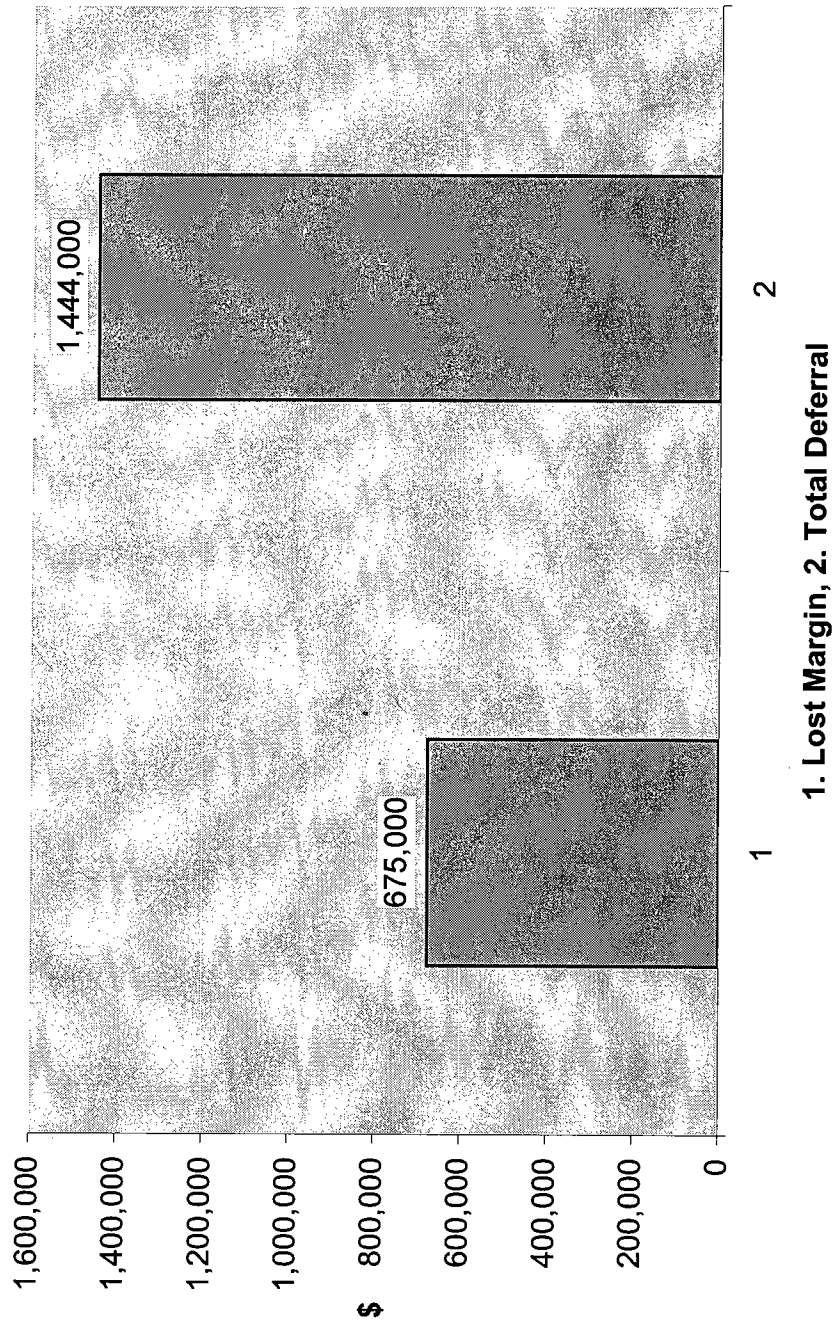


**Lost Margin Due to Company Sponsored
Conservation versus Total Deferral for July 2007 -
June 2008 (\$)**



A	B	C	D	E	F	G	H	I	J
		Lost margins (\$)		Lost therms	2005	2006	2007 1st half	2007 2nd half	2008 1st half
Annual Company achieved therms savings	546,388	675,172		2005	273,194	546,388	273,194	273,194	273,194
Total projected therm decline in Sch. 101 therm use from 2004 to deferral 2007-2008 period	7,791,547	1,444,202		2006		273,194	273,194	273,194	273,194
Deferral period Sch. 101 margin rate	0.20595	114%		2007				136,597	136,597
Previous Sch. 101 Margin rate	0.20595	769,030		2008					136,597
		675,000							3,278,328
		1,444,000							

Total projected therm decline for Schedule 101 Between 2004 and the July 2007-June 2008 deferral period was 4.75%. This is an average 1.9% decline per year over the 3.5 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). 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 Data 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 3.5 years.