Company's consolidated financial statements. The presentation and disclosure requirements were retrospectively applied to the consolidated financial statements. The net income attributable to noncontrolling interests primarily relates to third party shareholders of Advantage IQ.

Effective January 1, 2010, the Company adopted Accounting Standards Update (ASU) No. 2009-16, "Transfers and Servicing" (ASC Topic 860). This ASU amends certain provisions of ASC 860 related to accounting for transfers of financial assets and a transferor's continuing involvement in transferred financial assets. In particular, the Company evaluated its accounts receivable sales financing facility (see Note 13) and determined that the transactions no longer meet the criteria of sales of financial assets. As such, any transactions will be accounted for as secured borrowings. During 2010, the Company did not borrow any funds under the revolving agreement. As such, the adoption of this ASU did not have any impact on the Company's financial condition, results of operations and cash flows.

Effective January 1, 2010, the Company adopted ASU No. 2009-17, "Consolidations (Topic 810) - Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (VIEs)." This ASU carries forward the scope of ASC 810, with the addition of entities previously considered qualifying special-purpose entities, as the concept of these entities was eliminated in ASU No. 2009-16 (ASC 860). The amendments required the Company to reconsider previous conclusions relating to the consolidation of VIEs, whether the Company is the VIE's primary beneficiary, and what type of financial statement disclosures are required.

The Company evaluated its power purchase agreement (PPA) for the Lancaster Project, a 270 MW natural gas-fired combined cycle combustion turbine plant located in Idaho, owned by an unrelated third-party (Rathdrum Power LLC). During development and at the time of the commencement of commercial operations in September 2001, Avista Power, LLC, another subsidiary of Avista Corp., owned 49 percent of the equity in the Lancaster Project. The Lancaster Project was financed with 80 percent debt and 20 percent equity. In October 2006, Avista Power, LLC sold its equity ownership interest in the Lancaster Project.

All of the output from the Lancaster Plant was contracted to Avista Turbine Power, Inc. (ATP), a subsidiary of Avista Corp., through 2026 under the PPA. In September 2001, the rights and obligations under the PPA were assigned to Avista Energy, Inc. (Avista Energy) another subsidiary of Avista Corp. Beginning in July 2007 through the end of 2009, ATP conveyed the majority of its rights and obligations under the PPA to Shell Energy in connection with the sale of the majority of Avista Energy's contracts and ongoing operations to Shell Energy. ATP conveyed these rights and obligations to Avista Corp. (Avista Utilities) beginning in January 2010. Effective December 1, 2010, the rights and obligations under the PPA were assigned to Avista Corp.

Since Avista Corp. has a variable interest in the PPA, Avista Corp. made an evaluation of which interest holders have the power to direct the activities that most significantly impact the economic performance of the entity and which interest holders have the obligation to absorb losses or receive benefits that could be significant to the entity. Avista Corp. pays a fixed capacity and operations and maintenance payment and certain monthly variable costs under the PPA. Under the terms of the PPA, Avista Corp. makes the dispatch decisions, provides all natural gas fuel and receives all of the electric energy output from the Lancaster Plant. However, Rathdrum Power LLC (the owner) controls the daily operation of the Lancaster Plant and makes operating and maintenance decisions. Rathdrum Power LLC controls all of the rights and obligations of the Lancaster Plant after the expiration of the PPA in 2026. It is estimated that the plant will have 15 to 25 years of useful life after that time. Rathdrum Power LLC bears the maintenance risk of the plant and will receive the residual value of the Lancaster Plant. Avista Corp. has no debt or equity investments in the Lancaster Project and does not provide financial support through liquidity arrangements or other commitments (other than the PPA). Based on its analysis, Avista Corp. does not consider itself to be the primary beneficiary of the Lancaster Plant. The Company has a future contractual obligation of approximately $362 million under the PPA (representing the fixed capacity and operations and maintenance payments through 2026) and believes this would be its maximum exposure to loss. However, the Company believes that such costs will be recovered through retail rates.

The implementation of amendments to ASC 810 results in the Company including Spokane Energy, LLC (Spokane Energy) in its consolidated financial statements effective January 1, 2010. Spokane Energy is a special purpose limited liability company and all of its membership capital is owned by Avista Corp. Spokane Energy was formed in December 1998 to assume ownership of a fixed rate electric capacity contract between Avista Corp. and Portland General Electric Company (PGE). Under the terms of the contract, Peaker, LLC (Peaker) purchases capacity from Avista Corp. and sells capacity to Spokane Energy, who in turn, sells the related capacity to PGE. Peaker acts as an intermediary to fulfill certain regulatory requirements between Spokane Energy and Avista Corp.

To provide funding to acquire the contract from Avista Corp., Spokane Energy borrowed $145.0 million from a funding trust. The transaction is structured such that Spokane Energy bears full recourse risk for a loan that matures in January 2015. Avista Corp. bears no recourse related to this loan. In December 1998, Spokane Energy acquired the contract from Avista Corp. to supply electric energy capacity to PGE through December 31, 2016. The cost of acquiring the energy contract is being amortized and matched with sales revenue over the life of the contract using the effective interest method. Avista Corp. acts as the servicer under the contract and performs scheduling, billing and collection functions. In exchange for such services, Spokane Energy pays a monthly servicing fee to Avista Corp. The servicing fee is less than $0.1 million per year.

In December 1998, Avista Corp. received $143.4 million of cash from Spokane Energy related to the monetization of the contract. Pursuant to orders from the Washington Utilities and Transportation Commission (WUTC) and the Idaho Public Utilities Commission (IPUC), Avista Corp. fully amortized this amount by the end of 2002.

Avista Corp. did not previously consolidate Spokane Energy because Spokane Energy met the definition of a qualified special purpose entity (QSPE). As the amendments to ASC 810 and 860 eliminated the concept of a QSPE, Avista Corp. evaluated Spokane Energy for consolidation as a variable interest entity and determined that it was required to consolidate the entity. This determination was based primarily on Avista Corp. controlling the activities of Spokane Energy, owning all of the member capital of Spokane Energy, and receiving the majority of the residual benefits upon liquidation of the entity. The consolidation of Spokane Energy resulted in the following effects on the Consolidated Balance Sheet as of December 31, 2010 (dollars in thousands):

Current portion of long-term energy contract receivable	$ 9,645
Other current assets	2,034
Long-term energy capacity contract receivable	62,525
Other property and investments-net	1,100
Total assets	$ 75,304
Other current liabilities	$ (706)
Current portion of nonrecourse long-term debt	12,463
Nonrecourse long-term debt	46,471
Other non-current liabilities and deferred credits (1)	17,076
Total liabilities	$ 75,304

(1) Consists of a regulatory liability recorded for the cumulative retained earnings of Spokane Energy that the Company will flow through regulatory accounting mechanisms in future periods.

Due to the expected impact on regulatory accounting mechanisms in future periods, the consolidation of Spokane Energy did not have any effect on net income for 2010.

The consolidation of Spokane Energy increased (decreased) the following line items in the Consolidated Statements of Income for 2010 (dollars in thousands):

Utility revenues	$ (1,800)
Non-utility energy revenues	18,702
Non-utility operating expenses - resource costs	11,389
Non-utility operating expenses - other operating expenses	16
Income from operations	5,497
Interest expense	5,508
Other expense - net	(11)

For 2010, the regulatory liability recorded for the operations of Spokane Energy increased by $2.5 million.

The Company also evaluated several low-income housing project investments and determined that it should no longer consolidate these entities based upon the amendments to ASC 810. The Company determined that it was not the primary beneficiary because it lacks the power to direct any of the activities of the entities. The deconsolidation of the low-income housing project entities reduced current assets by $0.9 million, other property and investments-net by $1.7 million and long-term debt by $2.6 million effective January 1, 2010. The deconsolidation did not have any impact on the Company's equity or net income.

Effective January 1, 2010, the Company adopted ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements." This ASU amends guidance related to the disclosures of fair value measurements. In particular, it amends ASC 820-10 to clarify existing disclosures and provides for further disaggregation within classes of assets and liabilities, and further disclosure about inputs and valuation techniques. It also requires disclosure of significant transfers between Level 1 and Level 2 and separate disclosure of purchases, sales, issuances and settlements in the reconciliation of Level 3 activity (this will be required beginning in 2011). See Note 20 for the Company's fair value disclosures.

NOTE 3. DISPOSITION OF AVISTA ENERGY

On June 30, 2007, Avista Energy and Avista Energy Canada completed the sale of substantially all of their contracts and ongoing operations to Shell Energy North America (U.S.), L.P. (Shell Energy), formerly known as Coral Energy Holding, L.P., as well as to certain other subsidiaries of Shell Energy. In connection with the transaction, Avista Energy and its affiliates entered into an Indemnification Agreement with Shell Energy and its affiliates. Under the Indemnification Agreement, Avista Energy and Shell Energy each agree to provide indemnification of the other and the other's affiliates for certain events and matters described in the purchase and sale agreement and certain other transaction agreements. Such events and matters include, but are not limited to, the refund proceedings arising out of the western energy markets in 2000 and 2001 (see Note 24), existing litigation, tax liabilities, and matters related to natural gas storage rights. In general, such indemnification is not required unless and until a party's claims exceed $150,000 and is limited to an aggregate amount of $30 million and a term of three years (except for agreements or transactions with terms longer than three years). These limitations do not apply to certain third party claims.

Avista Energy's obligations under the Indemnification Agreement are guaranteed by Avista Capital pursuant to a Guaranty dated June 30, 2007. This Guaranty is limited to an aggregate amount of $30 million plus certain fees and expenses. The Guaranty will terminate April 30, 2011 except for claims made prior to termination. The Company has not recorded any liability related to this guaranty.

NOTE 4. IMPAIRMENT OF ASSETS

During the fourth quarter of 2009, the Company recorded a $3.0 million impairment charge for a commercial building (included in its other businesses). This impairment charge is included in non-utility other operating expenses in the Consolidated Statements of Income. Due to an increase in vacancy rates and a reduction in current and projected cash flows, the Company determined that it needed to evaluate the property for impairment. The impairment charge reduced the carrying value of the commercial building to its estimated fair value, which is $2.7 million. The estimated fair value of the commercial building was determined using a discounted cash flow model with Level 3 inputs. See Note 20 for a discussion of the fair value hierarchy.

NOTE 5. ADVANTAGE IQ ACQUISITIONS

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

The acquisition of Cadence Network was funded with the issuance of Advantage IQ common stock. Under the transaction agreement, the previous owners of Cadence Network can exercise a right to have their shares of Advantage IQ common stock redeemed during July 2011 or July 2012 if Advantage IQ is not liquidated through either an initial public offering or sale of the business to a third party. Their redemption rights expire July 31, 2012. The redemption price would be determined based on the fair market value of Advantage IQ at the time of the redemption election as determined by certain independent parties. Additionally, the certain minority shareholders and option holders of Advantage IQ have the right to put their shares back to Advantage IQ at their discretion (refer to Note 23 for further information). The following details redeemable noncontrolling interests as of December 31 (dollars in thousands):

	2010	2009
Previous owners of Cadence Network	$ 38,098	$ 27,877
Stock options and other outstanding redeemable stock	8,624	6,956
Total redeemable noncontrolling interests	$ 46,722	$ 34,833

In January 2011, the other owners of Advantage IQ (including Avista Capital) purchased shares held by the one of the previous owners of Cadence Network (that owned 4.5 percent of Advantage IQ). Avista Capital's portion of the purchase was $5.6 million.

The acquired assets and liabilities assumed of Cadence Network were recorded at their respective estimated fair values as of the date of acquisition (July 2, 2008). The results of operations of Cadence Network are included in the consolidated financial statements beginning in the third quarter of 2008.

On August 31, 2009, Advantage IQ acquired substantially all of the assets and liabilities of Ecos Consulting, Inc. (Ecos), a Portland, Oregon-based energy efficiency solutions provider. The acquisition of Ecos was funded primarily through borrowings under Advantage IQ's committed credit agreement. Under the terms of the transaction, the assets and liabilities of Ecos were acquired by a wholly owned subsidiary of Advantage IQ.

The acquired assets and liabilities assumed of Ecos were recorded at their respective estimated fair values as of the date of acquisition (August 31, 2009). The results of operations of Ecos are included in the consolidated financial statements beginning in September 2009.

On December 31, 2010, Advantage IQ acquired substantially all of the assets and liabilities of The Loyalton Group, a Minneapolis-based energy management firm known for its energy procurement and price risk management solutions. The acquisition of The Loyalton Group was funded primarily through available cash at Advantage IQ.

The acquired assets and liabilities assumed of the Loyalton Group were preliminarily recorded at their respective estimated fair values as of the date of acquisition (December 31, 2010). Final accounting is pending the completion of further review of the fair values of the relevant assets and liabilities identified as of the acquisition date. The results of operations of The Loyalton Group will be included in the consolidated financial statements beginning in January 2011. Pro forma disclosures reflecting the effects of the acquisition of The Loyalton Group are not presented, as the acquisition is not material to Avista Corp.'s consolidated financial condition or results of operations.

In January 2011, Advantage IQ acquired substantially all of the assets and liabilities of Building Knowledge Networks, a Seattle-based real-time building energy management services provider. The acquisition of Building Knowledge Networks was funded through available cash at Advantage IQ. Pro forma disclosures reflecting the effects of the acquisition of Building Knowledge Networks are not presented, as the acquisition is not material to Avista Corp.'s consolidated financial condition or results of operations.

NOTE 6. DERIVATIVES AND RISK MANAGEMENT

Energy Commodity Derivatives

Avista Utilities is exposed to market risks relating to changes in electricity and natural gas commodity prices and certain other fuel prices. Market risk is, in general, the risk of fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Market risk includes the fluctuation in the market price of associated derivative commodity instruments. Market risk may also be influenced by market participants' nonperformance of their contractual obligations and commitments, which affects the supply of, or demand for, the commodity. Avista Utilities utilizes derivative instruments, such as forwards, futures, swaps and options in order to manage the various risks relating to these commodity price exposures. The Company has an energy resources risk policy and control procedures to manage these risks. The Company's Risk Management Committee establishes the Company's energy resources risk policy and monitors

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

The balances of the major classifications of property, plant and equipment are detailed in the following table as of December 31 (dollars in thousands):

	2010	2009
Avista Utilities:		
Electric production	$ 1,076,829	$ 1,060,495
Electric transmission	496,495	471,686
Electric distribution	1,084,082	1,023,541
Electric construction work-in-progress (CWIP) and other	183,479	169,852
Electric total	2,840,885	2,725,574
Natural gas underground storage	32,928	35,390
Natural gas distribution	653,075	630,720
Natural gas CWIP and other	56,899	50,954
Natural gas total	742,902	717,064
Common plant (including CWIP)	192,149	167,075
Total Avista Utilities	3,775,936	3,609,713
Advantage IQ (1)	27,222	22,813
Other (1)	36,962	41,913
Total	$ 3,840,120	$ 3,674,439

(1) Included in other property and investments-net on the Consolidated Balance Sheets. Accumulated depreciation was $22.4 million and $18.6 million for Advantage IQ and $16.6 million and $19.1 million for the other businesses.

NOTE 9. ASSET RETIREMENT OBLIGATIONS

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the associated costs of the asset retirement obligation are capitalized as part of the carrying amount of the related long-lived asset. The liability is accreted to its present value each period and the related capitalized costs are depreciated over the useful life of the related asset. Upon retirement of the asset, the Company either settles the retirement obligation for its recorded amount or incurs a gain or loss. The Company records regulatory assets and liabilities for the difference between asset retirement costs currently recovered in rates and asset retirement obligations recorded since asset retirement costs are recovered through rates charged to customers. The regulatory assets do not earn a return.

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

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

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

- removal and disposal of certain transmission and distribution assets, and

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

	2011	2012	2013	2014	2015	Thereafter	Total
Minimum payments	$ 3,026	$ 2,590	$ 2,585	$ 2,557	$ 2,447	$ 28,026	$ 41,231

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

NOTE 13. ACCOUNTS RECEIVABLE FINANCING FACILITY

On December 30, 2010, Avista Corp., Avista Receivables Corporation (ARC), Bank of America, N.A. and Ranger Funding Company, LLC terminated a Receivables Purchase Agreement at the direction of the Company. ARC is a wholly owned, bankruptcy-remote subsidiary of the Company formed in 1997 for the purpose of acquiring or purchasing interests in certain accounts receivable, both billed and unbilled, of the Company. The Company elected to terminate the Receivables Purchase Agreement prior to its March 11, 2011 expiration date based on the Company's forecasted liquidity needs. The Receivables Purchase Agreement was originally entered into on May 29, 2002 (and has been renewed on an annual basis) and provided the Company with funds for general corporate needs. Under the Receivables Purchase Agreement, the Company could borrow up to $50.0 million based on calculations of eligible receivables. The Company did not borrow any funds under this revolving agreement in 2010.

NOTE 14. SHORT-TERM BORROWINGS

At December 31, 2010, Avista Corp. had a committed line of credit agreement with various banks in the total amount of $320.0 million with an expiration date of April 5, 2011. Under the credit agreement, the Company could borrow or request the issuance of letters of credit in any combination up to $320.0 million. Additionally, the Company had a committed line of credit agreement with various banks in the total amount of $75.0 million with an expiration date of April 5, 2011.

In February 2011, Avista Corp. entered into a new committed line of credit in the total amount of $400.0 million with an expiration date of February 2015 that replaced its $320.0 million and $75.0 million committed lines of credit.

The committed lines of credit are secured by non-transferable First Mortgage Bonds of the Company issued to the agent bank that would only become due and payable in the event, and then only to the extent, that the Company defaults on its obligations under the committed lines of credit.

The committed line of credit agreements contain customary covenants and default provisions. The $320.0 million and $75.0 million credit agreements had a covenant that required the ratio of "earnings before interest, taxes, depreciation and amortization" to "interest expense" of Avista Utilities for the preceding twelve-month period at the end of any fiscal quarter to be greater than 1.6 to 1. As of December 31, 2010, the Company was in compliance with this covenant. The new $400.0 million committed line of credit does not have this covenant. The $320.0 million and $75.0 million credit agreements also had a covenant which did not permit the ratio of "consolidated total debt" to "consolidated total capitalization" of Avista Corp. to be greater than 70 percent at any time. As of December 31, 2010, the Company was in compliance with this covenant. Under the new $400.0 million committed line of credit, this ratio must not be greater than 65 percent at any time.

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

	2010	2009	2008
Balance outstanding at end of period	$ 110,000	$ 87,000	$ 250,000
Letters of credit outstanding at end of period	$ 27,126	$ 28,448	$ 24,325
Average interest rate at end of period	0.57%	0.59%	0.81%

Advantage IQ

As of December 31, 2010, Advantage IQ had a $15.0 million committed credit agreement with an expiration date of February 2011. Advantage IQ may elect to increase the credit facility to $25.0 million under the same agreement. The credit agreement is secured by substantially all of Advantage IQ's assets. In February 2011, Advantage IQ extended the expiration date of this credit facility to May 2011.

Balances outstanding and interest rates of borrowings under Advantage IQ's credit agreement were as follows as of and for the years ended December 31 (dollars in thousands):

	2010	2009	2008
Balance outstanding at end of period	$ —	$ 5,700	$ 2,200
Average interest rate at end of period	—	1.23%	2.08%

NOTE 15. LONG-TERM DEBT

The following details long-term debt outstanding as of December 31 (dollars in thousands):

Maturity Year	Description	Interest Rate	2010	2009
2010	Secured Medium-Term Notes	6.67%-8.02%	$ —	$ 35,000
2012	Secured Medium-Term Notes	7.37%	7,000	7,000
2013	First Mortgage Bonds (1)	6.13%	—	45,000
2013	First Mortgage Bonds (1)	7.25%	—	30,000
2013	First Mortgage Bonds (2)	1.68%	50,000	—
2018	First Mortgage Bonds	5.95%	250,000	250,000
2018	Secured Medium-Term Notes	7.39%-7.45%	22,500	22,500
2019	First Mortgage Bonds	5.45%	90,000	90,000
2020	First Mortgage Bonds (1)	3.89%	52,000	—
2022	First Mortgage Bonds	5.13%	250,000	250,000
2023	Secured Medium-Term Notes	7.18%-7.54%	13,500	13,500
2028	Secured Medium-Term Notes	6.37%	25,000	25,000
2032	Secured Pollution Control Bonds (3)	(3)	66,700	66,700
2034	Secured Pollution Control Bonds (4)	(4)	17,000	17,000
2035	First Mortgage Bonds	6.25%	150,000	150,000
2037	First Mortgage Bonds	5.70%	150,000	150,000
2040	First Mortgage Bonds (1)	5.55%	35,000	—
	Total secured long-term debt		1,178,700	1,151,700
2023	Unsecured Pollution Control Bonds	6.00%	4,100	4,100
	Other long-term debt and capital leases		5,500	3,018
	Settled interest rate swaps		(951)	(1,844)
	Unamortized debt discount		(1,792)	(1,936)
	Total		1,185,557	1,155,038
	Secured Pollution Control Bonds held by Avista Corporation (3) (4)		(83,700)	(83,700)
	Current portion of long-term debt		(358)	(35,189)
	Total long-term debt		$ 1,101,499	$ 1,036,149

(1) In December 2010, Avista Corp. issued $52.0 million of 3.89 percent First Mortgage Bonds due in 2020 and $35.0 million of 5.55 percent First Mortgage Bonds due in 2040. The total net proceeds from the sale of the new bonds of $86.6 million (net of placement agent fees and before Avista Corp.'s expenses) were used to redeem $45.0 million of 6.125 percent First Mortgage Bonds due in December 2013 and $30.0 million of 7.25 percent First Mortgage Bonds due in September 2013. These First Mortgage Bonds were redeemed at par plus a make-whole redemption premium of $10.7 million. In accordance with regulatory accounting practices, the

The following summarizes the weighted average assumptions used to determine the fair value of performance shares and related compensation expense as well as the resulting estimated fair value of performance shares granted:

	2010	2009	2008
Risk-free interest rate	1.4%	1.3%	2.2%
Expected life, in years	3	3	3
Expected volatility	27.8%	25.8%	20.2%
Dividend yield	4.6%	3.6%	2.8%
Weighted average grant date fair value (per share)	$ 15.30	$ 17.22	$ 16.96

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

The following summarizes performance share activity:

	2010	2009	2008
Opening balance of unvested performance shares	300,601	252,923	207,841
Performance shares granted	168,700	163,900	170,100
Performance shares canceled	—	(43,758)	(5,239)
Performance shares vested	(143,601)	(72,464)	(119,779)
Ending balance of unvested performance shares	325,700	300,601	252,923
Intrinsic value of unvested performance shares (in thousands)	$ 7,335	$ 6,490	$ 4,902
Unrecognized compensation expense (in thousands)	$ 2,330	$ 2,453	$ 2,227

The weighted average remaining vesting period for the Company's performance shares outstanding as of December 31, 2010 was 1.5 years. Unrecognized compensation expense as of December 31, 2010 will be recognized during 2011 and 2012. The following summarizes the impact of the market condition on the vested performance shares:

	2010	2009	2008
Performance shares vested	143,601	72,464	119,779
Impact of market condition on shares vested	21,540	(72,464)	21,560
Shares of common stock earned	165,141	—	141,339
Intrinsic value of common stock earned (in thousands)	$ 3,719	$ —	$ 2,739

Shares earned under this plan are distributed to participants in the quarter following vesting.

Awards outstanding under the performance share grants include a dividend component that is paid in cash. This component of the performance share grants is accounted for as a liability award. These liability awards are revalued on a quarterly basis taking into account the number of awards outstanding, historical dividend rate, and the change in the value of the Company's common stock relative to an external benchmark. Over the life of these awards, the cumulative amount of compensation expense recognized will match the actual cash paid. As of December 31, 2010 and 2009, the Company had recognized compensation expense and a liability of $0.9 million and $0.4 million related to the dividend component of performance share grants.

Advantage IQ

Advantage IQ has an employee stock incentive plan under which certain employees of Advantage IQ may be granted options to purchase shares of Advantage IQ at prices no less than the estimated fair value on the date of grant. Options outstanding under this plan generally vest over periods of four years from the date granted and terminate ten years from the date granted. Unrecognized compensation expense for stock based awards at Advantage IQ was $2.3 million as of December 31, 2010, which will be expensed during 2011 through 2014.

In 2007, Advantage IQ amended its employee stock incentive plan to provide an annual window at which time holders of common stock can put their shares back to Advantage IQ providing the shares are held for a minimum of six months. In 2009, Advantage IQ amended its employee stock incentive plan to make this put feature optional for future stock option grants. Stock is reacquired at fair market value at the date of reacquisition. Additionally, there was redeemable noncontrolling interests related to the Cadence Network acquisition, as the previous owners can exercise a right to put their stock back to Advantage IQ (refer to Note 5 for further information). The following amounts of common stock were repurchased from Advantage IQ employees during the years ended December 31 (dollars in thousands):

	2010	2009	2008
Stock repurchased from Advantage IQ employees	$ 2,593	$ 4,725	$ 6,624

NOTE 27. INFORMATION BY BUSINESS SEGMENTS

The business segment presentation reflects the basis used by the Company's management to analyze performance and determine the allocation of resources. Avista Utilities' business is managed based on the total regulated utility operation. Advantage IQ is a provider of facility information and cost management services for multi-site customers throughout North America. The Other category, which is not a reportable segment, includes the remaining activities of Avista Energy, other investments and operations of various subsidiaries, as well as certain other operations of Avista Capital. The following table presents information for each of the Company's business segments (dollars in thousands):

	Avista Utilities	Advantage IQ	Other	Total Non- Utility	Intersegment Eliminations (1)	Total
For the year ended December 31, 2010:						
Operating revenues	$ 1,419,646	$ 102,035	$ 61,067	$ 163,102	$ (24,008)	$ 1,558,740
Resource costs	795,075	—	35,397	35,397	(24,008)	806,464
Other operating expenses	242,521	80,100	18,449	98,549	—	341,070
Depreciation and amortization	100,554	6,070	1,002	7,072	—	107,626
Income from operations	208,104	15,865	6,219	22,084	—	230,188
Interest expense (2)	70,867	276	5,530	5,806	(249)	76,424
Income taxes	46,428	5,679	(950)	4,729	—	51,157
Net income (loss) attributable to Avista Corporation	86,681	7,433	(1,689)	5,744	—	92,425
Capital expenditures	202,227	1,932	497	2,429	—	204,656
For the year ended December 31, 2009:						
Operating revenues	$ 1,395,201	$ 77,275	$ 40,089	$ 117,364	$ —	$ 1,512,565
Resource costs	799,539	—	23,408	23,408	—	822,947
Other operating expenses	229,907	60,985	21,710	82,695	—	312,602
Depreciation and amortization	93,783	4,687	1,305	5,992	—	99,775
Income (loss) from operations	195,389	11,603	(6,334)	5,269	—	200,658
Interest expense (2)	66,688	302	231	533	(187)	67,034
Income taxes	44,480	3,969	(2,126)	1,843	—	46,323
Net income (loss) attributable to Avista Corporation	86,744	5,329	(5,002)	327	—	87,071
Capital expenditures	205,384	3,031	89	3,120	—	208,504
For the year ended December 31, 2008:						
Operating revenues	$ 1,572,664	$ 59,085	$ 45,014	$ 104,099	$ —	$ 1,676,763
Resource costs	1,031,989	—	23,553	23,553	—	1,055,542
Other operating expenses	206,528	44,349	20,744	65,093	—	271,621
Depreciation and amortization	87,845	3,439	1,348	4,787	—	92,632
Income (loss) from operations	174,245	11,297	(631)	10,666	—	184,911
Interest expense (2)	79,401	110	157	267	(81)	79,587
Income taxes	41,527	4,067	31	4,098	—	45,625
Net income (loss) attributable to Avista Corporation	70,032	6,090	(2,502)	3,588	—	73,620
Capital expenditures	219,239	3,485	175	3,660	—	222,899
Total Assets:						
As of December 31, 2010	$ 3,589,235	$ 221,086	$ 129,774	$ 350,860	—	$ 3,940,095
As of December 31, 2009	$ 3,400,384	$ 143,060	$ 63,515	$ 206,575	—	$ 3,606,959

(1) Intersegment eliminations reported as operating revenues and resource costs represent intercompany purchases and sales of electric capacity and energy. Intersegment eliminations reported as interest expense represent intercompany interest.

(2) Including interest expense to affiliated trusts.

D&B Comprehensive Report

ATTN: .

Report Printed: MAR 23 2011

Overview

BUSINESS SUMMARY

ADVANTAGE IQ, INC.
(SUBSIDIARY OF AVISTA CAPITAL, INC., SPOKANE, WA)
AVISTA ADVANTAGE
1313 N Atlantic St Ste 5000
Spokane, WA 99201

D&B D-U-N-S Number: 94-541-4530

This is a **headquarters (subsidiary)** location.
Branch(es) or division(s) exist.

Mailing address: PO Box 3727
Spokane, WA 99220

Web site: www.avistaadvantage.com

Telephone: 509 329-7600

Fax: 509 329-7610

Chief executive: STU STILES, CEO

Year started: 1996

Employs: 391 (291 here)

History: CLEAR
Financing: SECURED
SIC: 8742

Line of business: Management consulting services

Credit Score Class: 1
Low risk of severe payment delinquency over next 12 months

Financial Stress Class: 3

D&B PAYDEX®: 79
When weighted by dollar amount, payments to suppliers average 2 days beyond terms.

D&B Rating: --

EXECUTIVE SUMMARY

The **Financial Stress Class of 3** for this company shows that firms with this class had a failure rate of 0.24% (24 per 10,000), which is lower than the average of businesses in D&B's database

The **Credit Score class of 1** for this company shows that 6.0% of firms with this class paid one or more bills severely delinquent, which is lower than the average of businesses in D&B's database.

Predictive Scores	This Business	Comments
Financial Stress Class	3	Failure Rate lower than the average of businesses in D&B's database
Financial Stress Score	1499	Highest Risk: 1,001; Lowest Risk: 1,875
Credit Score Class	1	Probability of Severely Delinquent Payment is lower than the average of businesses in D&B's database

Credit Score	506	Highest Risk: 101; Lowest Risk: 670
Other Key Indicators		
PAYDEX Scores	2 days beyond terms	Pays more promptly than the average for its industry of 6 days beyond terms
Industry Median	6 days beyond terms	
Present management control	15 years	
UCC Filings	UCC filing(s) are reported for this business	
Public Filings	No record of open Suit(s), Lien(s), or Judgment(s) in the D&B database	
Financing	Is secured	
History	Is clear	
Special Events	Are reported for this business	

CREDIT CAPACITY SUMMARY

D&B Rating:--

The blank rating symbol should not be interpreted as indicating that credit should be denied. It simply means that the information available to D&B does not permit us to classify the company within our rating key and that further enquiry should be made before reaching a decision. Some reasons for using a "-" symbol include: deficit net worth, bankruptcy proceedings, insufficient payment information, or incomplete history information. For more *information*, see the D&B Rating Key.

# of Employees Total:	391 (291 here)	**Payment Activity:** (based on 88 experiences)	
		Average High Credit:	$4,869
		Highest Credit:	*$100,000*
		Total Highest Credit:	$326,300

SPECIAL EVENTS

03/08/2011
OFFICER CHANGE: According to published reports, Advantage IQ, Inc. announced the appointment of Seth Nesbitt to the position of vice president and chief marketing officer.

MERGER/ACQUISITION: According to published reports, Avista Corp, DUNS 007943764, (Spokane, WA) and Advantage IQ Inc, DUNS 945414530, (Spokane, WA) announced the acquisition of Building Knowledge Networks. Terms were undisclosed.

01/28/2011
ANNOUNCED MERGER/ACQUISITION: According to published reports, Advantage IQ, Inc., DUNS 945414530, (Spokane, WA), a subsidiary of Avista Corp., DUNS 007943764, (Spokane, WA) announced that it has entered into an agreement to acquire Building Knowledge Networks. Under the terms of the acquisition agreement, Building Knowledge Networks will be fully integrated and operated as Advantage IQ. The transaction has been funded by Advantage IQ and is expected to be neutral to earnings in 2011.

12/09/2010
ANNOUNCED MERGER/ACQUISITION: According to published reports, Advantage IQ, Inc., DUNS 945414530, (Spokane, WA), a subsidiary of Avista Corp., DUNS 007943764, (Spokane, WA) announced that it has entered into an agreement to acquire The Loyalton Group, DUNS 832797067, (Hastings, MN). Under the terms of the acquisition agreement, The Loyalton Group will become part of Advantage IQ. The transaction will be funded entirely by Advantage IQ and is expected to be slightly accretive to earnings in 2011. The transaction is expected to close before Jan. 1, 2011, and is subject to customary closing conditions.

11/09/2010
OFFICER CHANGE: According to published reports, Advantage IQ, Inc., announced the appointment of Donato C. Capobianco, age 38, to the position of senior vice president and general counsel, a new position at the company.

Jump to:

Overview | Payments | Public Filings | History & Operations | Banking & Finance

Scores

FINANCIAL STRESS SUMMARY

The Financial Stress Score Model predicts the likelihood of business failure which includes ceasing business without paying all creditors in full, reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

Financial Stress Class: 3

Probability of Failure

Among Businesses with this Class: 0.24% (24 per 10,000)

Financial Stress National Percentile: 62 *(Highest Risk: 1; Lowest Risk: 100)*

Financial Stress Score: 1499 (Highest Risk: 1,001; Lowest Risk: 1,875)

Average failure rate of Businesses in D&B's Database: 0.48% (48 per 10,000)

The Financial Stress Score of this business is based on the following factors:

- UCC Filings reported.
- High number of inquiries to D&B over last 12 months.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The probability of failure shows the percentage of firms in a given percentile that discontinue operations with loss to creditors. The average probability of failure is based on businesses in D&B's database and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business *performance*.

Norms	National %
This Business	62
Region: **PACIFIC**	52
Industry: **BUSINESS, LEGAL AND ENGINEERING SERVICES**	52
Employee Range: **100-499**	75

Years in Business: **11-25**	68

This business has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

CREDIT SCORE CLASS SUMMARY

The Commercial Credit Score predicts the likelihood that a company will pay its bills in a severely delinquent manner (90 days or more past terms), obtain legal relief from creditors or cease operations without paying all creditors in full over the next 12 months. Scores are calculated using a statistically valid model derived from D&B's *extensive data files.*

Credit Score Class: 1

Low risk of severe payment delinquency over next 12 months.

Incidence of Delinquent Payment

Among Companies with this Class:	6.00%
Average Compared to Businesses in D&B's Database:	23.50%

Credit Score Percentile: 97 (Highest Risk: 1; Lowest Risk: 100)

Credit Score: 506 (Highest Risk: 101; Lowest Risk: 670)

The Credit Score of this business is based on the following factors:

- Most recent amount past due.
- Business does not own facilities.

Notes:

- The Commercial Credit Score Risk Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience severe delinquency.
- The probability of delinquency shows the percentage of firms in a given percentile that are likely to pay creditors in a severely delinquent manner. The average probability of delinquency is based on businesses in D&B's database and is provided for comparative purposes.
- The Commercial Credit Score percentile reflects the relative ranking of a firm among all scorable companies in D&B's file.
- The Commercial Credit Score offers a more precise measure of the level of risk than the Risk Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.

Norms	National %
This Business	97
Region: **PACIFIC**	46
Industry: **BUSINESS, LEGAL AND ENGINEERING**	46

SERVICES	
Employee Range: **100-499**	85
Years in Business: **11-25**	76

This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Jump to:

Overview | Scores | Public Filings | History & Operations | Banking & Finance

Payments

PAYMENT TRENDS

Total Payment Experiences for the HQ in D&B's File:	88
Payments Within Terms: (not dollar weighted)	94%
Total Placed For Collection:	0
Average Highest Credit:	$4,869
Largest High Credit:	$100,000
Highest Now Owing:	$25,000
Highest Past Due:	$1,000

Current PAYDEX is:	**79**	equal to 2 days beyond terms
Industry Median is:	**76**	equal to 6 days beyond terms
Payment Trend currently is:		**unchanged,** compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices, etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

PAYDEX Scores

Shows the D&B PAYDEX scores as calculated on the most recent 3 months and up to 24 months of payment experiences.

The D&B PAYDEX is a unique, dollar weighted indicator of payment performance based on up to payment experiences as reported to D&B by trade references. A detailed explanation of how to read and interpret PAYDEX scores can be found at the end of this report.

3-Month D&B PAYDEX: 79
When weighted by dollar amount, payments to suppliers average 2 days beyond terms.

Based on payments collected over last 3 months.

D&B PAYDEX: 79
When weighted by dollar amount, payments to suppliers average 2 days beyond terms.

Based on up to 24 months of payments.

PAYDEX Yearly Trend

PAYDEX Scores Comparison to Industry

	4/10	5/10	6/10	7/10	8/10	9/10	10/10	11/10	12/10	1/11	2/11	3/11
This Business	79	80	79	80	80	80	80	80	80	80	80	79
Industry Quartiles												
Upper			79			79			79			79
Median			75			76			76			75
Lower			67			69			68			68

- Current PAYDEX for this Business is 79, or equal to 2 days beyond terms
- The 12-month high is **80**, or equal to generally within terms
- The 12-month low is **79**, or equal to 2 days beyond terms

PAYDEX Comparison to Industry

Shows PAYDEX scores of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Management consulting services, based on SIC code 8742.

Quarterly PAYDEX Scores Comparison to Industry

Previous Year

	3/09	6/09	9/09	12/09
This Business	UN	70	73	74
Industry Quartiles				
Upper	79	79	79	79
Median	75	75	75	75
Lower	69	69	68	69

Current Year

	3/10	6/10	9/10	12/10
This Business	79	79	80	80
Industry Quartiles				
Upper	79	79	79	79
Median	75	75	76	76
Lower	68	67	69	68

- Current **PAYDEX** for this Business is **79**, or equal to 2 days beyond terms
- The present industry **median score is 76**, or equal to 6 days beyond terms.

- Industry upper quartile represents the performance of the payers in the 75th percentile
- Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences used to calculate the percentage, and the total dollar value of the credit extended.

Dollar Range Comparisons:

$ Credit Extended	# Payment Experiences	$ Total Dollar Amount	% of Payments Within Terms
OVER $100,000	1	$100,000	100
$50,000 - 99,999	0	$0	0
$15,000 - 49,999	7	$135,000	94

$5,000 - 14,999	7	$50,000	100
$1,000 - 4,999	16	$20,500	87
Under $1,000	34	$11,000	97

Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc.

PAYMENT SUMMARY

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 88 payment experiences in D&B's file, with 51 experiences reported during the last three month period.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Rcv'd (#)	Total Dollar Amts ($)	Largest High Credit ($)	Within Terms (%)	Days Slow <31 (%)	31-60	61-90	90>
Top industries:								
Telephone communictns	23	37,550	15,000	100	0	0	0	0
Nonclassified	17	10,350	1,000	88	12	0	0	0
Electric services	5	28,500	15,000	74	0	26	0	0
Whol office equipment	3	5,500	5,000	100	0	0	0	0
Whol computers/softwr	2	102,500	100,000	99	0	1	0	0
Misc equipment rental	2	55,000	35,000	100	0	0	0	0
Misc business service	2	10,100	10,000	100	0	0	0	0
Paper mill	2	2,000	1,000	75	0	0	25	0
Computer maintenance	2	1,000	750	87	13	0	0	0
Trucking non-local	1	20,000	20,000	100	0	0	0	0
Data processing svcs	1	15,000	15,000	100	0	0	0	0
Executive office	1	15,000	15,000	100	0	0	0	0
Radiotelephone commun	1	10,000	10,000	100	0	0	0	0
Help supply service	1	1,000	1,000	100	0	0	0	0
Mfg computers	1	1,000	1,000	100	0	0	0	0
Photocopying service	1	750	750	100	0	0	0	0
Whol service paper	1	500	500	100	0	0	0	0
Whol industrial equip	1	500	500	100	0	0	0	0
Natural gas distrib	1	250	250	100	0	0	0	0
Other payment categories:								
Cash experiences	16	2,200	750					
Payment record unknown	4	7,600	5,000					
Unfavorable comments	0	0	0					
Placed for collections:								
With D&B	0	0	0					
Other	0	N/A	0					
Total in D&B's file	88		100,000					

The highest **Now Owes** on file is $25,000 The highest **Past Due** on file is $1,000

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed. Indications of slowness can be result of dispute over merchandise, skipped invoices, etc.

PAYMENT DETAILS

Detailed payment history for this company

Date Reported (mm/yy)	Paying Record	High Credit ($)	Now Owes ($)	Past Due ($)	Selling Terms	Last Sale Within (months)
03/11	Ppt	15,000	15,000	0		1 mo
	Ppt	5,000	5,000	0		1 mo
	Ppt-Slow 60	2,500	0	0		4-5 mos
02/11	Ppt	100,000	25,000	0	N30	1 mo
	Ppt	35,000	2,500		Lease Agreemnt	
	Ppt	20,000	750		Lease Agreemnt	
	Ppt	15,000	15,000	0		1 mo
	Ppt	10,000	0	0		1 mo
	Ppt	10,000	10,000	0		1 mo
	Ppt	5,000	2,500			1 mo
	Ppt	5,000	5,000	0		1 mo
	Ppt	5,000	5,000			1 mo
	Ppt	2,500	2,500			1 mo
	Ppt	1,000	0	0		1 mo
	Ppt	1,000	1,000	0		1 mo
	Ppt	1,000	1,000	0		1 mo
	Ppt	1,000	250	0		1 mo
	Ppt	1,000	1,000	0		1 mo
	Ppt	500	500	0		1 mo
	Ppt	250	250	0	N30	1 mo
	Ppt	250	250	0	Lease Agreemnt	1 mo
	Ppt	250	0	0		1 mo
	Ppt	100	0	0		6-12 mos
	Ppt	0	0	0		1 mo
	Ppt	0	0	0		6-12 mos
	Ppt	0	0	0		6-12 mos
	Ppt-Slow 60	15,000	10,000	750	N30	1 mo
	(028)	5,000	0	0		2-3 mos
01/11	Ppt	1,000	100	0	N30	1 mo
	Ppt	1,000	750	0		1 mo
	Ppt	1,000	750	0		1 mo
	Ppt	750	250	0		1 mo
	Ppt	750	500	0		1 mo
	Ppt	500	0	0		1 mo
	Ppt	250	250	0		1 mo
	Ppt	250	0	0		2-3 mos
	Ppt	250	250	0		1 mo
	Ppt-Slow 30	250	250	100		1 mo
	Slow 30	1,000	1,000	1,000		
	(040)	750			Cash account	1 mo
	(041)	750			Cash account	1 mo
	(042)	50				1 mo
	(043)	50			Cash account	6-12 mos
	(044)	50			Cash account	6-12 mos

	Cash own option.					
	(045)	50			Cash account	6-12 mos
	Cash own option.					
12/10	Ppt	750	750			1 mo
	(047)	2,500	0	0		2-3 mos
	(048)	50			Cash account	6-12 mos
	(049)	50			Cash account	1 mo
	(050)	50			Cash account	1 mo
11/10	Ppt	10,000	10,000	0		1 mo
	Ppt	250	250	0		1 mo
	Ppt	250	0	0		6-12 mos
	Ppt	100	0	0		6-12 mos
	Ppt	50	50	0		1 mo
	Ppt	50	0	0		6-12 mos
	Ppt	50	0	0		4-5 mos
	Ppt	50	50	0		1 mo
	Ppt	50	50	0		1 mo
	Ppt	50	0	0		6-12 mos
10/10	Ppt	500	250	0	N30	1 mo
	(062)	100			Cash account	6-12 mos
09/10	Ppt-Slow 90	1,000	0	0		6-12 mos
08/10	(064)	50			Cash account	1 mo
07/10	Ppt	20,000	0	0	N15	6-12 mos
05/10	Ppt	100	100	0	N10	1 mo
	(067)	50			Cash account	1 mo
04/10	Ppt	50	0	0		6-12 mos
	(069)	50			Cash account	1 mo
	(070)	50			Cash account	1 mo
	(071)	0	0	0		6-12 mos
	Cash own option.					
03/10	Ppt	250	250	0		1 mo
02/10	Ppt-Slow 60	50	0	0		2-3 mos
01/10	Ppt	1,000	750	0		1 mo
	Ppt	750	750	0		1 mo
	Ppt	750	500	0		1 mo
	Ppt	500	500	0		1 mo
08/09	Ppt	1,000	0	0		6-12 mos
05/09	Ppt	1,000	0	0		6-12 mos
03/09	Ppt	750	0	0		6-12 mos

Payments Detail Key: red = 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

Jump to:

Overview | Scores | Payments | History & Operations | Banking & Finance

Public Filings

PUBLIC FILINGS

The following data includes both open and closed filings found in D&B's database on the subject company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCC's	5	08/28/2008

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

UCC FILINGS

Collateral:	All Assets
Type:	Original
Sec. party:	BANK OF AMERICA, N.A., SPOKANE, WA
Debtor:	ADVANTAGE IQ, INC.
Filing number:	200802922009
Filed with:	SECRETARY OF STATE/UCC DIVISION, OLYMPIA, WA
Date filed:	01/29/2008
Latest Info Received:	02/13/2008

Collateral:	Negotiable instruments
Type:	Original
Sec. party:	KRIENKE, EDGAR A., SPOKANE VALLEY, WA
Debtor:	CROOKS, GERRY D.
Filing number:	200732019299
Filed with:	SECRETARY OF STATE/UCC DIVISION, OLYMPIA, WA
Date filed:	11/16/2007
Latest Info Received:	11/30/2007

Collateral:	Inventory including proceeds and products - Account(s) including proceeds and products - Computer equipment including proceeds and products - Chattel paper including proceeds and products - and OTHERS
Type:	Original
Sec. party:	FIFTH THIRD BANK, CINCINNATI, OH
Debtor:	ADVANTAGE IQ, INC
Filing number:	200824133780
Filed with:	SECRETARY OF STATE/UCC DIVISION, OLYMPIA, WA
Date filed:	08/28/2008
Latest Info Received:	09/17/2008

Collateral:	Leased Inventory and proceeds
Type:	Original
Sec. party:	PITNEY BOWES CREDIT CORPORATION, SHELTON, CT
Debtor:	AVISTA ADVANTAGE INC
Filing number:	200313412457
Filed with:	SECRETARY OF STATE/UCC DIVISION, OLYMPIA, WA
Date filed:	05/12/2003
Latest Info Received:	05/20/2003

Type:	Continuation
Sec. party:	NORTHWEST CORPORATE CREDIT UNION, PORTLAND, OR
Debtor:	AVISTA CORP CREDIT UNION
Filing number:	200613598745
Filed with:	SECRETARY OF STATE/UCC DIVISION, OLYMPIA, WA
Date filed:	05/15/2006
Latest Info Received:	06/08/2006
Original UCC filed date:	06/04/2001
Original filing no.:	20011550286

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

GOVERNMENT ACTIVITY

Activity summary

Borrower (Dir/Guar):	NO
Administrative debt:	NO
Contractor:	YES
Grantee:	NO
Party excluded from federal program(s):	NO

Possible candidate for socio-economic program consideration

Labor surplus area:	N/A
Small Business:	N/A
8(A) firm:	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Jump to:

Overview | Scores | Payments | Public Filings | Banking & Finance

History & Operations

HISTORY

The following information was reported **03/14/2011**:

Officer(s): STU STILES, CEO
SETH NESBITT, V PRES-CHIEF MARKETING OFFICER
GERRY CROOKS, EXEC V PRES
SUE MINER, SEC
GARY ELY, CHM
CRAIG URDAHL, TREAS
DONATO C. CAPOBIANCO, SVP-GEN. COUNSEL

DIRECTOR(S): THE OFFICER(S)

The Washington Secretary of State's business registrations file showed that Advantage Iq, Inc was registered as a corporation on November 6, 1995.

Business started 1996. 100% of capital stock is owned by officers.

RECENT EVENTS:

On March 14, 2011, sources stated that Advantage IQ, Inc., Spokane, WA, has acquired Building Knowledge Networks, Spokane, WA, in January 2011. Under the terms of the acquisition agreement, Building Knowledge Networks will be fully integrated and operated as Advantage IQ. Further details are not available.

On July 7, 2008, sources stated that Advantage IQ, Inc., Spokane, WA, has acquired Cadence Network, Inc., Cincinnati, OH, on June 30, 2008. After this acquisition, Cadence Network, Inc. will operate as a subsidiary of Advantage IQ, Inc. Financial terms were not disclosed.

STU STILES. Antecedents are undetermined.

SETH NESBITT. Served as vice president of marketing for Parallels, Inc. Prior to Parallels, Inc., Nesbitt was vice president, products and solutions marketing for Amdocs, Inc., a member of the North American Advisory Board for the CMO Council, and serves on the Advisory Council for TM Forum.

GERRY CROOKS born 1953. 1995-present active here.

SUE MINER. Antecedents are undetermined.

GARY ELY. Antecedents are undetermined.

CRAIG URDAHL. Antecedents are undetermined.

DONATO C. CAPOBIANCO,. He serves as a Senior Vice President and General Counsel for Hollywood Entertainment Corporation/Movie Gallery, Inc.

CORPORATE FAMILY

For more details on the Corporate Family, view the interactive global family tree

Domestic Ultimate:
Select business below to buy a Comprehensive Report.

Avista Corporation	Spokane, WA	DUNS # 00-794-3764

Parent:
Select business below to buy a Comprehensive Report.

Avista Capital, Inc.	Spokane, WA	DUNS # 13-004-2849

Subsidiaries (US):
Select businesses below to buy Comprehensive Report(s).

Ecos Iq, Inc.	Portland, OR	DUNS # 17-600-1287

Branches (US):
Select companies below to buy Business Information Report(s).

Advantage Iq, Inc.	Westminster, CO	DUNS # 61-475-4831
Advantage Iq, Inc.	Louisville, KY	DUNS # 03-802-3698

Affiliates (US):*(Affiliated companies share the same parent company as this business.)*
Select businesses below to buy Comprehensive Report(s).

Avista Communications, Inc	Spokane, WA	DUNS # 02-998-2647
Avista Energy, Inc.	Spokane, WA	DUNS # 01-518-0698

BUSINESS REGISTRATION

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF MAR 18 2011:

Registered Name: ADVANTAGE IQ, INC.

Business type:	CORPORATION
Corporation type:	PROFIT
Date incorporated:	NOV 06 1995
State of incorporation:	WASHINGTON
Filing date:	NOV 06 1995
Registration ID:	25240169
Duration:	PERPETUAL
Status:	ACTIVE, IN COMPLIANCE
Where filed:	SECRETARY OF STATE/CORPORATIONS DIVISION, OLYMPIA, WA
Registered agent:	JIM HENDRICKS, 1313 N ATLANTIC ST STE 5000, SPOKANE, WA, 992012330

OPERATIONS

03/14/2011

Description: Subsidiary of AVISTA CAPITAL, INC., SPOKANE, WA started 1996 which operates as holding company. Parent company owns 100% of capital stock. Parent company has numerous other subsidiary(ies). Intercompany relations: As noted, this company is a subsidiary of Avista Corporation, DUNS# 130042849, and reference is made to that report for background information *on the parent company and its management.*

Provides management consulting services, specializing in public utilities (100%).

Has 250 account(s). Terms are Net 30 days. Sells to manufacturers, wholesalers, retailers, commercial concerns and the government. Territory : United States and Canada.

Nonseasonal.

Employees: 391 which includes officer(s). 291 employed here.

Facilities: Occupies 50,000 sq. ft. on 5th floor of a multi story building.

Location: Central business section on main street.

Branches: This business has multiple branches, detailed branch/division information is available in Dun & Bradstreet's linkage or family tree products.

Subsidiaries: *This business has multiple subsidiaries, detailed subsidiary information is available in D&B's linkage* or family tree products.

SIC & NAICS

SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

87420405	Public utilities consultant

NAICS:

541611	Administrative Management and General Management Consulting Services

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Banking & Finance

KEY BUSINESS RATIOS

D&B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance.
To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

Based on this number of establishments: 83

Industry Norms based on 83 establishments

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	UN	3.1	UN
Return on Net Worth	UN	12.6	UN
Short-Term Solvency			
Current Ratio	UN	2.2	UN
Quick Ratio	UN	1.6	UN
Efficiency			
Assets Sales	UN	43.3	UN
Sales / Net Working Capital	UN	5.1	UN
Utilization			
Total Liabs / Net Worth	UN	57.4	UN

UN = Unavailable

FINANCE

09/07/2010

On SEP 07 2010 Mark Breuker, Dir, deferred all information.

CUSTOMER SERVICE

If you have questions about this report, please call our Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. If you are outside the U.S. contact your local D&B office.

*** Additional Decision Support Available ***

Additional D&B products, monitoring services and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. or visit our website at www.dnb.com.

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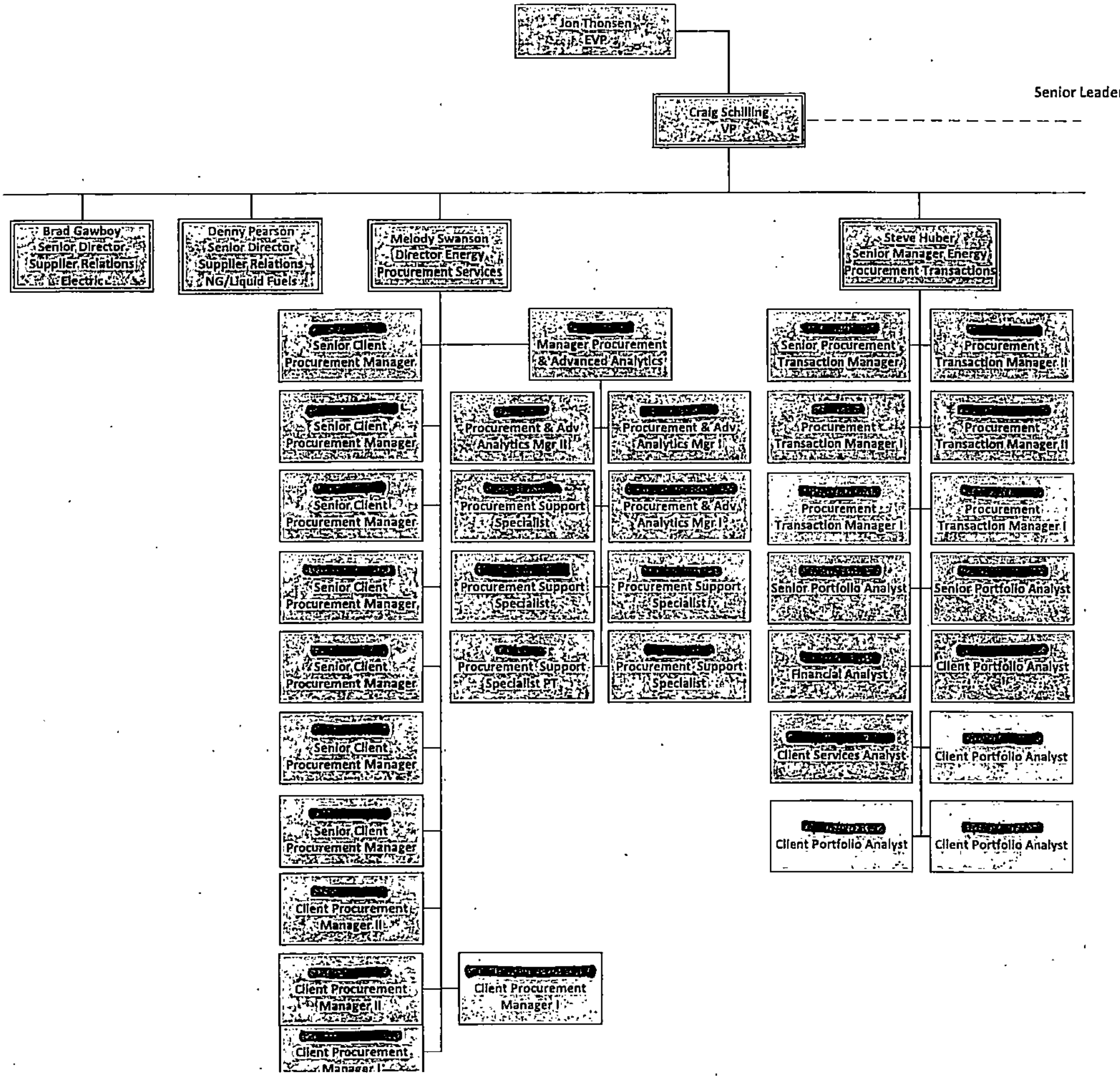
MAR 29 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ATTACHMENT 5

Integrated Solutions
Procurement & Rate Analysis



RECEIVED

MAR 29 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ATTACHMENT 6

Craig Schilling, Vice President, Procurement and Rates

As the senior individual responsible for all client service delivery of procurement and rates products, Craig leads a team of Energy Procurement and Rates Analysis experts in providing high level, value driven solutions to the client. Craig has spent four years leading the Energy Procurement and IT team in support of client contract transactions and customer technology collaborative tools. Craig brings 15 years of financial market and trading experience with a BS in Business from the University of Minnesota and an MBA from the University of Phoenix. Craig is a former Naval Aviator and is a Commander in the U.S. Navy Reserve.

Melody Swanson
Director of Energy Procurement Services

Melody Swanson, Director of Energy Procurement Services at Advantage IQ, is an expert in the field of energy procurement and has worked with Advantage IQ for more than ten years. Melody serves as the primary resource for client risk assessment and analytics, working with clients to evaluate and establish custom energy procurement strategies. Her team currently manages over $15 billion in annual energy expenditures for clients and works with nearly 200 multi-site clients. Having worked as a Market Manager in every market in the U.S. and Canada for both gas and electric, Swanson assisted in the development of the Advantage IQ Energy Procurement service offerings.

Melody played a crucial role in the development of proprietary analytic tools including: Value at Risk reporting (VAR); energy forecasting; and historical analytical instruments that evaluate current and historical wholesale energy prices to identify timing and strategy for executing energy hedge positions. She developed complex hedging strategies for large energy users and built custom energy reports, such as benchmark reports, savings calculators, and volatility and risk assessments.

Brad Gawboy, Senior Director, Electric Supply Solutions

A degreed engineer and graduate of the U.S. Naval Academy, Brad has worked in the energy industry for 25 years. He began his career in electric generation and then served for an extended period in the marketing and national account sales arena in the utility industry. Brad leads Advantage IQ's electricity procurement solutions in deregulated states and spearheads service offerings related to demand response and the emerging Smart Grid. He is a Captain in the U.S. Navy Reserves.

RECEIVED
MAR 29 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX A

Appendix A

APPLICATION AFFIDAVIT

[Commonwealth/State] of Washington :

: ss.

County of Spokane :

Gene Lynes, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/~~she~~ is the EVP & CFO (Office of Affiant) of Advantage IQ, Inc (Name of Applicant);]

[That he/~~she~~ is authorized to and does make this affidavit for said Applicant;]

That the Applicant herein Advantage IQ Inc has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as an electric generation supplier pursuant to 66 Pa. C.S. § 2809 (B).

That the Applicant herein Advantage IQ, Inc has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein Advantage IQ, Inc acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

That the Applicant herein Advantage IQ Inc acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.

Signature of Affiant

Sworn and subscribed before me this 23rd day of March 2010 20__.

Signature of official administering oath

My commission expires 3-9-15.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX B

Appendix B

OPERATIONS AFFIDAVIT

[~~Commonwealth~~/State] of Washington :

: ss.

County of Spokane :

Gene Lynes, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/~~she~~ is the EVP & CFO (Office of Affiant) of AdVantage IQ, Inc. (Name of Applicant);]

[That he/~~she~~ is authorized to and does make this affidavit for said Applicant;]

That AdVantage IQ, Inc., the Applicant herein, acknowledges that [Applicant] may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That AdVantage IQ, Inc., the Applicant herein, asserts that [he/she/it] possesses the requisite technical, managerial, and financial fitness to render electric service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That AdVantage IQ, Inc, the Applicant herein, certifies to the Commission that it is subject to , will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

As provided by 66 Pa. C.S. §2810 (C)(6)(iv), Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

Appendix B (Continued)

That AdvantageTQ, Inc, the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, §2807 (C), §2807(D)(2), §2809(B) and the standards and billing practices of 52 PA. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Bureau of Public Liaison or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct/true and correct to the best of his/her knowledge, information, and belief.

Signature of Affiant

Sworn and subscribed before me this 23rd day of March, 2011.

Signature of official administering oath

My commission expires 3-9-15.

RECEIVED

MAR 29 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX C

Appendix C

Example
CERTIFICATE OF SERVICE

On this the 28th day of March 2011, I certify that a true and correct copy of the foregoing application form for licensing within the Commonwealth of Pennsylvania as an Electric Generation Supplier and all attachments have been served upon the following:

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Legal Department
West Penn Power d/b/a Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Manager Energy Acquisition
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101-8699

Regulatory Affairs
Duquesne Light Company
411 Seventh Street, MD 16-4
Pittsburgh, PA 15219

Legal Department
Attn: Paul Russell
PPL
Two North Ninth Street
Allentown, PA 18108-1179

Legal Department
First Energy
2800 Pottsville Pike
Reading PA, 19612

UGI Utilities, Inc.
Attn: Rates Dept. – Choice Coordinator
2525 N. 12th Street, Suite 360
Post Office Box 12677
Reading, Pa 19612-2677

Citizens' Electric Company
Attn: EGS Coordination
1775 Industrial Boulevard
Lewisburg, PA 17837

Director of Customer Energy Services
Orange and Rockland Company
390 West Route 59
Spring Valley, NY 10977-5300

Wellsboro Electric Company
Attn: EGS Coordination
33 Austin Street
P. O. Box 138
Wellsboro, PA 16901

Diane [signature]
~~John Doe~~, President ABC Corp.
Accounting Specialist

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX D

APPENDIX F

Appendix F

COMMONWEALTH OF PENNSYLVANIA PUBLIC UTILITY COMMISSION	TAX CERTIFICATION STATEMENT	

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 81/2" x 11" paper. Type or print all information requested.

1. CORPORATE OR APPLICANT NAME ADVANTAGE IQ, INC.	2. BUSINESS PHONE NO. (509) 329-7463 CONTACT PERSON(S) FOR TAX ACCOUNTS: Fran Aga, Director of Accounting

3. TRADE/FICTITIOUS NAME (IF ANY)
N/A

4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE) (ZIP)
1313 N. Atlantic, Suite 5000, Spokane, WA 99201

5. TYPE OF ENTITY ☐ SOLE PROPRIETOR ☐ PARTNERSHIP X CORPORATION
☐ LLC ☐ OTHER (Describe...)

6. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICERS(S)

NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
See Attached.	___-__-____
NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
	___-__-____
NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
	___-__-____
NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
	___-__-____
NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
	___-__-____

7. LIST THE FOLLOWING STATE & FEDERAL TAX IDENTIFICATION NUMBERS (ALL ITEMS A, B, & C MUST BE COMPLETED)

Applicant must provide explanation if submitting N/A for any items

Item A- Designated by the Pennsylvania Department of Revenue.
Item B - Designated by the Internal Revenue Service.
Item C – Designated by the Pennsylvania Department of Revenue. The Corporate Box number may also be referred to as the Corporate Account number.

	Number	APPLICATION PENDING	N/A
A. SALES TAX LICENSE (8 DIGITS)	__-______-_	☐	X
C. CORPORATE BOX NUMBER (7 DIGITS)	2 4 2 3 5 9 5	☐	☐
B. EMPLOYER ID (EIN) (9 DIGITS)	9 1 - 1 7 0 1 0 2 8	☐	☐

8. Do you have PA employees, resident or non-resident? X YES ☐ NO

9. Do you own any assets or have an office in PA? X YES ☐ NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

PA SALES AND USE TAX	EMPLOYER TAXES	CORPORATE TAXES
Fran Aga	Fran Aga	Fran Aga
PHONE (509) 329-7463	PHONE	PHONE

Advantage IQ, Inc. – Board of Directors		
Last Name	**First Name**	**Title & Business Address**
Anderson	Erik J.	Director 3720 Carillon Point Kirkland, WA 98033
Blake	Kristianne	Director P.O. Box 28338 Spokane, WA 99228
Kelly	John F.	Director 142 Isla Dorada Blvd. Coral Gables, FL 33143
Heggedahl	Jeff	Director 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
Levinsohn	Craig	Director One Merrill Circle St. Paul, MN 55108
Lieberman	Jeff	Director 680 Fifth Avenue, 8th Floor New York, NY 10022
Morris	Scott L.	Chairman of the Board 1411 E. Mission Avenue Spokane, WA 99202

2011

Advantage IQ, Inc. – Officers		
Last Name	**First Name**	**Title & Business Address**
Chamberlain	Steve	Sr. Vice President 210 West Minnehaha Parkway Minneapolis, MN 55419
Durkin	Marian M.	Sr. Vice President 1411 E. Mission Avenue Spokane, WA 99202
Feltes	Karen S.	Sr. Vice President & Corporate Secretary 1411 E. Mission Avenue Spokane, WA 99202
Fleming	Susan Y.	Assistant Corporate Secretary 1411 E. Mission Avenue Spokane, WA 99202
Heggedahl	Jeff	President & CEO 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
Capobianco	Donato	Sr. Vice President & General Counsel 309 SW 6th Avenue #1000 Portland, OR 97204
Kearney	Julie	Vice President 309 SW 6th Avenue #1000 Portland, OR 97204
Lynes	Gene	EVP, CFO & Treasurer 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
Nikdel	Hossein	VP & CTO 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
Morris	Scott L.	Chairman of the Board 1411 E. Mission Avenue Spokane, WA 99202
Schlect	Ed	Executive Vice President 1313 N. Atlantic, Suite 5000 Spokane, WA 99201
Thies	Mark T.	Sr. Vice President 1411 E. Mission Avenue Spokane, WA 99202
Thoren	Diane C.	Assistant Treasurer 1411 E. Mission Avenue Spokane, WA 99202
Thomsen	Jon	Executive Vice President 309 SW 6th Avenue #1000 Portland, OR 97204

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MAR 29 2011
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

APPENDIX H

Proof of Publication in The Philadelphia Daily News
Under Act. No 587, Approved May 16, 1929

STATE OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

Anna Dickerson being duly sworn, deposes and says that **The Philadelphia Daily News** is a newspaper published daily, except Sunday, at Philadelphia, Pennsylvania, and was established in said city in 1925, since which date said newspaper has been regularly issued in said County, and that a copy of the printed notice of publication is attached hereto exactly as the same was printed and published in the regular editions and issues of the said newspaper on the following dates:

March 11, 2011

Affiant further deposes and says that she is an employee of the publisher of said newspaper and has been authorized to verify the foregoing statement and that she is not interested in the subject matter of the aforesaid notice of publication, and that all allegations in the foregoing statement as to time, place and character of publication are true.

Anna Dickerson

Sworn to and subscribed before me this 11th day of March, 2011.

Mary Anne Logan
Notary Public

My Commission Expires:

NOTARIAL SEAL
Mary Anne Logan, Notary Public
City of Philadelphia, Phila. County
My Commission Expires March 30, 2013

Copy of Notice of Publication

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE

Application of **Advantage IQ, Inc.**, For Approval To Offer, Render, Furnish Or Supply Electricity *Or Electric Generation Services As A Generator* And Supplier Of Electric Power, A Marketer/ Broker Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania.

Advantage IQ, Inc., will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a broker/ marketer engaged in the business of supplying electricity. **Advantage IQ, Inc.**, proposes to sell electricity and related services throughout all of Pennsylvania under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of **Advantage IQ, Inc.**, may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Advantage IQ, Inc., attorney at the address listed below.

By and through Counsel:
Donato Capobianco
General Counsel
1313 N. Atlantic Street, Suite 5000
Spokane, WA 99201
509-329-7108 telephone
509-321-0828 fax

The Patriot-News Co.
2020 Technology Pkwy
Suite 300
Mechanicsburg, PA 17050
Inquiries - 717-255-8213

The Patriot-News
Now you know

ADVANTAGE IQ, INC.
1620 SOUTH FRONTAGE ROAD
SUITE 200

HASTINGS MN 55033

THE PATRIOT NEWS
THE SUNDAY PATRIOT NEWS

Proof of Publication

Under Act No. 587, Approved May 16, 1929
Commonwealth of Pennsylvania, County of Dauphin} ss

Holly Blain, being duly sworn according to law, deposes and says:

That she is a Staff Accountant of The Patriot News Co., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal office and place of business at 2020 Technology Pkwy, Suite 300, in the Township of Hampden, County of Cumberland, State of Pennsylvania, owner and publisher of The Patriot-News and The Sunday Patriot-News newspapers of general circulation, printed and published at 1900 Patriot Drive, in the City, County and State aforesaid; that The Patriot-News and The Sunday Patriot-News were established March 4th, 1854, and September 18th, 1949, respectively, and all have been continuously published ever since;

That the printed notice or publication which is securely attached hereto is exactly as printed and published in their regular daily and/or Sunday/ Community Weekly editions which appeared on the date(s) indicated below. That neither she nor said Company is interested in the subject matter of said printed notice or advertising, and that all of the allegations of this statement as to the time, place and character of publication are true; and

That she has personal knowledge of the facts aforesaid and is duly authorized and empowered to verify this statement on behalf of The Patriot-News Co. aforesaid by virtue and pursuant to a resolution unanimously passed and adopted severally by the stockholders and board of directors of the said Company and subsequently duly recorded in the office for the Recording of Deeds in and for said County of Dauphin in Miscellaneous Book "M", Volume 14, Page 317.

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE

Application of Advantage IQ, Inc., For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Generator And Supplier Of Electric Power, A Marketer/Broker Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania.

Advantage IQ, Inc., will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a broker/marketer engaged in the business of supplying electricity. Advantage IQ, Inc., proposes to sell electricity and related services throughout all of Pennsylvania under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Advantage IQ, Inc., may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Advantage IQ, Inc., attorney at the address listed below.

By and through Counsel: Donato Capobianco
General Counsel
1313 N. Atlantic Street, Suite 5000
Spokane, WA 99201
509-329-7108 telephone
509-321-0828 fax

This ad # 0002130426 ran on the dates shown below:

March 11, 2011

Holly Blain

Sworn to and subscribed before me this 15 day of March, 2011 A.D.

Sherrie L Kisner
Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Sherrie L. Kisner, Notary Public
Lower Paxton Twp., Dauphin County
My Commission Expires Nov. 26, 2011
Member, Pennsylvania Association of Notaries

The Scranton Times (Under act P.L. 877 No 160. July 9,1976)

Commonwealth of Pennsylvania, County of Lackawanna

ADVANTAGE IQ INC
DIANE KELLER
SUITE 200 1620 SOUTH FRONTAGE ROAD
HASTINGS MN 55033

Account # 478449
Order # 80532470
Ad Price: 205.20

Gina Krushinski
Being duly sworn according to law deposes and says that she is Billing clerk for The Scranton Times, owner and publisher of The Scranton Times, a newspaper of general circulation, established in 1870, published in the city of Scranton, county and state aforesaid, and that the printed notice or publication hereto attached is exactly as printed in the regular editions of the said newspaper on the following dates:

03/09/2011

Affiant further deposes and says that neither the affiant nor The Scranton Times is interested in the subject matter of the aforesaid notice or advertisement and that all allegations in the foregoing statement as time, place and character or publication are true Gina Krushinski

Sworn and subscribed to before me
this 9th day of March A.D., 2011

Sharon Venturi
(Notary Public)

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Sharon Venturi, Notary Public
City of Scranton, Lackawanna County
My Commission Expires Feb. 12, 2014
Member, Pennsylvania Association of Notaries

LEGAL NOTICE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Advantage IQ, Inc., For, Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Generator And Supplier Of Electric Power, A Marketer/Broker Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania.

Advantage IQ, Inc., will be filing an application with the Pennsylvania Public Utility Commission ("PUC"). for a license to supply electricity or electric generation services as a broker/marketer engaged in the business of supplying electricity. Advantage IQ, Inc., proposes to sell electricity and related services throughout all of Pennsylvania under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Advantage IQ, Inc., may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Advantage IQ, Inc., attorney at the address listed below.

By and through Counsel:
Donato Capobianco
General Counsel
1313 N. Atlantic Street, Suite 5000
Spokane, WA 99201
509-329-7108 telephone
509-321-0828 fax

No. Term, 19

PROOF OF PUBLICATION OF NOTICE IN THE WILLIAMSPORT SUN-GAZETTE UNDER ACT NO. 587, APPROVED MAY 16, 1929

STATE OF PENNSYLVANIA
COUNTY OF LYCOMING SS:

Bernard A. Oravec Publisher of the Sun-Gazette Company, publishers of the Williamsport, Sun-Gazette, successor to the Williamsport Sun and the Gazette & Bulletin, both daily newspapers of general circulation, published at 252 West Fourth Street, Williamsport, Pennsylvania, being duly sworn, deposes and says that the Williamsport Sun was established in 1870 and the Gazette & Bulletin was established in 1801, since which dates said successor, the Williamsport Sun-Gazette, has been regularly issued and published in the County of Lycoming aforesaid, and that a copy of the printed notice is attached hereto exactly as the same was printed and published in the regular editions of said Williamsport Sun-Gazette on the following dates, viz:

March 11, 2011

Affiant further deposes that he is an officer daily authorized by the Sun-Gazette Company, publisher of the Williamsport Sun-Gazette, to verify the foregoing statement under oath and also declares that affiant is not interested in the subject matter of the aforesaid notice of publication, and that all the allegations in the foregoing statement as to time, place and character of publication are true.

PENNSYLVANIA PUBLIC UTILITY COMMISSION NOTICE

Application of Advantage IQ, Inc., For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Generator And Supplier Of Electric Power, A Marketer/Broker Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania.

Advantage IQ, Inc., will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a broker/marketer engaged in the business of supplying electricity. Advantage IQ, Inc., proposes to sell electricity and related services throughout all of Pennsylvania under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Advantage IQ, Inc., may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Advantage IQ, Inc., attorney at the address listed below.

By and through Counsel:
Donato Capobianco
General Counsel
1313 N. Atlantic Street, Suite 5000
Spokane, WA 99201
509-329-7108 telephone
509-321-0828 fax

Bernard A. Oravec

SUN-GAZETTE COMPANY

Sworn to and subscribed before me the 11th day of March 2011

Cathy A. Billey
Notary Public

NOTARIAL SEAL
CATHY A. BILLEY, Notary Public
City of Williamsport, Lycoming County
My Commission Expires May 15, 2011

STATEMENT OF ADVERTISING COSTS

To the Sun-Gazette Company, Dr.:
For publishing the notice attached hereto on the above state dates.................................$279.32
Probated same...$
Total...$279.32

[PUBLI]SHER'S RECEIPT FOR ADVERTISING COSTS

THE SUN-GA[ZETTE COMPANY] hereby acknowledges receipt of the aforesaid advertising and publication costs and certifies th[at the same have b]een fully paid.

SUN-GAZETTE COMPANY

BY Bernard A. Oravec

COMMONWEALTH OF PENNSYLVANIA }
County of Cambria } SS

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE

Application of Advantage IQ, Inc., For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Generator And Supplier Of Electric Power, A Marketer/Broker Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania.

Advantage IQ, Inc., will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a broker/marketer engaged in the business of supplying electricity. Advantage IQ, Inc., proposes to sell electricity and related services throughout all of Pennsylvania under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Advantage IQ, Inc., may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Advantage IQ, Inc., attorney at the address listed below.

By and through Counsel:
Donato Capobianco
General Counsel
1313 N. Atlantic Street, Suite 5000
Spokane, WA 99201
509-329-7108 telephone
509-321-0828 fax

On this 14th day of March A.D. 2011, before me, the subscriber, a Notary Public in and for said County and State, personally appeared Christine Marhefka, who being duly sworn according to law, deposes and says as Classified Advertising Manager of the Tribune-Democrat, Johnstown, PA, a newspaper of general circulation as defined by the "Newspaper Advertising Act", a merger September 8,1952, of the Johnstown Tribune, established December 7,1853; and of the Johnstown Democrat, established March 5, 1863,

published c ... of Cambria, and Commonwealth of Pennsylvania and that the an ... matter published in said publication in the regular issues of The Joh ... on March 11, 2011; and that the Affiant is not interested in the subje ... at all of the allegations as to time, place and character of said pub

Christine Marhefka

Sworn and Subscribed before me this
14th day of March, 2011.

Vivian Ohs

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Vivian Ohs, Notary Public
City of Johnstown, Cambria County
My Commission Expires Dec. 6, 2012
Member, Pennsylvania Association of Notaries

STATEMENT OF ADVERTISING COSTS

0.00 Lines @ $2.50 per line	0.00
6.5 Inches @ $25.00 per inch	162.50
Notary Fee	5.00
Clerical Fee	2.50
Total Cost	170.00

To The Tribune-Democrat, Johnstown, PA
For publishing the notice or publication attached hereto on the above stated dates.

PUBLISHER'S RECEIPT FOR ADVERTISING COSTS

________________ for publisher of ________________
a newspaper of general circulation, hereby acknowledges receipt of the aforesaid and publication costs and certifies that the same has been duly paid.

____
(Name of Newspaper)

By________________

No.__________________ Term,__________

Proof of Publication of Notice in Pittsburgh Post-Gazette

Under Act No 587, Approved May 16, 1929, PL 1784, as last amended by Act No 409 of September 29, 1951

Commonwealth of Pennsylvania, County of Allegheny, ss M. Goodwin, being duly sworn, deposes and says that the Pittsburgh Post-Gazette, a newspaper of general circulation published in the City of Pittsburgh, County and Commonwealth aforesaid, was established in 1993 by the merging of the Pittsburgh Post-Gazette and Sun-Telegraph and The Pittsburgh Press and the Pittsburgh Post-Gazette and Sun-Telegraph was established in 1960 and the Pittsburgh Post-Gazette was established in 1927 by the merging of the Pittsburgh Gazette established in 1786 and the Pittsburgh Post, established in 1842, since which date the said Pittsburgh Post-Gazette has been regularly issued in said County and that a copy of said printed notice or publication is attached hereto exactly as the same was printed and published in the regular editions and issues of the said Pittsburgh Post-Gazette a newspaper of general circulation on the following dates, viz:

11 of March, 2011

Affiant further deposes that he/she is an agent for the PG Publishing Company, a corporation and publisher of the Pittsburgh Post-Gazette, that, as such agent, affiant is duly authorized to verify the foregoing statement under oath, that affiant is not interested in the subject matter of the afore said notice or publication, and that all allegations in the foregoing statement as to time, place and character of publication are true:

COPY OF NOTICE OR PUBLICATION

PENNSYLVANIA PUBLIC UTILITY COMMISSION NOTICE

Application of Advantage IQ, Inc., For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Generator And Supplier Of Electric Power, A Marketer/Broker Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania.

Advantage IQ, Inc., will be filing an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as a broker/marketer engaged in the business of supplying electricity. Advantage IQ, Inc., proposes to sell electricity and related services throughout all of Pennsylvania under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Advantage IQ, Inc., may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Advantage IQ, Inc., attorney at the address listed below.

By and through Counsel: Donato Capobianco, General Counsel, 1313 N. Atlantic Street, Suite 5000, Spokane, WA 99201
509-329-7108 telephone
509-321-0828 fax

M. Goodwin
PG Publishing Company

Sworn to and subscribed before me this day of:
March 11, 2011

Linda M. Gaertner

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Linda M. Gaertner, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Jan. 31, 2015
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

STATEMENT OF ADVERTISING COSTS

ADVANTAGE IQ, INC
1313 N. ATLANTIC ST., STE. 5000
ATTN: DIANE KELLER
SPOKANE WA 99201-2330

To PG Publishing Company

Total -- *$480.00*

Publisher's Receipt for Advertising Costs

PG PUBLIS[...]Y, publisher of the Pittsburgh Post-Gazette, a newspaper of general circulation, hereby ackn[...] of the aforsaid advertising and publication costs and certifies that the same have been fully p[...]

Office
34 Boulevard of the Allies
PITTSBURGH, PA 15222
Phone 412-263-1338

PG Publishing Company, a Corporation, Publisher of Pittsburgh Post-Gazette, a Newspaper of General Circulation

By Maria Lucci

I hereby certify that the foregoing is the original Proof of Publication and receipt for the Advertising costs in the subject matter of said notice.

____
Attorney For

OATH of PUBLICATION
In
THE ERIE TIMES-NEWS

COMBINATION EDITION

ADVANTAGE IQ ONC
1313 N ATLANTIC STE 5000
SPOKANE WA 99201

REFERENCE: L0005041
1971128 PUC NOTICE

STATE OF PENNSYLVANIA)
COUNTY OF ERIE) SS:

Rosanne Cheeseman being duly sworn, deposes and says that she is the Publisher of the Times Publishing Company, which publishes: the Erie Times-News, established October 2,2000, a daily newspaper of general circulation, successor, by consolidation, of the Morning News, established January 1957, and the Erie Daily Times, established April 1888, daily newspapers of general circulation and published at Erie, Erie County, Pennsylvania, and that the notice of which the attached is a copy published, in the regular editions of said newspaper of the dates referred to below. Affiant further deposes that she is duly authorized by the TIMES PUBLISHING COMPANY, publisher of The Erie Times-News to verify the foregoing statement under oath, and affiant is not interested in the subject matter of the aforesaid notice or advertisement, and that all allegations in the forgoing statement as to time, place and character of publication are true.

PUBLISHED ON: 03/10

TOTAL COST: 294.00 AD SPACE: 7.000 INCH
FILED ON: 03/10/11

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE

Application of Advantage IQ, Inc., For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services As A Generator And Supplier Of Electric Power, A Marketer/Broker Engaged In The Business Of Supplying Electricity, And An Aggregator Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania.

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By and through Counsel:
Donato Capobianco
General Counsel
1313 N. Atlantic Street, Suite 5000
Spokane, WA 99201
509-329-7108 telephone
509-321-0828 fax

1971128

Sworn to and subscribed before me this

10 day of March 2011 Affiant: Rosanne Cheeseman

NOTARY Tami J Davis

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Tami J. Davis, Notary Public
City of Erie, Erie County
My commission expires April 14, 2014

From (651) 480-3126
Diane Keller
Advantage IQ, Inc.
1620 South Frontage Road
Suite 200
Hastings, MN 55033

Origin ID: STPA

J11151102250025

Ship Date: 29MAR11
ActWgt: 1.5 LB
CAD: 102200470/INET3130

Delivery Address Bar Code

SHIP TO: (717) 772-7777 BILL SENDER

Secretary
PA Public Utility Commission
2 KEYSTONE BUILDING RM N201
2 ND FLOOR
HARRISBURG, PA 17120

Ref # 90-5500
Invoice #
PO #
Dept # 90-5500

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