

**Avista Utilities  
Washington - Gas  
Equal % of Margin Increase by Schedule  
Based on \$5,377,000 Revenue Increase  
2003 Pro Forma Revenue**

	101	111	121	131	146	Total
Pro forma Revenue under Present Rates(1)	\$95,790,054	\$34,744,721	\$5,274,104	\$621,043	\$1,081,154	\$137,511,076
Less: Pro forma Purchase Gas Costs(2)	<u>\$64,924,415</u>	<u>\$27,501,887</u>	<u>\$4,484,699</u>	<u>\$533,400</u>	<u>\$40,600</u>	<u>\$97,485,001</u>
Total Margin under Present Rates	\$30,865,639	\$7,242,834	\$789,405	\$87,643	\$1,040,554	\$40,026,075
Divided by: Pro forma Therms(3)	<u>119,088,035</u>	<u>50,591,209</u>	<u>8,292,712</u>	<u>998,259</u>	<u>19,804,750</u>	<u>198,774,965</u>
Avg. Margin per Therm	\$0.25918	\$0.14316	\$0.09519	\$0.08780	\$0.05254	\$0.20136
Proposed Revenue/Margin Increase	\$4,146,209	\$972,972	\$106,046	\$11,769	\$139,730	<u>\$5,376,726</u>
Divided by: Pro forma Therms	<u>119,088,035</u>	<u>50,591,209</u>	<u>8,292,712</u>	<u>998,259</u>	<u>19,804,750</u>	<u>198,774,965</u>
<b>Increase in Avg. Margin per Therm</b>	<b>\$0.03482</b>	<b>\$0.01923</b>	<b>\$0.01279</b>	<b>\$0.01179</b>	<b>\$0.00706</b>	<b>\$0.02705</b>
<b>Percentage Increase in Margin per Therm</b>	<b>13.43%</b>	<b>13.43%</b>	<b>13.43%</b>	<b>13.43%</b>	<b>13.43%</b>	<b>13.43%</b>
Percentage Increase in Revenue	4.3%	2.8%	2.0%	1.9%	12.9%	3.9%

From Hirschhorn workpapers:

- (1) BH3
- (2) BH68
- (3) BH1