

EXHIBIT 1

LOST MARGIN / DEFERRED REVENUE CALCULATION

JULY 2008 – JUNE 2009

DEFERRAL CALCULATION for THIRD PILOT PERIOD JULY 2008 THROUGH JUNE 2009

AVISTA UTILITIES

Washington - Gas

Approved Decoupling Mechanism

2008/2009 compared to 2006 Test Year Jul to Dec, compared to 2007 Test Year Jan to Jun

Adjusted for Actual New Customer Usage

3rd Year Pilot Period July 2008 - June 2009

New Rates Effective 01/01/2009 with 2007 Test Year

	2008 July	2008 August	2008 September	2008 October	2008 November	2008 December	2009 January	2009 February	2009 March	2009 April	2009 May	2009 June	Period to Date Total
12 Months Ended June 2009 Actual													
Schedule 101													
Schedule 101 Billed Therms	2,763,613	2,223,233	2,487,966	3,933,329	8,603,159	15,345,278	24,885,757	21,106,338	17,754,612	12,666,299	7,615,545	3,714,717	123,099,846
Deduct New Customer Usage(1)	(82,104)	(66,736)	(78,849)	(127,362)	(276,318)	(599,812)	(837,285)	(628,669)	(571,631)	(395,852)	(224,303)	(101,872)	(3,990,793)
Deduct Prior Month Unbilled Therms	(1,731,459)	(1,267,630)	(1,309,729)	(1,930,178)	(6,206,433)	(9,576,840)	(16,255,704)	(12,772,752)	(10,188,273)	(9,003,631)	(6,042,149)	(3,167,385)	(79,452,163)
Add Current Month Unbilled Therms	1,267,630	1,309,729	1,930,178	6,206,433	9,576,840	16,255,704	12,772,752	10,188,273	9,003,631	6,042,149	3,167,385	1,646,524	79,367,228
Add Weather Adjustment	-	-	-	331,716	1,494,158	(2,505,968)	(1,544,178)	(704,787)	(2,625,925)	(669,528)	281,035	614,990	(5,328,487)
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	8,413,938	13,191,406	18,918,362	19,021,342	17,188,403	13,372,414	8,639,437	4,797,513	2,706,974	113,695,631
Weather Adj Calendar Therms	2,217,680	2,198,596	3,029,566	8,413,938	13,191,406	18,918,362	19,021,342	17,188,403	13,372,414	8,639,437	4,797,513	2,706,974	113,695,631
Less Test Year Therms	1,983,193	2,049,321	3,228,950	8,830,784	14,228,112	20,663,191	20,189,483	18,089,596	13,420,523	7,791,044	4,652,911	2,115,994	117,243,102
Therm Difference	234,487	149,275	(199,384)	(416,846)	(1,036,706)	(1,744,829)	(1,168,141)	(901,193)	(48,109)	848,393	144,602	590,980	(3,547,471)
Times Current Margin Rate per Therm	0.21748	0.21748	0.21748	0.21748	0.21748	0.21748	0.24201	0.24201	0.24201	0.24201	0.24201	0.24201	
Revenue Excess (Shortfall)	\$50,996	\$32,464	(\$43,362)	(\$90,656)	(\$225,463)	(\$379,465)	(\$282,702)	(\$218,098)	(\$11,643)	\$205,320	\$34,995	\$143,023	(\$784,590)
90% Limitation	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	
Deferred Revenue Account Entry	\$45,897	\$29,218	(\$39,026)	(\$81,590)	(\$202,917)	(\$341,519)	(\$254,432)	(\$196,288)	(\$10,479)	\$184,788	\$31,496	\$128,721	(\$706,131)
407328 or (407428)													
Correction for December 2007 New Customer Report Error							\$22,567						\$22,567
January 2009 Net Journal Entry							\$ (231,865)						\$ (683,564)

(1) Per monthly reports - current month usage for new services opened since that month of the test year (2006 for July through December and 2007 for January through June)

Weather Normalization and Unbilled Calculation July 2008 through December 2008 (with 2006 test year base)

2006 Test Year Weather Normalization

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
Normal DDH	44	42	196	554	897	1,168	1,169	916	790	557	338	149	6,820
Actual DDH	8	52	142	529	785	1,328	1,169	916	790	557	338	149	6,763
Degree Day Adjustment	36	(10)	54	25	112	(160)	-	-	-	-	-	-	57

Monthly

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Use/DD/Cust(1)	0.000	0.000	0.000	0.090	0.090	0.101	0.101	0.101	0.101	0.090	0.090	0.090
Use/DD/Cust(1)	0.000	0.000	0.000	0.169	0.169	0.243	0.243	0.243	0.243	0.169	0.169	0.169
Use/DD/Cust(1)	0.000	0.000	0.000	0.306	0.306	0.422	0.422	0.422	0.422	0.306	0.306	0.306

Sch. 101

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	
Res 101	-	-	-	283,203	1,275,453	(2,053,560)	-	-	-	-	-	-	(494,924)
Com 101	-	-	-	47,840	215,552	(446,109)	-	-	-	-	-	-	(182,717)
Ind 101	-	-	-	673	3,153	(6,279)	-	-	-	-	-	-	(2,453)
Total 101	-	-	-	331,716	1,494,158	(2,505,968)	-	-	-	-	-	-	(680,094)

Monthly Unbilled Calculation

	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Unbilled DDH	71.2	4.7	45.3	101.5	369.6	567.2	952.4	-	-	-	-	-	-
Unbilled Factor	63.30%	63.32%	65.28%	62.81%	65.31%	69.16%	68.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Res 101	0.0448	0.0000	0.0000	0.0448	0.0896	0.0951	0.1005	0.1005	0.1005	0.0951	0.0896	0.0896	0.0448
Com 101	0.0844	0.0000	0.0000	0.0844	0.1688	0.2058	0.2427	0.2427	0.2427	0.2058	0.1688	0.1688	0.0844
Ind 101	0.1528	0.0000	0.0000	0.1528	0.3055	0.3639	0.4222	0.4222	0.4222	0.3639	0.3055	0.3055	0.1528
Sch. 101													
Res 101	1,577,451	1,182,330	1,221,209	1,746,939	5,401,331	8,134,346	13,471,627	-	-	-	-	-	-
Com 101	153,018	85,300	88,520	181,828	795,166	1,423,507	2,746,681	-	-	-	-	-	-
Ind 101	990	-	-	1,411	9,936	18,987	37,396	-	-	-	-	-	-
Total	1,731,459	1,267,630	1,309,729	1,930,178	6,206,433	9,576,840	16,255,704	-	-	-	-	-	-

Revenue Run Customers (Meters Billed)

Class	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006 Total
Residential 101	124,155	124,306	124,387	124,402	124,602	124,358	124,482	124,715	125,061	125,868	126,533	127,078	1,499,947
Commercial 101	11,239	11,279	11,289	11,260	11,225	11,247	11,226	11,300	11,291	11,323	11,388	11,474	135,541
Industrial 101	94	92	91	91	88	91	91	90	91	88	92	93	1,092
Interdepartmental 101	22	22	22	22	23	23	23	23	23	23	23	22	271
Total	135,510	135,699	135,789	135,775	135,938	135,719	135,822	136,128	136,466	137,302	138,036	138,667	1,636,851

Weather Normalization and Unbilled Calculation January 2009 through June 2009 (with 2007 test year base)

2007 Test Year

Weather Normalization

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
Normal DDH	1,105	912	768	536	324	139	37	34	189	543	894	1,171	6,652
Actual DDH	1,204	957	936	586	303	93	37	34	189	543	894	1,171	6,947
Degree Day Adjustment	(99)	(45)	(168)	(50)	21	46	-	-	-	-	-	-	(295)

Monthly

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
Use/DD/Cust(6)	0.1005	0.1005	0.1005	0.0896	0.0896	0.0896	0.0000	0.0000	0.0000	0.0896	0.0896	0.1005	0.1005
Use/DD/Cust(6)	0.2427	0.2427	0.2427	0.1688	0.1688	0.1688	0.0000	0.0000	0.0000	0.1688	0.1688	0.2427	0.2427
Use/DD/Cust(6)	0.4222	0.4222	0.4222	0.3055	0.3055	0.3055	0.0000	0.0000	0.0000	0.3055	0.3055	0.4222	0.4222

Sch. 101

Res 101	(1,266,432)	(576,804)	(2,152,541)	(571,325)	239,744	524,329	-	-	-	-	-	-	(3,803,029)
Com 101	(274,151)	(126,121)	(466,858)	(96,798)	40,694	89,326	-	-	-	-	-	-	(833,908)
Ind 101	(3,595)	(1,862)	(6,526)	(1,405)	597	1,335	-	-	-	-	-	-	(11,456)
Total 101	(1,544,178)	(704,787)	(2,625,925)	(669,528)	281,035	614,990	-	-	-	-	-	-	(4,648,393)

Monthly Unbilled Calculation

	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unbilled DDH (6)	952.4	740.5	571.1	535.7	355.5	141.4	56.4	-	-	-	-	-	-
Unbilled Factor (6)	68.63%	59.75%	60.62%	60.11%	62.51%	62.23%	62.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
07 Base(1)	15	12	0	15	12	0	15	12	0	15	12	0	15
Res 101	0.1005	0.1005	0.1005	0.0951	0.0896	0.0896	0.0448	0.0000	0.0000	0.0448	0.0896	0.0951	0.1005
Com 101	0.2427	0.2427	0.2427	0.2058	0.1688	0.1688	0.0844	0.0000	0.0000	0.0844	0.1688	0.2058	0.2427
Ind 101	0.4222	0.4222	0.4222	0.3639	0.3055	0.3055	0.1528	0.0000	0.0000	0.1528	0.3055	0.3639	0.4222

Sch. 101

Res 101	13,471,627	10,613,457	8,480,016	7,641,086	5,257,890	2,803,632	1,505,300	-	-	-	-	-	-
Com 101	2,746,681	2,132,408	1,684,627	1,344,613	774,267	359,736	140,406	-	-	-	-	-	-
Ind 101	37,396	26,887	23,630	17,932	9,992	4,017	818	-	-	-	-	-	-
Total	16,255,704	12,772,752	10,188,273	9,003,631	6,042,149	3,167,385	1,646,524	-	-	-	-	-	-

Revenue Run Customers (Meters Billed)

Class	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007 Total
Residential 101	127,078	127,286	127,541	127,490	127,415	127,215	127,256	127,256	127,482	127,898	128,371	129,218	129,424	1,534,124
Commercial 101	11,474	11,410	11,548	11,450	11,469	11,504	11,503	11,480	11,497	11,551	11,552	11,597	11,702	138,263
Industrial 101	93	86	98	92	93	95	94	93	94	95	93	92	93	1,116
Interdepartmental 101	22	22	23	23	24	24	24	24	24	24	23	23	23	281
Total	138,667	138,804	139,210	139,055	139,113	139,012	138,838	138,877	139,096	139,568	140,039	140,930	141,242	1,673,784

2006 TEST YEAR BASE Effective January 1, 2008

Avista Utilities
Washington - Gas - Test Year Calculations for Decoupling
2006 - Docket No. UG-070805

Schedule 101 Therms	Per B.J.H.(1)	Annual Total	January	February	March	April	May	June	July	August	September	October	November	December
Usage from Revenue Run(2)	112,983,336	112,983,336	18,562,669	16,709,536	16,924,558	11,304,373	6,552,477	3,538,290	2,378,214	1,985,594	2,479,717	4,292,105	9,891,005	18,364,798
Ded: Prior Mo. Unbilled(2)	(12,246,878)	(72,278,176)	(12,246,878)	(9,835,922)	(10,346,687)	(7,769,268)	(5,379,240)	(3,372,792)	(1,644,233)	(1,249,212)	(1,312,939)	(2,062,172)	(6,574,314)	(10,484,519)
Add: Current Mo. Unbilled(2)	12,031,121	72,062,419	9,835,922	10,346,687	7,769,268	5,379,240	3,372,792	1,644,233	1,249,212	1,312,939	2,062,172	6,574,314	10,484,519	12,031,121
Add: Weather Adjustment(2)	6,036,026	6,036,026	4,041,945	(475,371)	(245,515)	433,190	486,111	590,436	-	-	-	26,537	426,902	751,791
Test Year Monthly Therms	118,803,605	118,803,605	20,193,658	16,744,930	14,101,624	9,347,535	5,032,140	2,400,167	1,983,193	2,049,321	3,228,950	8,830,784	14,228,112	20,663,191
Adjust to Annual Pro Forma	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Monthly Pro Forma Therms	-	118,803,605	20,193,658	16,744,930	14,101,624	9,347,535	5,032,140	2,400,167	1,983,193	2,049,321	3,228,950	8,830,784	14,228,112	20,663,191
Customers / Billings														
Test Yr Customers/Billings(2)	1,636,851	1,636,851	135,510	135,699	135,789	135,775	135,938	135,719	135,822	136,128	136,466	137,302	138,036	138,667
Test Year Average Use/Cust		73	149	123	104	69	37	18	15	15	24	64	103	149
Sch 101 Base Rate/therm(3)		\$1.12076												
Times: 1 minus Revenue Related Items (4)		0.956922												
Revenue prior to gross up		\$1.07248												
Less: Weighted Average Gas Cost/therm(5)		(\$0.85500)												
Margin Rate/therm		\$0.21748												

- (1) From Hirschikorn workpapers in Docket No. UG-070805 BJH -19, BJH -16, BJH -15, and BJH - 14
- (2) From 2006 Monthly Data (below)
- (3) From Schedule 101 effective January 1, 2008
- (4) From Andrews Exhibit No. (EMA-3), page 3, line 7
- (5) From Andrews workpaper H13, cost of gas included in base rates.

2006 TEST YEAR BASE UG-070805 Weather Normalization and Unbilled Calculation

2006 Monthly Data

Revenue Run Thermos	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
Total 101	18,562,669	16,709,536	16,924,558	11,304,373	6,552,477	3,538,290	2,378,214	1,985,594	2,479,717	4,292,105	9,891,005	18,364,798	112,983,336

Weather Normalization

Degree Day Adjustment	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
	264	-31	-16	33	37	45	36	12	26	2	32	48	488
Monthly													
Use/DD/Cust(1)	0.101	0.101	0.101	0.090	0.090	0.090	0.000	0.000	0.000	0.090	0.090	0.101	0.090
Com 101	0.243	0.243	0.243	0.169	0.169	0.169	0.000	0.000	0.000	0.169	0.169	0.243	0.169
Ind 101	0.422	0.422	0.422	0.306	0.306	0.306	0.000	0.000	0.000	0.306	0.306	0.422	0.306

Sch. 101

Res 101	3,310,469	(389,202)	(201,009)	369,474	414,925	503,650	-	-	-	22,656	364,415	616,074	5,011,452
Com 101	721,004	(84,965)	(43,892)	62,797	70,190	85,533	-	-	-	3,827	61,586	133,833	1,009,913
Ind 101	10,472	(1,204)	(614)	919	996	1,253	-	-	-	54	901	1,884	14,661
Total 101	4,041,945	(475,371)	(245,515)	433,190	486,111	590,436	-	-	-	26,537	426,902	751,791	6,036,026

Monthly Unbilled Calculation

Unbilled DDH	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unbilled Factor	721.1	565.5	597.1	462.5	313.8	160.8	58.8	8.0	26.9	123.0	398.6	631.8	689.9
06 BaseId(1)	63.61%	60.83%	61.48%	60.54%	63.78%	63.31%	62.99%	62.40%	65.44%	62.35%	64.55%	68.04%	62.23%
Monthly													
Res 101	0.1005	0.1005	0.1005	0.0951	0.0896	0.0896	0.0448	0.0000	0.0000	0.0448	0.0896	0.0951	0.1005
Com 101	0.2427	0.2427	0.2427	0.2058	0.1688	0.1688	0.0844	0.0000	0.0000	0.0844	0.1688	0.2058	0.2427
Ind 101	0.4222	0.4222	0.4222	0.3639	0.3055	0.3055	0.1528	0.0000	0.0000	0.1528	0.3055	0.3639	0.4222

Sch. 101

Res 101	10,158,095	8,188,922	8,605,773	6,597,688	4,687,900	2,978,509	1,502,586	1,165,152	1,224,202	1,858,769	5,714,037	8,890,030	9,997,157
Com 101	2,060,774	1,624,557	1,717,721	1,156,266	682,616	389,960	140,830	84,060	88,737	201,693	849,561	1,573,340	2,006,875
Ind 101	28,009	22,443	23,193	15,314	8,724	4,323	817	-	-	1,710	10,716	21,149	27,089
Total	12,246,878	9,835,922	10,346,687	7,769,268	5,379,240	3,372,792	1,644,233	1,249,212	1,312,939	2,062,172	6,574,314	10,484,519	12,031,121

Revenue Run Customers (Meters Billed)

Class	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006 Total
Residential 101	123,861	124,155	124,306	124,387	124,402	124,602	124,358	124,482	124,715	125,061	125,868	126,533	127,078	1,499,947
Commercial 101	11,283	11,239	11,279	11,289	11,235	11,225	11,247	11,226	11,300	11,291	11,323	11,388	11,474	135,541
Industrial 101	92	94	92	91	88	91	91	91	90	91	88	92	93	1,092
Interdepartmental 101	22	22	22	22	23	23	23	23	23	23	23	23	22	271
Total	135,510	135,699	135,789	135,775	135,938	135,719	135,822	136,128	136,466	137,302	138,036	138,667	138,667	1,636,851

2007 TEST YEAR BASE Effective January 1, 2009

Avista Utilities
Washington - Gas - Test Year Calculations for Decoupling
2007 - Docket No. UG-080417

Schedule 101 Therms	Per BUH(1)	Annual Total	January	February	March	April	May	June	July	August	September	October	November	December
Usage from Revenue Run(2)	115,583,967	115,583,967	21,292,599	21,234,566	14,472,322	9,724,124	6,113,562	3,664,833	2,462,636	2,010,203	2,332,936	4,484,817	9,398,517	18,392,852
Ded: Prior Mo. Unbilled(2)	(12,030,752)	(73,860,142)	(12,031,121)	(13,080,128)	(9,183,384)	(6,818,622)	(5,528,289)	(3,344,977)	(1,756,030)	(1,252,074)	(1,306,999)	(2,341,020)	(6,393,005)	(10,824,493)
Add: Current Mo. Unbilled(2)	12,425,609	74,254,377	13,080,128	9,183,384	6,818,622	5,528,289	3,344,977	1,756,030	1,252,074	1,306,999	2,341,020	6,393,005	10,824,493	12,425,356
Add: Weather Adjustment(2)	612,353	612,353	(2,152,492)	751,774	1,312,963	(642,747)	722,661	40,108	-	-	-	(134,804)	-	714,890
Test Year Monthly Therms	116,591,177	116,590,555	20,189,114	18,089,596	13,420,523	7,791,044	4,652,911	2,115,994	1,958,680	2,065,128	3,366,957	8,401,998	13,830,005	20,708,605
Adjust to Annual Pro Forma		622	369	-	-	-	-	-	-	-	-	-	-	253
Monthly Pro Forma Therms		116,591,177	20,189,483	18,089,596	13,420,523	7,791,044	4,652,911	2,115,994	1,958,680	2,065,128	3,366,957	8,401,998	13,830,005	20,708,858
Customers / Billings														
Test Yr Customers/Billings(2)	1,673,784	1,673,784	138,804	139,210	139,055	139,113	139,012	138,838	138,877	139,096	139,568	140,039	140,930	141,242
Test Year Average Use/Cust		70	145	130	97	56	33	15	14	15	24	60	98	147
Sch 101 Base Rate/therm(3)		\$1.13793												
Times: 1 minus Revenue Related Items (4)		0.956981												
Revenue prior to gross up		\$1.08898												
Less: Weighted Average Gas Cost/therm(5)		(\$0.84697)												
Margin Rate/therm		\$0.24201												

- (1) From Hirschkom workpapers in Docket No. UG-080417 BJH -17, BJH -14, BJH - 22, and BJH - 1
- (2) From 2007 Monthly Data (below)
- (3) From Hirschkom Exhibit No. (BJH-6), page 1 Proposed Schedule 101 per therm rate
- (4) From Andrews Exhibit No. (EMA-3), page 3, line 7
- (5) From Andrews workpaper 115, cost of gas included in base rates.
- (6) From Hirschkom workpapers in Docket No. UG-080417 BJH -22, BJH -21, BJH -23, BJH -25 and BJH -15

2006 TEST YEAR BASE UG-080417 Weather Normalization and Unbilled Calculation

2007 Monthly Data

Revenue Run Terms	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Total 101	21,292,599	21,234,566	14,472,322	9,724,124	6,113,562	3,664,833	2,462,636	2,010,203	2,332,936	4,484,817	9,398,517	18,392,852	112,983,336

Weather Normalization

Normal Degree Days (25 Year Average 1983 - 2007)	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Actual Degree Days	1105	912	768	536	324	139	37	34	189	543	894	1171	6652
Degree Day Adjustment (1,6)	-138	48	84	-48	54	3	37	7	-5	-10	0	45	77

Monthly

Use/DD/Cust(6)	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Res 101	0.1005	0.1005	0.1005	0.0896	0.0896	0.0896	0.0000	0.0000	0.0000	0.0896	0.0896	0.1005	0.0896
Com 101	0.2427	0.2427	0.2427	0.1688	0.1688	0.1688	0.0000	0.0000	0.0000	0.1688	0.1688	0.2427	0.1688
Ind 101	0.4222	0.4222	0.4222	0.3055	0.3055	0.3055	0.0000	0.0000	0.0000	0.3055	0.3055	0.4222	0.3055

Sch. 101

Res 101	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Com 101	(1,765,330)	615,258	1,076,271	(548,472)	616,485	34,195	-	-	-	(115,020)	-	585,320	498,707
Ind 101	(382,151)	134,530	233,429	(92,926)	104,642	5,826	-	-	-	(19,500)	-	127,803	111,653
Total 101	(5,011)	1,986	3,263	(1,349)	1,534	87	-	-	-	(284)	-	1,767	1,993
Total 101	(2,152,492)	751,774	1,312,963	(642,747)	722,661	40,108	-	-	-	(134,804)	-	714,890	612,353

Monthly Unbilled Calculation

Unbilled DDH (6)	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unbilled Factor (6)	689.9	760.6	508	386.3	317.6	154.9	75.2	0.4	21.1	161.9	377.3	642.8	702.2
07 Base(1)	62.23%	59.45%	59.81%	59.25%	62.20%	62.08%	61.25%	61.17%	63.75%	60.92%	63.31%	66.15%	61.00%

Monthly

Use/DD/Cust(6)	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Res 101	0.1005	0.1005	0.1005	0.0951	0.0896	0.0896	0.0448	0.0000	0.0000	0.0448	0.0896	0.0951	0.1005
Com 101	0.2427	0.2427	0.2427	0.2058	0.1688	0.1688	0.0844	0.0000	0.0000	0.0844	0.1688	0.2058	0.2427
Ind 101	0.4222	0.4222	0.4222	0.3639	0.3055	0.3055	0.1528	0.0000	0.0000	0.1528	0.3055	0.3639	0.4222

Sch. 101

Res 101	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Com 101	9,997,157	10,864,853	7,655,712	5,814,221	4,818,895	2,954,886	1,597,370	1,167,637	2,096,392	2,096,392	5,558,795	9,177,145	10,317,824
Ind 101	2,006,875	2,187,658	1,506,653	991,470	700,468	385,690	157,569	84,437	87,952	242,279	823,490	1,625,831	2,079,960
Total	27,089	27,617	21,019	12,931	8,926	4,401	1,091	-	-	2,349	10,720	21,517	27,572
Total	12,031,121	13,080,128	9,183,384	6,818,622	5,528,289	3,344,977	1,756,030	1,252,074	1,306,999	2,341,020	6,393,005	10,824,493	12,425,356

Revenue Run Customers (Meters Billed)

Class	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007 Total
Residential 101	127,286	127,541	127,490	127,528	127,415	127,215	127,256	127,482	127,898	128,371	129,218	129,424	1,534,124
Commercial 101	11,410	11,548	11,450	11,469	11,480	11,504	11,503	11,497	11,551	11,552	11,597	11,702	138,263
Industrial 101	86	98	92	92	93	95	94	93	95	93	92	93	1,116
Interdepartmental 101	22	23	23	24	24	24	24	24	24	23	23	23	281
Total	138,667	139,210	139,055	139,113	139,012	138,838	138,877	139,096	139,568	140,039	140,930	141,242	1,673,784

EXHIBIT 2

CALCULATION OF PROPOSED DECOUPLING SURCHARGE RATE

EFFECTIVE NOVEMBER 1, 2009

Avista Utilities
Calculation of Decoupling Surcharge/Amortization Rate
Effective Nov. 1, 2009 - Oct. 1, 2010

	Unamortized Balance(1)	Interest(2)	Forecast Sch. 101 Use
	\$ 0.00533	3.25%(3)	
Nov '09	\$683,564		15,375,000
Dec '09	\$601,615	\$1,740	21,716,000
Jan '10	\$485,869	\$1,473	23,298,000
Feb '10	\$361,691	\$1,148	17,824,000
Mar '10	\$266,689	\$851	15,150,000
Apr '10	\$185,939	\$613	9,697,000
May '10	\$134,254	\$434	5,342,000
Jun '10	\$105,781	\$325	3,476,000
Jul '10	\$87,254	\$261	2,524,000
Aug '10	\$73,801	\$218	3,446,000
Sep '10	\$55,434	\$175	2,521,000
Oct '10	\$41,997	\$132	<u>7,799,000</u>
Nov '10	\$429	\$57	
Total		\$7,427	128,168,000
Incremental Rate to Recover Est. Interest		\$0.00006	
Est. Rate to Recover Deferral Balance		<u>\$0.00533</u>	
Rate before Gross-up for Revenue-related items		\$0.00539	
Times: Gross-up for Revenue-related items(4)		<u>1.04495</u>	
Proposed decoupling rate		0.00563	

(1)Deferral balance at beginning of the month / Rate of \$0.00533 is rate to recover deferral balance of \$683,564 over 12 months

(2)Interest computed on average balance between beginning and end of month

(3)FERC rate @ July '09 - changes quarterly

(4)From page 2 of Exh. 2

AVISTA UTILITIES
Revenue Conversion Factor
Washington - Gas System
TWELVE MONTHS ENDED September 30, 2008
from Docket No. UG-090135

Line No.	Description	Factor
1	Revenues	1.000000
	Expense:	
2	Uncollectibles	0.002599
3	Commission Fees	0.002000
4	Washington Excise Tax	0.038420
5	Franchise Fees (City of Millwood Expired in 2004)	0.000000
6	Total Expense	<u>0.043019</u>
7	Net Operating Income Before FIT	0.956981
8	Federal Income Tax @ 35%	0.334943
9	REVENUE CONVERSION FACTOR	<u><u>0.622038</u></u>
10	Calculation of Revenue Adjustment Factor 1 ÷ (1 - 0.043019)	1.044953

EXHIBIT 3

**AVISTA COMMISSION BASIS REPORT FOR WASHINGTON GAS
OPERATIONS**

YEAR ENDED DECEMBER 31, 2008

Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



April 29, 2009

Mr. David W. Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
Olympia, WA 98504-7250

RE: 2008 Gas Commission Basis Report Pursuant to WAC 480-090-257

Dear Mr. Danner:

Enclosed are two copies of the 2008 Gas Commission Basis Report for Avista Utilities. The report is being filed pursuant to WAC 480-090-257. The report is based on the period of twelve months ended December 31, 2008. This report is being supplied for informational purposes only.

If you have any questions, please contact me at (509) 495-8601.

Sincerely,

A handwritten signature in cursive script that reads "Liz M. Andrews".

Liz M. Andrews
Manager, Revenue Requirements

Enclosure

AVISTA UTILITIES

Restatement Summary
 Washington Gas
Twelve Months Ended December 31, 2008

Column	Description	Washington Gas		
		NOI	Rate Base	ROR
b	Per Results Report	\$12,726	\$182,999	
c	Deferred FIT Rate Base	0	(28,945)	
d	Deferred Gain on Office Building	0	(99)	
e	Gas Inventory	0	15,327	
f	Weatherization and DSM Investment	0	448	
g	Customer Advances	0	(49)	
	Actual	12,726	169,681	7.50%
h	Weather Normalization & Gas Cost Adjust	(1,126)	0	
i	Eliminate B & O Taxes	(4)	0	
j	Property Tax	93	0	
k	Uncollectible Expense	89	0	
l	Regulatory Expense Adjustment	(7)	0	
m	Injuries and Damages	214	0	
n	FIT	(10)	0	
o	Net Gains & Losses	8	0	
p	Eliminate A/R Expenses	60	0	
q	Office Space Charges to Subs	1	0	
r	Restate Excise Taxes	9	0	
s	Restate Debt Interest	(128)	0	
	Restated Total	\$11,925	\$169,681	7.03%

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AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2008
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Gain on Office Building	Gas Inventory	Weatherization and DSM Investment	Customer Advances
	a	b	c	d	e	f	g
REVENUES							
1	Total General Business	\$221,067					
2	Total Transportation	3,443					
3	Other Revenues	153,093					
4	Total Gas Revenues	377,603	0	0	0	0	0
EXPENSES							
5	Exploration and Development	0					
Production							
6	City Gate Purchases	317,896					
7	Purchased Gas Expense	(9,103)					
8	Net Nat Gas Storage Trans	2					
9	Total Production	308,795	0	0	0	0	0
Underground Storage							
10	Operating Expenses	436					
11	Depreciation	276					
12	Taxes	126					
13	Total Underground Storage	838	0	0	0	0	0
Distribution							
14	Operating Expenses	6,123					
15	Depreciation	5,686					
16	Taxes	17,092					
17	Total Distribution	28,901	0	0	0	0	0
18	Customer Accounting	4,949			0	0	
19	Customer Service & Information	5,169					
20	Sales Expenses	442					
Administrative & General							
21	Operating Expenses	10,045					
22	Depreciation	1,561					
23	Taxes	19					
24	Total Admin. & General	11,625	0	0	0	0	0
25	Total Gas Expense	360,719	0	0	0	0	0
26	OPERATING INCOME BEFORE FIT	16,884	0	0	0	0	0
FEDERAL INCOME TAX							
27	Current Accrual	1,125					
28	Deferred FIT	3,064					
29	Amort ITC	(31)					
30	NET OPERATING INCOME	\$12,726	\$0	\$0	\$0	\$0	\$0
RATE BASE: PLANT IN SERVICE							
31	Underground Storage	15,260					
32	Distribution Plant	240,778				448	(49)
33	General Plant	24,256					
34	Total Plant in Service	280,294	0	0	0	448	(49)
ACCUMULATED DEPRECIATION							
35	Underground Storage	7,581					
36	Distribution Plant	81,405					
37	General Plant	8,309					
38	Total Accum. Depreciation	97,295	0	0	0	0	0
39	DEFERRED FIT	0	(28,945)	53			
40	GAS INVENTORY	0			15,327		
41	GAIN ON SALE OF BUILDING	0		(152)			
42	TOTAL RATE BASE	\$182,999	(\$28,945)	(\$99)	\$15,327	\$448	(\$49)
43	RATE OF RETURN						

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AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2008
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Subtotal Actual	Weather Normalization & Gas Cost Adjust	Eliminate B & O Taxes	Property Tax	Uncollectible Expense	Regulatory Expense Adjustment
	a	-	h	i	j	k	l
REVENUES							
1	Total General Business	\$221,067	\$ (9,775)	\$ (7,565)			
2	Total Transportation	3,443		(74)			
3	Other Revenues	153,093					
4	Total Gas Revenues	377,603	(9,775)	(7,639)	0	0	0
EXPENSES							
5	Exploration and Development	0					
Production							
6	City Gate Purchases	317,896	(7,620)				
7	Purchased Gas Expense	(9,103)					
8	Net Nat Gas Storage Trans	2					
9	Total Production	308,795	(7,620)	0	0	0	0
Underground Storage							
10	Operating Expenses	436					
11	Depreciation	276					
12	Taxes	126			(13)		
13	Total Underground Storage	838	0	0	(13)	0	0
Distribution							
14	Operating Expenses	6,123					
15	Depreciation	5,686					
16	Taxes	17,092	(375)	(7,634)	(128)		
17	Total Distribution	28,901	(375)	(7,634)	(128)	0	0
18	Customer Accounting	4,949	(28)	0	0	(137)	0
19	Customer Service & Information	5,169					
20	Sales Expenses	442					
Administrative & General							
21	Operating Expenses	10,045	(20)	1			11
22	Depreciation	1,561					
23	Taxes	19			(2)		
24	Total Admin. & General	11,625	(20)	1	(2)	0	11
25	Total Gas Expense	360,719	(8,043)	(7,633)	(143)	(137)	11
26	OPERATING INCOME BEFORE FIT	16,884	(1,732)	(6)	143	137	(11)
FEDERAL INCOME TAX							
27	Current Accrual	1,125	(606)	(2)	50	48	(4)
28	Deferred FIT	3,064					
29	Amort ITC	(31)					
30	NET OPERATING INCOME	\$12,726	(\$1,126)	(\$4)	\$93	\$89	(\$7)
RATE BASE: PLANT IN SERVICE							
31	Underground Storage	15,260					
32	Distribution Plant	241,177					
33	General Plant	24,256					
34	Total Plant in Service	280,693	0	0	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage	7,581					
36	Distribution Plant	81,405					
37	General Plant	8,309					
38	Total Accum. Depreciation	97,295	0	0	0	0	0
39	DEFERRED FIT	(28,892)					
40	GAS INVENTORY	15,327					
41	GAIN ON SALE OF BUILDING	(152)					
42	TOTAL RATE BASE	\$169,681	\$0	\$0	\$0	\$0	\$0
43	RATE OF RETURN	7.50%					

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AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2008
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Injuries and Damages	FIT	Net Gains & Losses	Eliminate A/R Expenses	Office Space Charges to Subs	Restate Excise Taxes
	a	m	n	o	p	q	r
REVENUES							
1	Total General Business						
2	Total Transportation						
3	Other Revenues						
4	Total Gas Revenues	0	0	0	0	0	0
EXPENSES							
5	Exploration and Development						
Production							
6	City Gate Purchases						
7	Purchased Gas Expense						
8	Net Nat Gas Storage Trans						
9	Total Production	0	0	0	0	0	0
Underground Storage							
10	Operating Expenses						
11	Depreciation						
12	Taxes						
13	Total Underground Storage	0	0	0	0	0	0
Distribution							
14	Operating Expenses						
15	Depreciation			(13)			(14)
16	Taxes						(14)
17	Total Distribution	0	0	(13)	0	0	(14)
18	Customer Accounting			0	(92)	0	0
19	Customer Service & Information						
20	Sales Expenses						
Administrative & General							
21	Operating Expenses	(329)				(2)	
22	Depreciation						
23	Taxes						
24	Total Admin. & General	(329)	0	0	0	(2)	0
25	Total Gas Expense	(329)	0	(13)	(92)	(2)	(14)
26	OPERATING INCOME BEFORE FIT	329	0	13	92	2	14
FEDERAL INCOME TAX							
27	Current Accrual	115	(246)	5	32	1	5
28	Deferred FIT		256				
29	Amort ITC						
30	NET OPERATING INCOME	\$214	(\$10)	\$8	\$60	\$1	\$9
RATE BASE: PLANT IN SERVICE							
31	Underground Storage						
32	Distribution Plant						
33	General Plant						
34	Total Plant in Service	0	0	0	0	0	0
ACCUMULATED DEPRECIATION							
35	Underground Storage						
36	Distribution Plant						
37	General Plant						
38	Total Accum. Depreciation	0	0	0	0	0	0
39	DEFERRED FIT						
40	GAS INVENTORY						
41	GAIN ON SALE OF BUILDING						
42	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
43	RATE OF RETURN						

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AVISTA UTILITIES
 GAS RESULTS OF OPERATION
 WASHINGTON RESTATED RESULTS
 TWELVE MONTHS ENDED DECEMBER 31, 2008
 (000'S OF DOLLARS)

Line No.	DESCRIPTION	Restate Debt Interest	Restated Total
	a	s	-
	REVENUES		
1	Total General Business		\$203,727
2	Total Transportation		3,369
3	Other Revenues		153,093
4	Total Gas Revenues	0	360,189
	EXPENSES		
5	Exploration and Development		0
	Production		
6	City Gate Purchases		310,276
7	Purchased Gas Expense		(9,103)
8	Net Nat Gas Storage Trans		2
9	Total Production	0	301,175
	Underground Storage		
10	Operating Expenses		436
11	Depreciation		276
12	Taxes		113
13	Total Underground Storage	0	825
	Distribution		
14	Operating Expenses		6,123
15	Depreciation		5,673
16	Taxes		8,941
17	Total Distribution	0	20,737
18	Customer Accounting		4,692
19	Customer Service & Information		5,169
20	Sales Expenses		442
	Administrative & General		
21	Operating Expenses		9,706
22	Depreciation		1,561
23	Taxes		17
24	Total Admin. & General	0	11,284
25	Total Gas Expense	0	344,324
26	OPERATING INCOME BEFORE FIT	0	15,865
	FEDERAL INCOME TAX		
27	Current Accrual	128	651
28	Deferred FIT		3,320
29	Amort ITC		(31)
30	NET OPERATING INCOME	(\$128)	\$11,925
	RATE BASE: PLANT IN SERVICE		
31	Underground Storage		15,260
32	Distribution Plant		241,177
33	General Plant		24,256
34	Total Plant in Service	0	280,693
	ACCUMULATED DEPRECIATION		
35	Underground Storage		7,581
36	Distribution Plant		81,405
37	General Plant		8,309
38	Total Accum. Depreciation	0	97,295
39	DEFERRED FIT		(28,892)
40	GAS INVENTORY		15,327
41	GAIN ON SALE OF BUILDING		(152)
42	TOTAL RATE BASE	\$0	\$169,681
43	RATE OF RETURN		7.03%

EXHIBIT 4

**SUMMARY OF INDEPENDENT VERIFICATION REPORT FOR AVISTA'S
NATURAL GAS DSM SAVINGS**

YEAR ENDED DECEMBER 31, 2008

Summary of the Independent Verification of Avista's 2008 Completed Natural Gas-Efficiency Claims

Project	Therms contained	Therms in	Therms	% of claimed	Adjusted therm.
	within verification sample	related overall population	verified	therms verified	claim
Residential projects					
High Efficiency Furnaces	11,442	700,502	12,463	108.9%	763,010
Insulation	615		615		
Windows	6,281		7,213		
Other Res Sampled	4,238		4,327		
	308		308		
Limited Income					
Air Infiltration	7,435	109,753	6,068	81.6%	89,574
Insulation	1,391		840		
Windows/Doors	2,732		2,079		
Furnaces/Water Heaters	1,843		1,717		
	1,469		1,432		
Large Non-Res site-specific					
Intermountain Community Bancorp	149,617	149,617	135,641	90.7%	135,641
Kellogg School District 391	25,771	25,771	24,033	93.3%	24,033
Avista Corp	23,894	23,894	8,550	35.8%	8,550
City of Post Falls	18,679	18,679	18,682	100.0%	18,682
Kellogg School District 391	18,315	18,315	12,659	69.1%	12,659
Avista Corp	14,303	14,303	26,003	181.8%	26,003
Mead School District 354	19,647	19,647	17,238	87.7%	17,238
Mountain Gear	14,703	14,703	14,171	96.4%	14,171
Other non-res site-specific	14,305	14,305	14,305	100.0%	14,305
Nonres prescriptive programs	180,837	902,724	164,101	90.7%	819,180
	12,235	25,057	6,784	55.4%	13,893
	361,566	1,887,653	325,057		1,821,298

1,887,653 Original Avista estimate of savings
 1,821,298 Revised claim per independent verification and Avista's modification of claim
 (66,356) Adjustment in claimed therm savings
 -4.7% Percentage adjustment in claimed therm savings

1,821,298	Revised claim per independent verification and Avista's modification of claim
1,425,070	IRP goal for 2008
127.8%	Revised claim as a percentage of Avista's 2008 IRP goal of 1,425,070 therms

Results of the Independent Verification of Avista 2008 Claimed DSM Natural Gas Savings

The Company, in consultation with key external parties, retained the services of Research Into Action and their subcontractor Nexant, Inc. to perform an independent verification of 2008 completed natural gas-efficiency projects. During the independent verification of 2006, the consultants established a basis for a project plan to be executed over the three-year pilot period of the Company's decoupling mechanism. Based on this project plan, the scope of the year three independent verification was to verify Avista's 2008 results.

The independent verification consisted of a review of the engineering calculations associated with key residential and non-residential prescriptive programs, as well as a review of customized all-inclusive programs available through the Company's limited income and site-specific portfolio. Further review of project documentation and verification was applied to all programs.

A total of 222 individual projects were reviewed. Eight of the largest projects in the 2008 completed project portfolio were reviewed in detail and the remaining 214 were random samples from various portfolios.

The review of residential measures was based upon a random sample of 111 individual projects from that portfolio. A total of 45 projects reviewed received an increase in the therms verified, 60 were reviewed and verified without revision and 6 were verified with a reduced therm impact. Overall, 108.9% of Avista's claimed residential therm savings were verified through this process. The results of this sample were extrapolated to the total population and as a result, Avista's residential first-year therm savings increased by 62,508, from 700,502 claimed first-year therm savings to 763,010.

Avista's limited income program provides considerable implementation flexibility to the community action agency programs. As a result, these projects do not necessarily fit within any prescriptive guidelines on a project-by-project basis. A random sample of 68 projects resulted in a verification of 81.6% of the originally claimed savings. As a result of these findings, Avista has reduced the claimed savings from 109,753 to 89,574 first-year therms.

The non-residential verification was subdivided into: (a) a detailed audit of the eight largest site-specific projects, (b) a random sample of the prescriptive projects within the portfolio, and (c) a review of the remaining projects within the site-specific portfolio.

For the eight largest site-specific projects, the verified energy savings were 135,641 therms compared to Avista's claimed savings of 149,617, or a decrease in claimed savings of 13,976 therms (9.3%). The random review of non-residential prescriptive programs included three food service projects, two demand control ventilation projects and one steam-trap replacement project. As a result of this portion of the review, Avista's claimed therm savings were reduced by 11,164 therms.

The final non-residential stratum included all other site-specific projects such as HVAC, shell, rooftop HVAC (program implemented within the Avista service territory by Portland Energy Conservation, Inc. (PECI)) and appliances. Of the 29 projects in this stratum, 14 projects were HVAC, 2 were appliances, 6 were rooftop HVAC, and the 7 remaining projects were shell. The majority of the randomly selected projects were HVAC. The verified therms saved were 164,101, a decrease 16,736 therms from the claimed savings of 180,837 therms. As a result, the entire savings claimed on all other site-specific projects were reduced by this same percentage decrease (9.3%) based on the verification results of these randomly selected projects. This resulted in a decrease to claimed savings of 83,545 therms for these projects.

The aggregate impact of the findings of the independent verification as applied to the overall population of Avista programs was a decrease of 66,356 therms, or 3.5%, from the original claim of 1,887,653 therms. The verified therm savings of 1,821,298 is 127.8% of the Company's 1,425,070 therm goal established in the 2007 Integrated Resource Plan.

A numerical summary of the results of the verification report is attached, with customer names removed for the large site-specific projects.