

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Revenue Requirement

Line No.	Description	As Proposed Per Company Adjusted (A)	As Proposed Per PC Adjusted (B)	Difference (C)	Reference (D)
1	WA Jurisdictional Rate Base	\$178,263	\$169,525	(\$8,738)	Schedule A-1
2	Overall Rate of Return	8.68%	8.25%	-0.43%	Schedule D
3	Net Operating Income Required	\$ 15,473	\$ 13,986	(\$1,487)	L 1 * L 2
4	NOI-Existing Rates	\$12,414	\$13,445	\$1,031	Schedule A-1
5	Income Deficiency (Sufficiency)	\$ 3,059	\$ 540	(\$2,519)	L 3 - L 4
6	Revenue Conversion Factor	0.622038	0.622089	0.000051	Schedule A-2
7	Revenue Deficiency (Sufficiency)	\$ 4,918	\$ 869	(\$4,049)	L 5 / L 7

REVISED

AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED SEPTEMBER 30, 2008
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	FLOW THROUGH CHANGE PER PARTIAL SETTLEMENT										C-6 Director Meeting Costs					
		Office Space Charges to Subs	Restate Excise Taxes	Mile Reimbursing Adjustments	C-11 Reserve for Bad Debts	Restated Total	Pro Forma Labor Non-Exec	Pro Forma Labor Exec	Pro Forma JP Storage	Pro Forma Capital Add 2008	Pro Forma Capital Add 2009		Pro Forma Asset Management	Pro Forma Incentives	Pro Forma Information Services	Pro Forma Employee Benefits	Pro Forma Insurance
1	Total General Business					\$213,876											
2	Total Transportation					1,711											
3	Other Revenues					4,413											
4	Total Gas Revenues	0	0	0	0	220,000	0	0	0	(2,561)	0	0	0	0	0	0	0
EXPENSES																	
5	Exploration and Development Production					0											
6	City Gate Purchases					137,381											
7	Purchased Gas Expense					737	14										
8	Net Nat Gas Storage Trans					0											
9	Total Production	0	0	0	0	138,018	14	0	0	0	0	0	0	0	0	0	0
10	Underground Storage					408											
11	Operating Expenses					245				\$155							
12	Depreciation					97				\$129							
13	Taxes					750	0	0	0	284	0	0	0	0	0	0	0
14	Total Underground Storage	0	0	0	0	6,260	190										
15	Operating Expenses					5,593											
16	Depreciation					10,240											
17	Taxes					22,093	190	0	0	(98)	0	0	0	0	0	0	0
18	Total Distribution	0	79	0	0	32,843	380	0	0	(98)	0	0	0	0	0	0	0
19	Customer Accounting					4,661	100										
20	Customer Service & Information					712	5										
21	Sales Expenses					545	8										
22	Administrative & General					9,066	81	6	6	(5)							
23	Operating Expenses	(2)	(86)	(86)	(86)	17,555	21										
24	Depreciation					10,843	81	6	6	(5)							
25	Taxes					17,642	399	6	6	174							
26	Total Admin. & General	(2)	(86)	(86)	(86)	22,148	(99)	(6)	(6)	(173)							
27	Operating Expenses	1	(28)	(28)	(28)	7,363	(140)	(2)	(2)	(97)							
28	Current Accrual					(1,035)											
29	Deferred FIT					(30)											
30	Amount ITC																
31	NET OPERATING INCOME	\$1	(\$51)	\$56	\$56	\$161,606	(\$329)	(\$4)	(\$4)	(\$1,778)	\$0	\$0	\$0	\$0	(\$372)	(\$39)	\$4
RATE BASE PLANT IN SERVICE																	
32	Underground Storage					13,539											
33	Distribution Plant					237,433				\$8,614							
34	General Plant					21,944											
35	Total Plant in Service	0	0	0	0	274,916	0	0	0	8,614	0	0	0	0	0	0	0
36	Underground Storage					7,516											
37	Distribution Plant					80,580				\$366							
38	General Plant					8,155											
39	Total Accum. Depreciation	0	0	0	0	96,251	0	0	0	366	0	0	0	0	0	0	0
40	DEFERRED FIT					11,064											
41	GAIN ON SALE OF BUILDING					(65)											
42	OTHER RATE BASE DEDUCTIONS					11,064											
	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$89,222	\$0	\$0	\$0	\$8,922	\$0	\$0	\$0	\$0	(\$371)	\$0	\$0

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Conversion Factor

Line No.	Description	Per Company	Per PC
1	Revenues	<u>1.000000</u>	<u>1.000000</u>
	Expense:		
2	Uncollectibles	0.002599 [a]	0.002518 [b]
3	Commission Fees	0.002000	0.002000
4	Washington Excise Tax	0.038420 [a]	0.038423 [b]
5	Franchise Fees	-	-
6	Total Expense	<u>0.043019</u>	<u>0.042941</u>
7	Net Operating Income Before FIT	0.956981	0.957059
8	Federal Income Tax @ 35%	<u>0.334943</u>	<u>0.334971</u> L. 7 * 35%
9	Conversion Factor	<u><u>0.622038</u></u>	<u><u>0.622089</u></u> L. 7 - L. 8

Source: _____

[a] Exhibit No. __ (EMA-3) page 3

[b] Response to PC-025

AVISTA UTILITIES
GAS RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Company Adjusted	PC Adjusted
RATE BASE: PLANT IN SERVICE				
1	Underground Storage	13,539	\$ 22,826	\$ 22,153
2	Distribution Plant	237,485	\$ 253,003	\$ 237,433
3	General Plant	23,944	\$ 30,580	\$ 23,944
4	Total Plant in Service	274,968	306,409	283,530
5	Accumulated Depreciation			\$ -
6	Underground Storage	7,516	\$ 8,167	\$ 7,782
7	Distribution Plant	80,580	\$ 89,619	\$ 80,580
8	General Plant	8,155	\$ 11,597	\$ 8,155
9	Total Accum. Depreciation	96,251	109,383	96,517
10	Deferred FIT	0	\$ (30,809)	\$ (28,093)
11	Gas Inventory	0	\$ 12,111	\$ 12,111
12	Gain on Sale of Building	0	\$ (65)	\$ (65)
13	Other Rate Base Deductions			\$ (1,440)
14	TOTAL RATE BASE	\$178,717	\$178,263	\$169,525

AVISTA UTILITIES
GAS RESULTS OF OPERATION
WASHINGTON RESTATED RESULTS
TWELVE MONTHS ENDED SEPTEMBER 30, 2008
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Company Adjusted	PC Adjusted
REVENUES				
1	Total General Business	\$ 220,020	\$ 213,876	\$ 213,876
2	Total Transportation	\$ 3,486	\$ 1,711	\$ 1,711
3	Other Revenues	\$ 135,812	\$ 1,852	\$ 1,852
4	Total Gas Revenues	\$ 359,318	\$ 217,439	\$ 217,439
EXPENSES				
5	Exploration and Development	\$ -	\$ -	\$ -
6	Production	\$ 291,196	\$ 158,107	\$ 158,092
7	Underground Storage	\$ 781	\$ 937	\$ 1,035
8	Distribution	\$ 30,201	\$ 22,531	\$ 22,543
9	Customer Accounting	\$ 4,884	\$ 5,053	\$ 4,983
10	Customer Service & Information	\$ 5,002	\$ 756	\$ 751
11	Sales Expenses	\$ 545	\$ 582	\$ 574
12	Administrative & General	\$ 10,639	\$ 12,982	\$ 11,279
13	Total Gas Expense	\$ 343,248	\$ 200,948	\$ 199,258
14	OPERATING INCOME BEFORE FIT	\$ 16,070	\$ 16,491	\$ 18,181
FEDERAL INCOME TAX				
15	Current Accrual	\$ 5,138	\$ 5,142	\$ 5,801
16	Deferred FIT	\$ (1,042)	\$ (1,035)	\$ (1,035)
17	Amort ITC	\$ (30)	\$ (30)	\$ (30)
18	NET OPERATING INCOME	\$ 12,004	\$ 12,414	\$ 13,445

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Reduce Company's Pro forma Adjustment for Non-Executive Labor

Line No.	Description	Amount	
	Production		
1	City Gate Purchases		
2	Purchased Gas Expense	\$ 14	Col. G, L.4
3	Net Nat Gas Storage Trans		
4	Total Production	<u>\$ 14</u>	
	Underground Storage		
5	Operating Expenses	\$ 0	Col. G, L.7
6	Depreciation		
7	Taxes		
8	Total Underground Storage	<u>\$ 0</u>	
	Distribution		
9	Operating Expenses	\$ 190	Col G, L. 26
10	Depreciation		
11	Taxes		
12	Total Distribution	<u>\$ 190</u>	
13	Customer Accounting	\$ 100	Col G, L. 31
14	Customer Service & Information	\$ 5	Col. G, L. 35
15	Sales Expenses	\$ 8	Col. G, L. 40
	Administrative & General		
16	Operating Expenses	\$ 81	Col. G, L. 49
17	Depreciation		
18	Taxes		
19	Total Admin. & General	<u>\$ 81</u>	
20	Total Gas Expenses	<u>\$ 399</u>	
21	Federal Income Tax Rate	<u>35.000%</u>	
22	Decrease in Federal Income Tax Expense	<u>\$ (140)</u>	
23	Decrease in Net Operating Income	<u><u>\$ (259)</u></u>	

Source:

C-1.1

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Total WA	Executives	Col. A + Col. B	Col. C + Col. D	Col. C + Col. D	Col. D + Col. F	Col. D + Col. F	Col. D + Col. F	Col. C + G + H
Production									
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	\$ 383,809	\$ (27,295)	\$ 356,514	\$ 5,415	\$ 361,929	\$ 9,048	\$ 14,463	\$ 27,710	\$ 398,687
4	\$ 383,809	\$ (27,295)	\$ 356,514	\$ 5,415	\$ 361,929	\$ 9,048	\$ 14,463	\$ 27,710	\$ 398,687
Underground Storage									
5	\$ 6,811	\$ -	\$ 6,811	\$ 103	\$ 6,914	\$ 173	\$ 276	\$ -	\$ 7,087
6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	\$ 6,811	\$ -	\$ 6,811	\$ 103	\$ 6,914	\$ 173	\$ 276	\$ -	\$ 7,087
Distribution									
8	\$ 270,437	\$ -	\$ 270,437	\$ 4,108	\$ 274,545	\$ 6,864	\$ 10,972	\$ -	\$ 281,409
9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	\$ 563,374	\$ -	\$ 563,374	\$ 9,566	\$ 572,940	\$ 22,918	\$ 32,484	\$ -	\$ 595,858
11	\$ 32,650	\$ -	\$ 32,650	\$ 554	\$ 33,204	\$ 1,328	\$ 1,882	\$ -	\$ 34,532
12	\$ 3,253	\$ -	\$ 3,253	\$ 55	\$ 3,308	\$ 132	\$ 187	\$ -	\$ 3,440
13	\$ 33,186	\$ -	\$ 33,186	\$ 563	\$ 33,749	\$ 1,350	\$ 1,913	\$ -	\$ 35,099
14	\$ 331,556	\$ -	\$ 331,556	\$ 5,630	\$ 337,186	\$ 13,487	\$ 19,117	\$ -	\$ 350,673
15	\$ 416,487	\$ -	\$ 416,487	\$ 7,072	\$ 423,559	\$ 16,942	\$ 24,014	\$ -	\$ 440,501
16	\$ 568,799	\$ -	\$ 568,799	\$ 9,658	\$ 578,457	\$ 23,138	\$ 32,796	\$ -	\$ 601,595
17	\$ 60,094	\$ -	\$ 60,094	\$ 1,020	\$ 61,114	\$ 2,445	\$ 3,465	\$ -	\$ 63,559
18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	\$ 449,493	\$ -	\$ 449,493	\$ 7,632	\$ 457,125	\$ 18,285	\$ 25,917	\$ -	\$ 475,410
20	\$ 44,427	\$ -	\$ 44,427	\$ 754	\$ 45,181	\$ 1,807	\$ 2,561	\$ -	\$ 46,988
21	\$ 72,127	\$ -	\$ 72,127	\$ 1,225	\$ 73,352	\$ 2,934	\$ 4,159	\$ -	\$ 76,286
22	\$ 10,338	\$ -	\$ 10,338	\$ 176	\$ 10,514	\$ 421	\$ 597	\$ -	\$ 10,935
23	\$ 246,018	\$ -	\$ 246,018	\$ 4,177	\$ 250,195	\$ 10,008	\$ 14,185	\$ -	\$ 260,203
24	\$ 263,936	\$ -	\$ 263,936	\$ 4,482	\$ 268,418	\$ 10,737	\$ 15,219	\$ -	\$ 279,155
25	\$ 6,089	\$ -	\$ 6,089	\$ 103	\$ 6,192	\$ 248	\$ 351	\$ -	\$ 6,440
26	\$ 3,372,264	\$ -	\$ 3,372,264	\$ 56,775	\$ 3,429,039	\$ 133,043	\$ 189,818	\$ -	\$ 3,562,082
Customer Accounts									
27	\$ 136,815	\$ -	\$ 136,815	\$ 2,078	\$ 138,893	\$ 3,472	\$ 5,550	\$ -	\$ 142,365
28	\$ 742,416	\$ -	\$ 742,416	\$ 12,606	\$ 755,022	\$ 30,201	\$ 42,807	\$ -	\$ 785,223

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Line	(A)	(B)	(C)	(D)		(E)	(F)	(G)	(H)	(I)
				2008 Increase 1.519%	Adjusted Total WA					
	Total WA	Remove Executives	Adjusted Total WA	1.698%	Adjusted for 2008 Increase	2009 Increase 2.500%	2008 & 2009 Increases	Add Back Executives	Total	
29	\$ 1,235,082	\$ -	\$ 1,235,082	\$ 18,761	\$ 1,253,843	\$ 31,346	\$ 50,107	\$ -	\$ 1,285,189	
30	\$ 36,622	\$ -	\$ 36,622	\$ 556	\$ 37,178	\$ 929	\$ 1,485	\$ -	\$ 38,107	
31	\$ 2,150,935	\$ -	\$ 2,150,935	\$ 34,001	\$ 2,184,936	\$ 65,949	\$ 99,950	\$ -	\$ 2,250,885	
Cust Service & Info										
32	\$ 123,032	\$ -	\$ 123,032	\$ 1,869	\$ 124,901	\$ 3,123	\$ 4,992	\$ -	\$ 128,024	
33	\$ 6,578	\$ -	\$ 6,578	\$ 100	\$ 6,678	\$ 167	\$ 267	\$ -	\$ 6,845	
34	\$ 54	\$ -	\$ 54	\$ 1	\$ 55	\$ 1	\$ 2	\$ -	\$ 56	
35	\$ 129,664	\$ -	\$ 129,664	\$ 1,970	\$ 131,634	\$ 3,291	\$ 5,261	\$ -	\$ 134,925	
Sales										
36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
37	\$ 111,401	\$ -	\$ 111,401	\$ 1,692	\$ 113,093	\$ 2,827	\$ 4,519	\$ -	\$ 115,920	
38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
39	\$ 89,414	\$ -	\$ 89,414	\$ 1,358	\$ 90,772	\$ 2,269	\$ 3,627	\$ -	\$ 93,041	
40	\$ 200,815	\$ -	\$ 200,815	\$ 3,050	\$ 203,865	\$ 5,097	\$ 8,147	\$ -	\$ 208,962	
Admin & General										
41	\$ 1,904,927	\$ (359,641)	\$ 1,545,286	\$ 23,473	\$ 1,568,759	\$ 39,219	\$ 62,692	\$ 365,104	\$ 1,973,082	
42	\$ 3,340	\$ -	\$ 3,340	\$ 57	\$ 3,397	\$ 136	\$ 193	\$ -	\$ 3,533	
43	\$ 368	\$ -	\$ 368	\$ 6	\$ 374	\$ 9	\$ 15	\$ -	\$ 383	
44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
45	\$ 32,270	\$ -	\$ 32,270	\$ 490	\$ 32,760	\$ 819	\$ 1,309	\$ -	\$ 33,579	
46	\$ 182,180	\$ -	\$ 182,180	\$ 2,767	\$ 184,947	\$ 4,624	\$ 7,391	\$ -	\$ 189,571	
47	\$ 65,522	\$ -	\$ 65,522	\$ 995	\$ 66,517	\$ 1,663	\$ 2,658	\$ -	\$ 68,180	
48	\$ 163,525	\$ -	\$ 163,525	\$ 2,777	\$ 166,302	\$ 4,158	\$ 6,935	\$ -	\$ 170,460	
49	\$ 2,352,132	\$ (359,641)	\$ 1,992,491	\$ 30,565	\$ 2,023,056	\$ 50,627	\$ 81,192	\$ 365,104	\$ 2,438,787	
50	\$ 8,596,430	\$ (386,936)	\$ 8,209,494	\$ 131,879	\$ 8,341,373	\$ 267,228	\$ 399,107	\$ 392,814	\$ 9,001,415	

Source:
 PF1 Workpapers

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Reduce Company's Pro Forma Adjustment for Executive Labor Expense

Line No.	Description	Amount	Source
1	Avista's Pro Forma Increase for Executive Labor	\$ 66,560	[A]
2	PC's Recommended Reduction to Executive Labor	<u>\$ (60,682)</u>	
3	PC's Pro Forma Increase for Executive Labor	<u>\$ 5,878</u>	[B]
4	Federal Income Tax Rate	<u>35.000%</u>	
5	Decrease in Federal Income Tax Expense	<u>\$ (2,057)</u>	L. 3 * L. 4
6	Decrease in Net Operating Income	<u><u>\$ (3,820)</u></u>	L. 3 - L. 5

[A] Exhibit No. ____ (EMA-2) Workpaper PF3 4

[B]	Executive Compensation Included in Test Year	\$ 386,936	[C]
	Administrative Increase March 2008	<u>1.519%</u>	[D]
	PC Recommended Increase to Executive Comp.	\$ 5,878	

[C] Exhibit No. ____ (EMA-3) PF3 1

[D] Exhibit No. ____ (EMA-3) PF3 2

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Reduce Incentive Compensation		Total	Adjust 2008	Adjust 2008
Line No.	Description	Adjustment	To Actual	to 6-Year Average
1	Pro Forma Incentive Adjustment Per Company	\$ 152,143	\$ (4,814)	\$ 156,957 [A]
2	Recommended Reduction to Pro Forma Incentives	<u>\$ (156,957)</u>		<u>\$ (156,957)</u>
3	Pro Forma Incentive Adjustment Per PC	\$ (4,814)	\$ (4,814)	
4	Federal Income Tax Rate	<u>35.000%</u>		
5	Increase in Federal Income Tax Expense	<u>\$ 1,685</u>	L. 3 * L. 4	
6	Increase in Net Operating Income	<u>\$ 3,129</u>	L. 3 - L. 5	

Source: _____

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Reduce Insurance Expense

Line No.	Description	Amount
1	Avista's Original Pro Forma Increase for Insurance	\$ 78,284 [A]
2	PC's Recommended Reduction to Pro Forma Adj	<u>\$ (17,886) [B]</u>
3	PC's Pro Forma Increase for Insurance	\$ 60,398
4	Federal Income Tax Rate	<u>35.00%</u>
5	Decrease in Federal Income Tax Expense	<u>\$ (21,139)</u>
6	Decrease in Net Operating Income	<u><u>\$ (39,259)</u></u>

Source:

PF10 [A] Adjust Insurance to 2009 Pro Forma (Filed)	PC-142 [B] Adjust Insurance to 2009 Pro Forma (Revised)	Difference
\$ 78,284	\$ 60,398	\$ (17,886)

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Remove D&O Insurance Expense

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	Washington Gas D&O Insurance Expense in Test Year	\$ 217,168	PC-212
2	PC Recommended Disallowance %	<u>-50.000%</u>	
3	PC Recommended Reduction of D&O Insurance Expense	\$ (108,584)	L. 1 * L. 2
4	Federal Income Tax Rate	<u>35.000%</u>	
5	Increase in Federal Income Tax Expense	\$ 38,004	L. 3 * L. 4
6	Increase in Net Operating Income	<u>\$ 70,580</u>	L. 3 - L. 5

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Directors Meeting Costs

Line No.	Description	Amount	Source
1	System Board of Director Meeting Costs in Test Year	\$ 96,553	PC-155
2	Gas Operations Allocation Factor	<u>19.180%</u>	PC-328
3	Amount Allocated to Gas Operations	\$ 18,519	L. 1 * L. 2
4	Washington Gas Operations Allocation Factor	<u>67.505%</u>	PC-328
5	Amount allocated to WA Gas Operations	\$ 12,501	L. 3 * L.4
6	PC Recommended Disallowance %	<u>-50.000%</u>	
7	PC Recommended Reduction of Director Meeting Costs	\$ (6,251)	L. 5 * L. 6
8	Federal Income Tax Rate	<u>35.000%</u>	
9	Increase in Federal Income Tax Expense	<u>\$ 2,188</u>	L. 7 * L. 8
10	Increase in Net Operating Income	<u>\$ 4,063</u>	L. 7 - L. 9

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Reduce Board of Director Fees

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
1	System Director Fees in Test Year	\$ 1,162,018	PC-328
2	Gas Operations Allocation Factor	<u>19.180%</u>	PC-328
3	Amount Allocated to Gas Operations	\$ 222,875	L. 1 * L. 2
4	Washington Gas Operations Allocation Factor	<u>67.505%</u>	PC-328
5	Amount allocated to WA Gas Operations	\$ 150,452	L. 3 * L. 4
6	PC Recommended Disallowance %	<u>-50.000%</u>	
7	PC Recommended Reduction of Director Fees	\$ (75,226)	L. 5 * L. 6
8	Federal Income Tax Rate	<u>35.000%</u>	
9	Increase in Federal Income Tax Expense	<u>\$ 26,329</u>	L. 7 * L. 8
10	Increase in Net Operating Income	<u>\$ 48,897</u>	L. 7 - L. 9

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Remove Customer Deposits From Rate Base

Line No.	Description	Amount
1	WA AMA Amount of Customer Deposits	\$ 3,825,972
2	WA Gas Allocation Factor	<u>35.36%</u>
3	WA Gas Customer Deposits	<u>\$ (1,352,864)</u>
4	WA Gas Customer Deposits	\$ 1,352,864
5	Interest Rate	<u>0.42%</u> [a]
6	WA Gas Interest on Customer Deposits Paid	<u>\$ 5,682</u>
7	Federal Income Tax Rate	<u>35%</u>
8	Decrease in Federal Income Tax Expense	<u>\$ (1,989)</u>
9	Decrease in Net Operating Income	<u>\$ (3,693)</u>

Source:

Response to Public Counsel Data Request 326

~~[a] Interest rate used by Staff~~

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

AGA Dues Adjustment

Line No.	Description	Amount (A)	Source (B)
1	Test Year WA Gas Operations AGA Dues	\$ 64,958	A
2	Recommended WA Gas Operations AGA Dues	\$ 43,527	B
3	Recommended disallowance	<u>\$ (21,431)</u>	
4	Federal Income Tax Rate	<u>35.000%</u>	
5	Increase in Federal Income Tax Expense	<u>\$ 7,501</u>	L. 3 * L. 4
6	Increase in Net Operating Income	<u>\$ 13,930</u>	L. 3 - L. 5

Notes and Source

A: Response to PC-333

B:	2008 AGA Dues	\$ 147,067	C
	Amount Removed by Company	<u>\$ (5,883)</u>	D
	System amount of dues in test year	\$ 141,184	
	Recommended Disallowance %	<u>33%</u>	E
	Recommended Disallowance	\$ (46,591)	
	System amount of dues in test year	\$ 141,184	
	Recommended Disallowance	<u>\$ (46,591)</u>	
	System Recommended AGA dues in test year	\$ 94,593	
	Gas North Factor	<u>68.16%</u>	
		\$ 64,475	
	Washington Jurisdictional Factor	<u>67.51%</u>	
	Recommended WA Gas Operations AGA Dues	\$ 43,527	

C: Response to PC-333, 335

D: Responses to PC-022

E:	Amount of dues related to advocacy, advertising, etc	40%
	Amount of dues removed from test year by Company	<u>4%</u>
		36%

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008

Remove Injuries & Damages Reserve from Rate Base

<u>Date</u>	<u>Balance</u>
Sep-07	\$ 84,807
Oct-07	\$ 84,516
Nov-07	\$ 84,516
Dec-08	\$ 84,516
Jan-08	\$ 84,516
Feb-08	\$ 85,297
Mar-08	\$ 84,516
Apr-08	\$ 84,516
May-08	\$ 84,516
Jun-08	\$ 84,516
Jul-08	\$ 84,516
Aug-08	\$ 104,768
Sep-08	\$ 107,768
(Sept. 2007 + Sept. 2008) / 2	<u>\$ 96,287</u>
WA Gas AMA	<u>\$ 87,250</u>
Federal Income Tax Rate	<u>35%</u>
ADIT Associated with Injuries & Damages	<u>\$ 30,537</u>

Source:

Response to Public Counsel Data Request 210

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Interest Synchronization Adjustment

Line No.	Description	Amount	Source
1	Rate Base, per PC	\$169,525	Sch. A-1
2	PC Proposed Weighted Cost of Debt	3.51%	Sch D
3	Interest Deduction	\$ 5,950	L 1 * L 2
4	Interest Deduction Per Company	\$ 5,724	[A]
5	Difference	\$ 226	L 3 - L 4
6	Federal Income Tax Rate	35.00%	[A]
7	Increase (Decrease) to Income Tax Expense	\$ (79)	L 5 * L 6

Source:

[A] Exhibit No. __ (EMA-3)WP B11

AVISTA UTILITIES
Washington Gas System
Test Year Twelve Months Ended September 30, 2008
(\$000's of Dollars)

Overall Cost of Capital, per PC

<u>Line No.</u>	<u>Description</u>	<u>Capital Structure</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
1	Total debt	\$ 1,190,915,751	53.5%	6.57%	3.51%
2	Common Equity	\$ 996,883,374	46.5%	10.20%	4.74%
3	Total Capital Structure	\$ 2,187,799,125	100.00%		8.25%

Source/Reference:

The above cost rate amounts are sponsored by PC's witness Mike Gorman and are provided here for ease of reference.