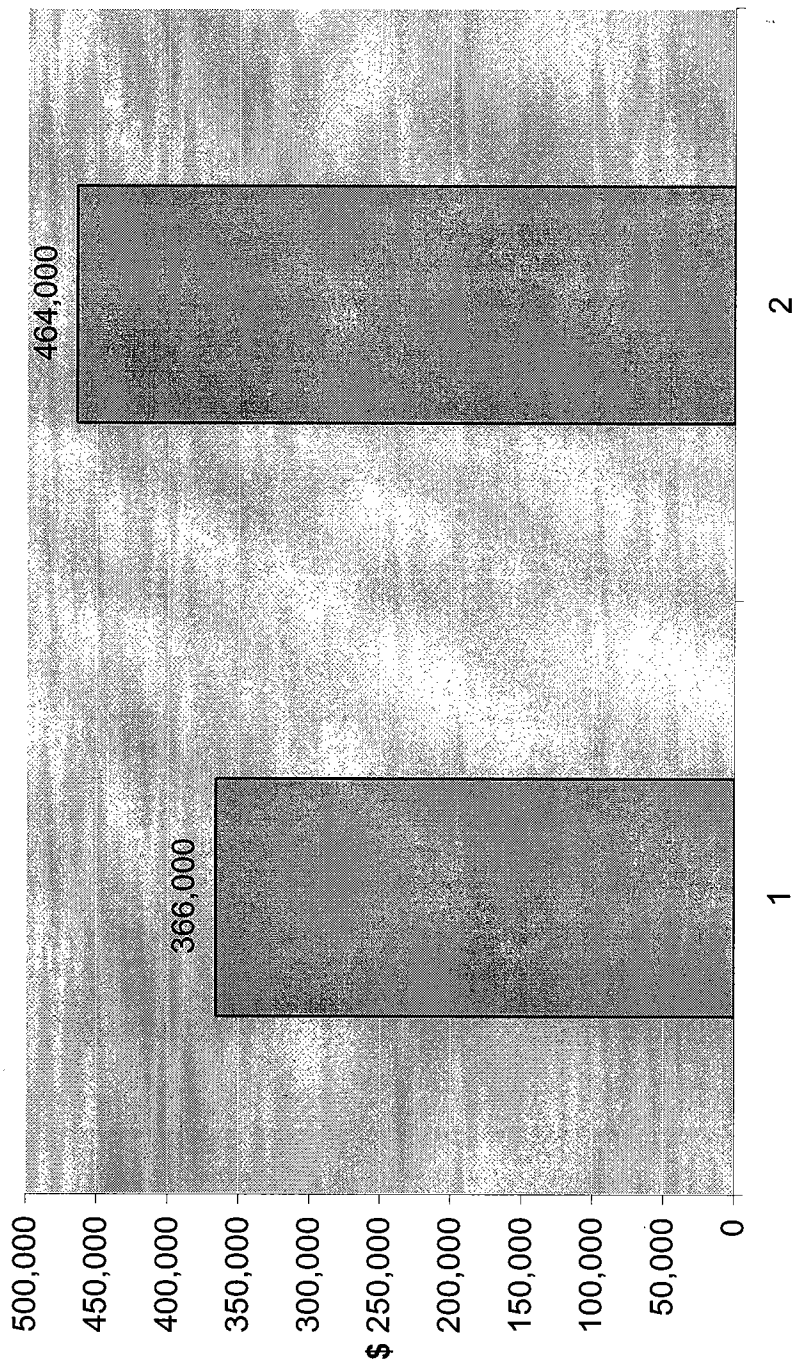


**Lost Margin Due to Company Sponsored
Conservation versus Total Deferral for January 2007.
June 2007 (\$)**



1. Sch. 101 Lost Margin Company Sponsored DSM, 2. Total Deferral

A	B	C	D	E	F	G	H
		Lost margins (\$)		Lost therms	2005	2006	2007 1st half
Annual Company achieved therms savings	546,388	365,718		2005	273,194	546,388	273,194
Total projected therm decline in Sch. 101 therm use from 2004 to deferral 2007-2008 period	5,008,851	464,208		2006		273,194	273,194
Deferral period Sch. 101 margin rate	0.20595	27%		2007			136,597
Sch. 101 Margin rate	0.20595	98,490		2008			
		366,000					
		464,000					1,775,761

Total projected therm decline for Schedule 101 Between 2004 and the January 2007-June 2007 deferral period was 4.275%. This is an average 1.9% decline per year over the 2.25 year period. The 1.9% was based on several observations. First was the Company figure of 13.5% decline in Schedule 101 gas customers average use between 1999 and 2005 (Exhibit No. (BJH-1T), page 4, lines 5-7. This is an average decline per year of 2.25% (13.5/6). This decline however included new customers whose use is, on average, assumed to be lower than the use of existing customers, thus the addition of the new customers drags down the average use of existing customers. However, since I am projecting existing customers' decline, I also calculated and compared the declines from the actual historic Data Avista's Response to PC-1, "Revised WA Decoupling Calc Joelle.xls / 2005, and Avista's Data Response to PC-17 titled "Jul 05 - Jun 06 WA Decoupling Calc1.xls". The decline from 2004 to 2005 of 2004 existing customers was a .96% annual decline. PC-17 data however showed a 2.84% decline over 1.5 year or 1.9% per year. I chose 1.9% as the average annual decline for the 2.25 years.