

AVISTA CORPORATION
Summary of Requested Rate Increase
Natural Gas Service
Based on Rates Currently in Effect
Washington Jurisdiction
Filed March 4, 2008

- a) **The date and amount of the latest prior general rate increase authorized by the Commission, and revenue realized from that authorized increase in the test period, based on the company's test period units of revenue.**

| | |
|------------------|-----------------|
| Date | January 1, 2008 |
| Amount | \$3,282,000 |
| Revenue realized | \$3,282,000 |

- b) **Total general business and transportation revenues at present rates and at requested rates.**

| | |
|-----------------|---------------|
| Present Rates | \$197,945,729 |
| Requested Rates | \$204,533,001 |

- c) **Requested revenue change in percentage, in total and by major customer class.**

| | |
|--|------|
| Residential and Small Commercial | 3.4% |
| Large General Service (Medium - Large Commercial / Industrial) | 3.0% |
| Extra Large General Service (Large - Commercial / Industrial) | 4.2% |
| Interruptible Service | 1.9% |
| Transportation Service | 6.2% |
| Overall | 3.3% |

- d) **Requested revenue change in dollars, in total and by major customer class.**

| | |
|--|-------------|
| Residential and Small Commercial | \$4,695,010 |
| Large General Service (Medium - Large Commercial / Industrial) | 1,506,802 |
| Extra Large General Service (Large - Commercial / Industrial) | 274,293 |
| Interruptible Service | 11,163 |
| Transportation Service | 100,004 |
| Other | 0 |
| Total | \$6,587,272 |

- e) **Requested rate change in dollars per month, per average customer, by customer class.**

| | |
|--|----------|
| Residential and Small Commercial | \$2.84 |
| Large General Service (Medium - Large Commercial / Industrial) | \$56.43 |
| Extra Large General Service (Large - Commercial / Industrial) | \$743.17 |
| Interruptible Service | \$941.53 |
| Transportation Service | \$287.37 |

| | | |
|---|--|---------------|
| f) Most current customer count by major customer class. (1) | | |
| Residential and Small Commercial | | 141,580 |
| Large General Service | (Medium - Large Commercial / Industrial) | 2,262 |
| Extra Large General Service | (Large - Commercial / Industrial) | 32 |
| Interruptible Service | | 1 |
| Transportation Service | | 39 |
| Total | | 143,914 |
| (1) January 31, 2008 | | |
| g) Current authorized overall rate of return and authorized rate of return on common equity. | | |
| Overall rate of return | | 8.20% |
| Rate of return on common equity | | 10.20% |
| h) Requested overall rate of return and requested rate of return on common equity, and the method or methods used to calculate rate of return on common equity. | | |
| Overall rate of return | | 8.43% |
| Rate of return on common equity | | 10.80% |
| The methodologies utilized in the derivation of the rate of return on common equity were discounted cash flow analysis, risk premium model analysis and capital asset pricing model analysis. | | |
| i) Requested capital structure. | | |
| Total Debt (including Short-Term) | | 53.70% |
| Preferred Trust Securities | | 0.00% |
| Preferred Stock | | 0.00% |
| Common Equity | | 46.30% |
| Total | | 100.00% |
| j) Requested total net operating income. | | |
| Net operating income | | \$4,097,000 |
| k) Requested total rate base and method of calculation, or equivalent. | | |
| Rate base | | \$172,957,000 |
| Method of calculation is average of monthly average basis. | | |
| l) Requested revenue effect of attrition allowance, if any requested. | | |
| Attrition allowance | | NONE |