

AVISTA UTILITIES
Washington Gas
Restatement Summary

Twelve Months Ended December 31, 2010
(000's OF DOLLARS)

Column	Description	Washington Gas		
		NOI	Rate Base	ROR
b	Per Results Report	\$9,457	\$214,663	
c	Deferred FIT Rate Base	0	(36,762)	
d	Deferred Gain on Office Building	0	(44)	
e	Gas Inventory	0	10,226	
f	Customer Advances	0	(31)	
g	Customer Deposits	(2)	(1,132)	
	Actual	9,455	186,920	5.06%
h	Weather Normalize Revenue & Gas Cost Adju	1,163	0	
i	Eliminate B & O Taxes	(3)	0	
j	Property Tax	55	0	Revised
k	Uncollectible Expense	110	0	
l	Regulatory Expense Adjustment	86	0	
m	Injuries and Damages	107	0	
n	FIT	11	0	
o	Net Gains/losses	3	0	
p	Eliminate A/R Expenses	25	0	
q	Office Space Charges to Subs	1	0	
r	Restate Excise Taxes	62	0	
s	Misc Restating Adjustments	36	0	
t	Restate Debt Interest	(64)	0	Revised
	Restated Total	\$11,047	\$186,920	5.91%

Revised Adjustments:

The following adjustments were revised from the original adjustments included in the Company's Natural Gas Commission Basis Report (CBR) filed on April 28, 2011:

- j The property tax adjustment had been input incorrectly in the original CBR filing.
- t The original CBR was prepared using the Authorized Capital Structure and Debt Costs. The Company used the actual 2010 AMA Capital Structure and the actual 2010 AMA debt costs in this revised CBR filing.

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2010

(000's OF DOLLARS)

Line No.	DESCRIPTION	Per Results Report	Deferred FIT Rate Base	Deferred Gain on Office Building	Gas Inventory	Customer Advances	Customer Deposits	Subtotal Actual
	a	b	c	d	e	f	g	-
REVENUES								
1	Total General Business	\$140,588						\$140,588
2	Total Transportation	3,245						3,245
3	Other Revenues	115,257						115,257
4	Total Gas Revenues	259,090	0	0	0	0	0	259,090
EXPENSES								
5	Exploration and Development	0						0
Production								
6	City Gate Purchases	192,776						192,776
7	Purchased Gas Expense	801						801
8	Net Nat Gas Storage Trans	(3,322)						(3,322)
9	Total Production	190,255	0	0	0	0	0	190,255
Underground Storage								
10	Operating Expenses	380						380
11	Depreciation	348						348
12	Taxes	120						120
13	Total Underground Storage	848	0	0	0	0	0	848
Distribution								
14	Operating Expenses	7,705						7,705
15	Depreciation	6,371						6,371
16	Taxes	12,249						12,249
17	Total Distribution	26,325	0	0	0	0	0	26,325
18	Customer Accounting	5,415			0		3	5,418
19	Customer Service & Information	9,471						9,471
20	Sales Expenses	105						105
Administrative & General								
21	Operating Expenses	11,746						11,746
22	Depreciation	2,628						2,628
23	Taxes	25						25
24	Total Admin. & General	14,399	0	0	0	0	0	14,399
25	Total Gas Expense	246,818	0	0	0	0	3	246,821
26	OPERATING INCOME BEFORE FIT	12,272	0	0	0	0	(3)	12,269
FEDERAL INCOME TAX								
27	Current Accrual	(6,910)					(1)	(6,911)
28	Deferred FIT	9,754						9,754
29	Amort ITC	(29)						(29)
30	NET OPERATING INCOME	\$9,457	\$0	\$0	\$0	\$0	(\$2)	\$9,455
RATE BASE: PLANT IN SERVICE								
31	Underground Storage	20,047						20,047
32	Distribution Plant	269,469				(31)	(1,132)	268,306
33	General Plant	33,401						33,401
34	Total Plant in Service	322,917	0	0	0	(31)	(1,132)	321,754
ACCUMULATED DEPRECIATION								
35	Underground Storage	7,912						7,912
36	Distribution Plant	89,620						89,620
37	General Plant	10,722						10,722
38	Total Accum. Depreciation	108,254	0	0	0	0	0	108,254
39	DEFERRED FIT	0	(36,762)					(36,762)
40	GAS INVENTORY	0			10,226			10,226
41	WORKING CAPITAL	0						0
42	GAIN ON SALE OF BUILDING	0		(44)				(44)
43	TOTAL RATE BASE	\$214,663	(\$36,762)	(\$44)	\$10,226	(\$31)	(\$1,132)	\$186,920
44	RATE OF RETURN							5.06%

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2010

(000's OF DOLLARS)

Line No.	DESCRIPTION	Weather Normalize Revenue & Gas Cost Adjust	Eliminate B & O Taxes	Property Tax	Uncollectible Expense	Regulatory Expense Adjustment	Injuries and Damages
	a	h	i	j	k	l	m
REVENUES							
1	Total General Business	6,808	\$ (5,026)				
2	Total Transportation		(90)				
3	Other Revenues						
4	Total Gas Revenues	6,808	(5,116)	0	0	0	0
EXPENSES							
5	Exploration and Development						
	Production						
6	City Gate Purchases	4,718					
7	Purchased Gas Expense						
8	Net Nat Gas Storage Trans						
9	Total Production	4,718	0	0	0	0	0
	Underground Storage						
10	Operating Expenses						
11	Depreciation						
12	Taxes			(4)			
13	Total Underground Storage	0	0	(4)	0	0	0
	Distribution						
14	Operating Expenses						
15	Depreciation						
16	Taxes	261	(5,112)	(79)			
17	Total Distribution	261	(5,112)	(79)	0	0	0
18	Customer Accounting	25	0		(169)	0	
19	Customer Service & Information						
20	Sales Expenses						
	Administrative & General						
21	Operating Expenses	14				(133)	(164)
22	Depreciation						
23	Taxes			(1)			
24	Total Admin. & General	14	0	(1)	0	(133)	(164)
25	Total Gas Expense	5,018	(5,112)	(84)	(169)	(133)	(164)
26	OPERATING INCOME BEFORE FIT	1,790	(4)	84	169	133	164
FEDERAL INCOME TAX							
27	Current Accrual	627	(1)	29	59	47	57
28	Deferred FIT						
29	Amort ITC						
30	NET OPERATING INCOME	\$1,163	(\$3)	\$55	\$110	\$86	\$107
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	WORKING CAPITAL						
42	GAIN ON SALE OF BUILDING						
43	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0
44	RATE OF RETURN						

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2010

(000's OF DOLLARS)

Line No.	DESCRIPTION	FIT	Net Gains/losses	Eliminate A/R Expenses	Office Space Charges to Subs	Restate Excise Taxes	Misc Restating Adjustments	Restate Debt Interest
	a	n	o	p	q	r	s	t
REVENUES								
1	Total General Business							
2	Total Transportation							
3	Other Revenues							
4	Total Gas Revenues	0	0	0	0	0	0	0
EXPENSES								
5	Exploration and Development							
Production								
6	City Gate Purchases							
7	Purchased Gas Expense						(1)	
8	Net Nat Gas Storage Trans							
9	Total Production	0	0	0	0	0	(1)	0
Underground Storage								
10	Operating Expenses							
11	Depreciation							
12	Taxes							
13	Total Underground Storage	0	0	0	0	0	0	0
Distribution								
14	Operating Expenses							(9)
15	Depreciation		(4)					
16	Taxes					(96)		
17	Total Distribution	0	(4)	0	0	(96)	(9)	0
18	Customer Accounting		0	(38)	0	0	(2)	
19	Customer Service & Information						34	
20	Sales Expenses							
Administrative & General								
21	Operating Expenses				(2)		(78)	
22	Depreciation							
23	Taxes							
24	Total Admin. & General	0	0	0	(2)	0	(78)	0
25	Total Gas Expense	0	(4)	(38)	(2)	(96)	(56)	0
26	OPERATING INCOME BEFORE FIT	0	4	38	2	96	56	0
FEDERAL INCOME TAX								
27	Current Accrual	149	1	13	1	34	20	64
28	Deferred FIT	(160)						
29	Amort ITC							
30	NET OPERATING INCOME	\$11	\$3	\$25	\$1	\$62	\$36	(\$64)
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	0
ACCUMULATED DEPRECIATION								
35	Underground Storage							
36	Distribution Plant							
37	General Plant							
38	Total Accum. Depreciation	0	0	0	0	0	0	0
39	DEFERRED FIT							
40	GAS INVENTORY							
41	WORKING CAPITAL							
42	GAIN ON SALE OF BUILDING							
43	TOTAL RATE BASE	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	RATE OF RETURN							

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS

TWELVE MONTHS ENDED DECEMBER 31, 2010

(000's OF DOLLARS)

Line No.	DESCRIPTION	Restated Total
	a	-
	REVENUES	
1	Total General Business	\$142,370
2	Total Transportation	3,155
3	Other Revenues	<u>115,257</u>
4	Total Gas Revenues	260,782
	EXPENSES	
5	Exploration and Development	0
	Production	
6	City Gate Purchases	197,494
7	Purchased Gas Expense	800
8	Net Nat Gas Storage Trans	<u>(3,322)</u>
9	Total Production	194,972
	Underground Storage	
10	Operating Expenses	380
11	Depreciation	348
12	Taxes	<u>116</u>
13	Total Underground Storage	844
	Distribution	
14	Operating Expenses	7,696
15	Depreciation	6,367
16	Taxes	<u>7,223</u>
17	Total Distribution	21,286
18	Customer Accounting	5,234
19	Customer Service & Information	9,505
20	Sales Expenses	105
	Administrative & General	
21	Operating Expenses	11,383
22	Depreciation	2,628
23	Taxes	<u>24</u>
24	Total Admin. & General	<u>14,035</u>
25	Total Gas Expense	<u>245,981</u>
26	OPERATING INCOME BEFORE FIT	14,801
	FEDERAL INCOME TAX	
27	Current Accrual	(5,811)
28	Deferred FIT	9,594
29	Amort ITC	<u>(29)</u>
30	NET OPERATING INCOME	<u>\$11,047</u>
	RATE BASE: PLANT IN SERVICE	
31	Underground Storage	20,047
32	Distribution Plant	268,306
33	General Plant	<u>33,401</u>
34	Total Plant in Service	321,754
	ACCUMULATED DEPRECIATION	
35	Underground Storage	7,912
36	Distribution Plant	89,620
37	General Plant	<u>10,722</u>
38	Total Accum. Depreciation	108,254
39	DEFERRED FIT	(36,762)
40	GAS INVENTORY	10,226
41	WORKING CAPITAL	0
42	GAIN ON SALE OF BUILDING	<u>(44)</u>
43	TOTAL RATE BASE	<u>\$186,920</u>
44	RATE OF RETURN	5.91%

AVISTA UTILITIES
 GAS ADJUSTMENT SUMMARY
 TWELVE MONTHS ENDED DECEMBER 31, 2010
 (000'S OF DOLLARS)

REVISED
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	(4)	(4)	0
13	Total Underground Storage	(4)	(4)	0
Distribution				
14	Operating Expenses			
15	Depreciation			
16	Taxes	(79)	(79)	0
17	Total Distribution	(79)	(79)	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	(84)	(84)	0
26	Operating Income before FIT	84	84	0
Federal Income Taxes				
27	Current Accrual (at 35%)	29	29	0
28	Amort ITC			
29	Deferred FIT			
30	NET OPERATING INCOME	\$55	\$55	\$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

AVISTA UTILITIES

Property Tax Adjustment-Gas
For the Twelve Months Ended December 31, 2010

		System	REVISED Washington	Idaho
Property Tax Adjustment				
Underground Storage		-5,928	-4,114	-1,814
Distribution		-78,850	-79,121	271
Administrative and General		-1,048	-718	-330
Idaho SIT	0.015093	28		28
Total expenses		-85,798	-83,953	-1,845
Operating income before FIT		85,798	83,953	1,845
FIT	0.350	30,030	29,384	646
Net operating income		55,768	54,569	1,199

Input error - In filed CBR, Company input ID adjustment in error.

AVISTA UTILITIES

Property Tax Adjustment-Gas
 For the Twelve Months Ended December 31, 2010

Functionalization based on Plant Balances at 12/31/2009

	System	Washington	Idaho
Underground Storage	-5,928	-5,944	16
Distribution	-78,850	-79,121	271
General	-1,048	-1,053	5
Total	-85,825	-86,118	293

Allocation Percentages

Underground Storage	6.902%	5.630%
Distribution	91.875%	92.655%
General	1.223%	1.715%
Total	100.000%	100.000%

	Alloc.	System	Washington	Idaho
WA Property Tax Adjustment				
Underground Storage	1C	-5,944	-4,125	-1,819
Distribution	99	-79,121	-79,121	0
General	4	-1,053	-721	-332
Total		-86,118	-83,967	-2,151

ID Property Tax Adjustment				
Underground Storage	1C	16	11	5
Distribution	99	271	0	271
General	4	5	3	2
Total		292	14	278

Underground Storage Total	-5,928	-4,114	-1,814
Distribution Total	-78,850	-79,121	271
General Total	-1,048	-718	-330
Total Adjustment	-85,826	-83,953	-1,873

Allocation Notes

System Contract Demand--SGS-1	1C	100.000%	69.400%	30.600%
Jurisdictional 4 Factor	4	100.000%	68.518%	31.482%
Direct	99	0.000%	0.000%	0.000%

AVISTA UTILITIES
 GAS ADJUSTMENT SUMMARY
 TWELVE MONTHS ENDED DECEMBER 31, 2010
 (000'S OF DOLLARS)

REVISED
 RESTATE
 DEBT INTEREST
 GAS

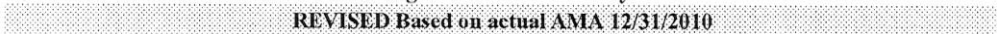
Line No.	Description	System	Washington	Idaho
REVENUES				
1	Total General Business			
2	Total Transportation			
3	Other Revenues			
4	Total Gas Revenues	0	0	0
EXPENSES				
5	Exploration & Development			
Production				
6	City Gate Purchases			
7	Purchased Gas Expense			
8	Net Nat. Gas Storage Trans			
9	Total Production	0	0	0
Underground Storage				
10	Operating Expenses			
11	Depreciation			
12	Taxes			
13	Total Underground Storage	0	0	0
Distribution				
14	Operating Expenses			
15	Depreciation			
16	Taxes	0		0
17	Total Distribution	0	0	0
18	Customer Accounting			
19	Customer Service & Information			
20	Sales			
Administrative and General				
21	Operating Expenses			
22	Depreciation			
23	Taxes			
24	Total Admin. & General	0	0	0
25	Total Gas Expense	0	0	0
26	Operating Income before FIT	0	0	0
Federal Income Taxes				
27	Current Accrual (at 35%)	64	64	0
28	Amort ITC			
29	Deferred FIT			
30	NET OPERATING INCOME	(\$64)	(\$64)	\$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

t-2

AVISTA UTILITIES
Restate Debt Interest
Washington - Gas
TWELVE MONTHS ENDED DECEMBER 31, 2010
(000's)

<u>Adjustment Description</u>	REVISED Rate Base Adjustments
b Per Results Report	\$214,663
c Deferred FIT Rate Base	(36,762)
d Deferred Gain on Office Building	(44)
e Gas Inventory	10,226
f Customer Advances	(31)
g Customer Deposits	(1,132)
h Weather Normalize Revenue & Gas Cost Adjust	0
i Eliminate B & O Taxes	0
j Property Tax	0
k Uncollectible Expense	0
l Regulatory Expense Adjustment	0
m Injuries and Damages	0
n FIT	0
o Net Gains/losses	0
p Eliminate A/R Expenses	0
q Office Space Charges to Subs	0
r Restate Excise Taxes	0
s Misc Restating Adjustments	0
t Restate Debt Interest	0
Total Restated Rate Base	\$186,920
Weighted Average Cost of Debt	3.116%
Restated Debt Interest	\$5,824
Actual Interest (G-FIT-12A)	\$6,006
Increase (Decrease) in Interest Expense FIT Rate	(\$182) x 0.350
Increase (Decrease) in FIT	\$64

AVISTA UTILITIES
Cost of Capital
Washington - Electric/Gas System
REVISED Based on actual AMA 12/31/2010



<u>Component</u>	<u>Capital Structure</u>	<u>Cost</u>	<u>ProForma Weighted Cost</u>
Total Debt	52.19%	5.971%	3.116%
Pref Trust	0.00%	0.00%	0.00%
Common	47.81%	10.20%	4.88%
Total	<u>100.00%</u>		<u>8.00%</u>

WA wtd debt
3.116%