

AVISTA UTILITIES
GAS ADJUSTMENT SUMMARY
TWELVE MONTHS ENDED DECEMBER 31, 2009
(000'S OF DOLLARS)

PROPERTY TAX
ADJUSTMENT
GAS

Line No.	Description	System	Washington	Idaho
REVENUES				
1	Total General Business			
2	Total Transportation			
3	Other Revenues			
4	Total Gas Revenues	0	0	0
EXPENSES				
5	Exploration & Development			
Production				
6	City Gate Purchases			
7	Purchased Gas Expense			
8	Net Nat. Gas Storage Trans			
9	Total Production	0	0	0
Underground Storage				
10	Operating Expenses			
11	Depreciation			
12	Taxes	(17)	(17)	0
13	Total Underground Storage	(17)	(17)	0
Distribution				
14	Operating Expenses			
15	Depreciation			
16	Taxes	(184)	(184)	0
17	Total Distribution	(184)	(184)	0
18	Customer Accounting			
19	Customer Service & Information			
20	Sales			
Administrative and General				
21	Operating Expenses			
22	Depreciation			
23	Taxes	(1)	(1)	0
24	Total Admin. & General	(1)	(1)	0
25	Total Gas Expense	(202)	(202)	0
26	Operating Income before FIT	202	202	0
Federal Income Taxes				
27	Current Accrual (at 35%)	71	71	0
28	Amort ITC			
29	Deferred FIT			
30	NET OPERATING INCOME	\$131	\$131	\$0
RATE BASE				
PLANT IN SERVICE				
31	Underground Storage			
32	Distribution Plant			
33	General Plant			
34	Total Plant in Service	0	0	0
ACCUMULATED DEPRECIATION				
35	Underground Storage			
36	Distribution Plant			
37	General Plant			
38	Total Accum. Depreciation	0	0	0
39	DEFERRED TAXES			
40	GAS INVENTORY			
41	WORKING CAPITAL			
42	GAIN ON SALE OF BUILDING			
43	TOTAL RATE BASE	\$0	\$0	\$0

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AVISTA UTILITIES

Property Tax Adjustment-Gas
For the Twelve Months Ended December 31, 2009

		System	Washington	Idaho
Property Tax Adjustment				
Underground Storage		-25,225	-17,645	-7,580
Distribution		-169,858	-183,608	13,750
Administrative and General		-1,908	-1,296	-612
Idaho SIT	0.014203	-79		-79
Total expenses		-197,070	-202,549	5,479
Operating income before FIT		197,070	202,549	-5,479
FIT	0.350	68,974	70,892	-1,918
Net operating income		128,096	131,657	-3,561

AVISTA UTILITIES

Property Tax Adjustment-Gas
For the Twelve Months Ended December 31, 2009

Functionalization based on Plant Balances at 12/31/2008

	System	Washington	Idaho
Underground Storage	-25,225	-25,225	0
Distribution	-169,858	-183,608	13,750
General	-1,908	-2,167	259
Total	-196,991	-211,000	14,009

Allocation Percentages

Underground Storage	11.955%	0.000%
Distribution	87.018%	98.149%
General	1.027%	1.851%
Total	100.000%	100.000%

	Alloc.	System	Washington	Idaho
WA Property Tax Adjustment				
Underground Storage	1C	-25,225	-17,645	-7,580
Distribution	99	-183,608	-183,608	0
General	4	-2,167	-1,472	-695
Total		-211,000	-202,725	-8,275
ID Property Tax Adjustment				
Underground Storage	1C	0	0	0
Distribution	99	13,750	0	13,750
General	4	259	176	83
Total		14,009	176	13,833
Underground Storage Total		-25,225	-17,645	-7,580
Distribution Total		-169,858	-183,608	13,750
General Total		-1,908	-1,296	-612
Total Adjustment		-196,991	-202,549	5,558

Allocation Notes

System Contract Demand--SGS-1	1C	100.000%	69.950%	30.050%
Jurisdictional 4 Factor	4	100.000%	67.943%	32.057%
Direct	99	0.000%	0.000%	0.000%

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AVISTA UTILITIES

Property Tax Adjustment
For the Twelve Months Ended December 31, 2009

	<u>Electric</u>	<u>Gas</u>
<u>Washington</u>		
Current Period Expense	4,866,000	1,434,000
Accrual per Results by State (Situs)	5,405,965	1,645,000
Adjustment	<u>(539,965)</u>	<u>(211,000)</u>
 <u>Idaho</u>		
Current Period Expense	3,189,000	722,000
Accrual per Results by State (Situs)	3,208,043	707,991
Adjustment	<u>(19,043)</u>	<u>14,009</u>
 <u>Montana</u>		
Current Period Expense	6,162,000	
Accrual per Results by State (Situs)	6,153,927	
Adjustment	<u>8,073</u>	
 <u>Oregon</u>		
Current Period Expense	6,000	
ProForma Cyote Springs Expense for 2010	1,873,000	
Subtotal Expense	<u>1,879,000</u>	
Accrual per Results by State (Situs)	1,018,758	
Adjustment	<u>860,242</u>	
 <u>Colstrip Indirect (Note 1)</u>		
Current Period Expense	4,680	
Accrual per Results	3,221	
Adjustment	<u>1,459</u>	
 Total		
	<u>310,766</u>	<u>(196,991)</u>
Remove Colstrip Indirect	<u>(1,459)</u>	
Total	<u>309,307</u>	<u>-196,991</u>
 <u>Total</u>		
Current Period Expense	14,227,680	2,156,000
Amount reflected in results (E-OTX-12A & G-OTX-12A)	15,789,914	2,352,991
Adjustment	<u>(1,562,234)</u>	<u>(196,991)</u>

Note 1 This amount is related to property tax that we are paying to PacifiCore for our portion of a indirect property tax. This amount does not fluctuate and is immaterial to the total property tax adjustment.

PROPERTY TAX ESTIMATES FOR 2010 - to Rosemary on February 1, 2010

SUMMARY:

ELECTRIC:

WASHINGTON
 EST ADJ TO WASH
 IDAHO
 MONTANA
 OREGON - Transm line only
 OREGON - Coyote Springs II

SUBTOTAL

GAS:

WASHINGTON
 IDAHO
 OREGON
 OTHER

SUBTOTAL

TOTAL EST TAX

	Actual 2006	Actual 2007	Actual 2008	Actual / Estimate 2009	Estimate 2010
	6,546	5,922	5,199	4,866	5,376
	2,767	2,668	2,958	3,189	3,452
	5,933	6,171	6,674	6,162	6,591
	14	14	13	6	15
	143	143	138	1,873	2,020
	15,403	14,918	14,982	16,095	17,454
	1,744	1,550	1,214	1,434	1,560
	587	609	620	722	779
	1,522	1,573	1,759	1,649	1,665
	0	0	0	0	0
	3,853	3,732	3,593	3,805	4,004
	19,256	18,650	18,575	19,901	21,458

Revised #'s
 Includes 2009 12 YTD Adds

In thousands
 CS 2 full assessment