

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-090134

DOCKET NO. UG-090135

DOCKET NO. UG-060518

(consolidated)

EXHIBIT NO. ____ (EMA-7)

ELIZABETH M. ANDREWS

REPRESENTING AVISTA CORPORATION

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON PRO FORMA RESULTS -REVISED

TWELVE MONTHS ENDED SEPTEMBER 30, 2008

(000'S OF DOLLARS)

| Line No. | DESCRIPTION | WITH PRESENT RATES | | | WITH PROPOSED RATES | |
|-----------------------------|--------------------------------|---------------------------|-------------------|-----------------|---------------------------------|--------------------------|
| | | Actual Per Results Report | Total Adjustments | Pro Forma Total | Proposed Revenues & Related Exp | Pro Forma Proposed Total |
| | <i>a</i> | <i>b</i> | <i>c</i> | <i>d</i> | <i>e</i> | <i>f</i> |
| REVENUES | | | | | | |
| 1 | Total General Business | \$220,020 | \$ (6,144) | \$213,876 | \$2,849 | \$216,725 |
| 2 | Total Transportation | 3,486 | (1,775) | 1,711 | | 1,711 |
| 3 | Other Revenues | 135,812 | (133,960) | 1,852 | | 1,852 |
| 4 | Total Gas Revenues | 359,318 | (141,879) | 217,439 | 2,849 | 220,288 |
| EXPENSES | | | | | | |
| 5 | Exploration and Development | | | | | |
| Production | | | | | | |
| 6 | City Gate Purchases | 309,146 | (151,865) | 157,281 | | 157,281 |
| 7 | Purchased Gas Expense | 737 | 74 | 811 | | 811 |
| 8 | Net Nat Gas Storage Trans | (18,687) | 18,687 | - | | 0 |
| 9 | Total Production | 291,196 | (133,104) | 158,092 | 0 | 158,092 |
| Underground Storage | | | | | | |
| 10 | Operating Expenses | 408 | 1 | 409 | | 409 |
| 11 | Depreciation | 260 | 39 | 299 | | 299 |
| 12 | Taxes | 113 | 91 | 204 | | 204 |
| 13 | Total Underground Storage | 781 | 131 | 912 | 0 | 912 |
| Distribution | | | | | | |
| 14 | Operating Expenses | 6,260 | 738 | 6,998 | | 6,998 |
| 15 | Depreciation | 5,659 | (404) | 5,255 | | 5,255 |
| 16 | Taxes | 18,282 | (8,410) | 9,872 | 109 | 9,981 |
| 17 | Total Distribution | 30,201 | (8,076) | 22,125 | 109 | 22,234 |
| 18 | Customer Accounting | 4,884 | 156 | 5,040 | 7 | 5,047 |
| 19 | Customer Service & Information | 5,002 | (4,248) | 754 | | 754 |
| 20 | Sales Expenses | 545 | 34 | 579 | | 579 |
| Administrative & General | | | | | | |
| 21 | Operating Expenses | 9,202 | 980 | 10,182 | 6 | 10,188 |
| 22 | Depreciation | 1,414 | 1,025 | 2,439 | | 2,439 |
| 23 | Taxes | 23 | 59 | 82 | | 82 |
| 24 | Total Admin. & General | 10,639 | 2,064 | 12,703 | 6 | 12,709 |
| 25 | Total Gas Expense | 343,248 | (143,043) | 200,205 | 122 | 200,327 |
| 26 | OPERATING INCOME BEFORE FIT | 16,070 | 1,164 | 17,234 | 2,727 | 19,961 |
| FEDERAL INCOME TAX | | | | | | |
| 27 | Current Accrual | 5,138 | 226 | 5,364 | 954 | 6,318 |
| 28 | Deferred FIT | (1,042) | 7 | (1,035) | | (1,035) |
| 29 | Amort ITC | (30) | 0 | (30) | | (30) |
| 30 | NET OPERATING INCOME | 12,004 | \$931 | 12,935 | \$1,773 | \$14,708 |
| RATE BASE: PLANT IN SERVICE | | | | | | |
| 31 | Underground Storage | 13,539 | 9,287 | 22,826 | | 22,826 |
| 32 | Distribution Plant | 237,485 | 15,518 | 253,003 | | 253,003 |
| 33 | General Plant | 23,944 | 6,636 | 30,580 | | 30,580 |
| 34 | Total Plant in Service | 274,968 | 31,441 | 306,409 | 0 | 306,409 |
| ACCUMULATED DEPRECIATION | | | | | | |
| 35 | Underground Storage | 7,516 | 651 | 8,167 | | 8,167 |
| 36 | Distribution Plant | 80,580 | 9,039 | 89,619 | | 89,619 |
| 37 | General Plant | 8,155 | 3,442 | 11,597 | | 11,597 |
| 38 | Total Accum. Depreciation | 96,251 | 13,132 | 109,383 | 0 | 109,383 |
| 39 | DEFERRED FIT | 0 | (30,809) | (30,809) | | (30,809) |
| 40 | GAS INVENTORY | 0 | 12,111 | 12,111 | | 12,111 |
| 41 | GAIN ON SALE OF BUILDING | 0 | (65) | (65) | | (65) |
| 42 | TOTAL RATE BASE | 178,717 | (\$454) | 178,263 | \$0 | \$178,263 |
| 43 | RATE OF RETURN | 6.72% | | 7.26% | | 8.25% |

AVISTA UTILITIES
REVISED - Calculation of General Revenue Requirement
Washington - Gas
Twelve Months Ended September 30, 2008
(000's OF DOLLARS)

| Line No. | Description | WASH |
|-------------|----------------------------------|---------------------|
| 1 | Pro Forma Rate Base | \$178,263 |
| 2 | Proposed Rate of Return | <u>8.250%</u> |
| 3 | Net Operating Income Requirement | \$14,707 |
| 4 | Pro Forma Net Operating Income | <u>\$12,935</u> |
| 5 | Net Operating Income Deficiency | \$1,772 |
| 6 | Conversion Factor | 0.62209 |
| 7 | Revenue Requirement | \$2,849 |
| 8 | Total General Business Revenues | \$215,587 |
| 9 | Percentage Revenue Increase | <u><u>1.32%</u></u> |

AVISTA UTILITIES
REVISED - Agreed to Cost of Capital in Partial Settlement Stipulation
Washington - Gas
Twelve Months Ended September 30, 2008
(000's OF DOLLARS)

| <u>Component</u> | <u>Capital Structure</u> | <u>Cost</u> | <u>Weighted Cost</u> |
|------------------|------------------------------|-------------|--------------------------|
| Long-Term Debt | 53.50% | 6.57% | 3.51% |
| Common Equity | 46.50% | 10.20% | 4.74% |
| Total | <u>100.00%</u> | | <u>8.25%</u> |

AVISTA UTILITIES
REVISED - Revenue Conversion Factor
Washington - Gas System
Twelve Months Ended September 30, 2008

| Line No. | Description | Factor |
|-------------|---|-----------------|
| 1 | Revenues | 1.000000 |
| | Expense: | |
| 2 | Uncollectibles | 0.002518 |
| 3 | Commission Fees | 0.002000 |
| 4 | Washington Excise Tax | 0.038423 |
| 5 | Franchise Fees (City of Millwood Expired in 2004) | 0.000000 |
| 6 | Total Expense | <u>0.042941</u> |
| 7 | Net Operating Income Before FIT | 0.957059 |
| 8 | Federal Income Tax @ 35% | 0.334971 |
| 9 | REVENUE CONVERSION FACTOR | 0.62209 |

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS -REVISED

Twelve Months Ended September 30, 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 | Depreciation True-up |
|-----------------------------|--------------------------------|--------------------|------------------------|----------------------------------|---------------|-----------------------------------|-------------------|----------------------|
| | a | b | c | d | e | f | g | h |
| REVENUES | | | | | | | | |
| 1 | Total General Business | \$220,020 | | | | | | |
| 2 | Total Transportation | 3,486 | | | | | | |
| 3 | Other Revenues | 135,812 | | | | | | |
| 4 | Total Gas Revenues | 359,318 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXPENSES | | | | | | | | |
| 5 | Exploration and Development | 0 | | | | | | |
| Production | | | | | | | | |
| 6 | City Gate Purchases | 309,146 | | | | | | |
| 7 | Purchased Gas Expense | 737 | | | | | | |
| 8 | Net Nat Gas Storage Trans | (18,687) | | | | | | |
| 9 | Total Production | 291,196 | 0 | 0 | 0 | 0 | 0 | 0 |
| Underground Storage | | | | | | | | |
| 10 | Operating Expenses | 408 | | | | | | |
| 11 | Depreciation | 260 | | | | | | (15) |
| 12 | Taxes | 113 | | | | | | |
| 13 | Total Underground Storage | 781 | 0 | 0 | 0 | 0 | 0 | (15) |
| Distribution | | | | | | | | |
| 14 | Operating Expenses | 6,260 | | | | | | |
| 15 | Depreciation | 5,659 | | | | | | (53) |
| 16 | Taxes | 18,282 | | | | | | |
| 17 | Total Distribution | 30,201 | 0 | 0 | 0 | 0 | 0 | (53) |
| 18 | Customer Accounting | 4,884 | | | 0 | 0 | | |
| 19 | Customer Service & Information | 5,002 | | | | | | |
| 20 | Sales Expenses | 545 | | | | | | |
| Administrative & General | | | | | | | | |
| 21 | Operating Expenses | 9,202 | | | | | | |
| 22 | Depreciation | 1,414 | | | | | | (15) |
| 23 | Taxes | 23 | | | | | | |
| 24 | Total Admin. & General | 10,639 | 0 | 0 | 0 | 0 | 0 | (15) |
| 25 | Total Gas Expense | 343,248 | 0 | 0 | 0 | 0 | 0 | (83) |
| 26 | OPERATING INCOME BEFORE FIT | 16,070 | 0 | 0 | 0 | 0 | 0 | 83 |
| FEDERAL INCOME TAX | | | | | | | | |
| 27 | Current Accrual | 5,138 | | | | | | 29 |
| 28 | Deferred FIT | (1,042) | | | | | | |
| 29 | Amort ITC | (30) | | | | | | |
| 30 | NET OPERATING INCOME | \$12,004 | \$0 | \$0 | \$0 | \$0 | \$0 | \$54 |
| RATE BASE: PLANT IN SERVICE | | | | | | | | |
| 31 | Underground Storage | 13,539 | | | | | | |
| 32 | Distribution Plant | 237,485 | | | | | (52) | |
| 33 | General Plant | 23,944 | | | | | | |
| 34 | Total Plant in Service | 274,968 | 0 | 0 | 0 | 0 | (52) | 0 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| 35 | Underground Storage | 7,516 | | | | | | |
| 36 | Distribution Plant | 80,580 | | | | | | |
| 37 | General Plant | 8,155 | | | | | | |
| 38 | Total Accum. Depreciation | 96,251 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39 | DEFERRED FIT | 0 | (27,674) | 23 | | | | |
| 40 | GAS INVENTORY | 0 | | | 11,064 | | | |
| 41 | GAIN ON SALE OF BUILDING | 0 | | (65) | | | | |
| 42 | TOTAL RATE BASE | \$178,717 | (\$27,674) | (\$42) | \$11,064 | \$0 | (\$52) | \$0 |
| 43 | RATE OF RETURN | | | | | | | |

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS -REVISED

Twelve Months Ended September 30, 2008

(000's OF DOLLARS)

| Line No. | DESCRIPTION | Subtotal Actual | REVISED | | | | | |
|-----------------------------|--------------------------------|-----------------|---|-----------------------|--------------|-----------------------|-------------------------------|----------------------|
| | | | Revenue Normalization & Gas Cost Adjust | Eliminate B & O Taxes | Property Tax | Uncollectible Expense | Regulatory Expense Adjustment | Injuries and Damages |
| | a | - | i | j | k | l | m | n |
| REVENUES | | | | | | | | |
| 1 | Total General Business | \$220,020 | 1,695 | \$ (7,839) | | | | |
| 2 | Total Transportation | 3,486 | (1,700) | (75) | | | | |
| 3 | Other Revenues | 135,812 | (131,399) | | | | | |
| 4 | Total Gas Revenues | 359,318 | (131,404) | (7,914) | 0 | 0 | 0 | 0 |
| EXPENSES | | | | | | | | |
| 5 | Exploration and Development | 0 | | | | | | |
| Production | | | | | | | | |
| 6 | City Gate Purchases | 309,146 | (151,865) | | | | | |
| 7 | Purchased Gas Expense | 737 | | | | | | |
| 8 | Net Nat Gas Storage Trans | (18,687) | 18,687 | | | | | |
| 9 | Total Production | 291,196 | (133,178) | 0 | 0 | 0 | 0 | 0 |
| Underground Storage | | | | | | | | |
| 10 | Operating Expenses | 408 | | | | | | |
| 11 | Depreciation | 245 | | | | | | |
| 12 | Taxes | 113 | | | (40) | | | |
| 13 | Total Underground Storage | 766 | 0 | 0 | (40) | 0 | 0 | 0 |
| Distribution | | | | | | | | |
| 14 | Operating Expenses | 6,260 | | | | | | |
| 15 | Depreciation | 5,606 | | | | | | |
| 16 | Taxes | 18,282 | 67 | (7,908) | (703) | | | |
| 17 | Total Distribution | 30,148 | 67 | (7,908) | (703) | 0 | 0 | 0 |
| 18 | Customer Accounting | 4,884 | 5 | 0 | | (143) | 0 | |
| 19 | Customer Service & Information | 5,002 | (4,270) | | | | | |
| 20 | Sales Expenses | 545 | | | | | | |
| Administrative & General | | | | | | | | |
| 21 | Operating Expenses | 9,202 | 3 | | | | 14 | (65) |
| 22 | Depreciation | 1,399 | 356 | | | | | |
| 23 | Taxes | 23 | | | (5) | | | |
| 24 | Total Admin. & General | 10,624 | 359 | 0 | (5) | 0 | 14 | (65) |
| 25 | Total Gas Expense | 343,165 | (137,017) | (7,908) | (748) | (143) | 14 | (65) |
| 26 | OPERATING INCOME BEFORE FIT | 16,153 | 5,613 | (6) | 748 | 143 | (14) | 65 |
| FEDERAL INCOME TAX | | | | | | | | |
| 27 | Current Accrual | 5,167 | 1,965 | (2) | 262 | 50 | (5) | 23 |
| 28 | Deferred FIT | (1,042) | | | | | | |
| 29 | Amort ITC | (30) | | | | | | |
| 30 | NET OPERATING INCOME | \$12,058 | \$3,648 | (\$4) | \$486 | \$93 | (\$9) | \$42 |
| RATE BASE: PLANT IN SERVICE | | | | | | | | |
| 31 | Underground Storage | 13,539 | | | | | | |
| 32 | Distribution Plant | 237,433 | | | | | | |
| 33 | General Plant | 23,944 | | | | | | |
| 34 | Total Plant in Service | 274,916 | 0 | 0 | 0 | 0 | 0 | 0 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| 35 | Underground Storage | 7,516 | | | | | | |
| 36 | Distribution Plant | 80,580 | | | | | | |
| 37 | General Plant | 8,155 | | | | | | |
| 38 | Total Accum. Depreciation | 96,251 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39 | DEFERRED FIT | (27,651) | | | | | | |
| 40 | GAS INVENTORY | 11,064 | | | | | | |
| 41 | GAIN ON SALE OF BUILDING | (65) | | | | | | |
| 42 | TOTAL RATE BASE | \$162,013 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 43 | RATE OF RETURN | 7.44% | | | | | | |

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS -REVISED

Twelve Months Ended September 30, 2008

(000's OF DOLLARS)

| Line No. | DESCRIPTION | FIT | Net Gains/losses | Eliminate A/R Expenses | Office Space Charges to Subs | Restate Excise Taxes | REVISED | REVISED |
|-----------------------------|--------------------------------|--------|------------------|------------------------|------------------------------|----------------------|----------------------------|-----------------------|
| | | | | | | | Misc Restating Adjustments | Restate Debt Interest |
| | a | o | p | q | r | s | t | u |
| 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 | | | | | | | |
| 8 | Net Nat Gas Storage Trans | | | | | | | |
| 9 | Total Production | 0 | 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 | 0 |
| Distribution | | | | | | | | |
| 14 | Operating Expenses | | | | | | | |
| 15 | Depreciation | | (13) | | | | | |
| 16 | Taxes | | | | | 79 | | |
| 17 | Total Distribution | 0 | (13) | 0 | 0 | 79 | 0 | 0 |
| 18 | Customer Accounting | | 0 | (85) | 0 | 0 | | |
| 19 | Customer Service & Information | | | | | | | |
| 20 | Sales Expenses | | | | | | | |
| Administrative & General | | | | | | | | |
| 21 | Operating Expenses | | | | (2) | | (149) | |
| 22 | Depreciation | | | | | | | |
| 23 | Taxes | | | | | | | |
| 24 | Total Admin. & General | 0 | 0 | 0 | (2) | 0 | (149) | 0 |
| 25 | Total Gas Expense | 0 | (13) | (85) | (2) | 79 | (149) | 0 |
| 26 | OPERATING INCOME BEFORE FIT | 0 | 13 | 85 | 2 | (79) | 149 | 0 |
| FEDERAL INCOME TAX | | | | | | | | |
| 27 | Current Accrual | 3 | 5 | 30 | 1 | (28) | 52 | (187) |
| 28 | Deferred FIT | 7 | | | | | | |
| 29 | Amort ITC | | | | | | | |
| 30 | NET OPERATING INCOME | (\$10) | \$8 | \$55 | \$1 | (\$51) | \$97 | \$187 |
| 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 | GAIN ON SALE OF BUILDING | | | | | | | |
| 42 | TOTAL RATE BASE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 43 | RATE OF RETURN | | | | | | | |

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS -REVISED

Twelve Months Ended September 30, 2008

(000's OF DOLLARS)

| Line No. | DESCRIPTION a | Restated Total | REVISED | REVISED | Pro Forma JP Storage | Pro Forma Capital Add 2008 | Pro Forma Capital Add 2009 | Pro Forma Asset Management |
|-----------------------------|--------------------------------|----------------|--------------------------|----------------------|----------------------|----------------------------|----------------------------|----------------------------|
| | | | Pro Forma Labor Non-Exec | Pro Forma Labor Exec | | | | |
| REVENUES | | | | | | | | |
| 1 | Total General Business | \$213,876 | | | | | | |
| 2 | Total Transportation | 1,711 | | | | | | |
| 3 | Other Revenues | 4,413 | | | (2,561) | | | |
| 4 | Total Gas Revenues | 220,000 | 0 | 0 | (2,561) | 0 | 0 | 0 |
| EXPENSES | | | | | | | | |
| 5 | Exploration and Development | 0 | | | | | | |
| Production | | | | | | | | |
| 6 | City Gate Purchases | 157,281 | | | | | | |
| 7 | Purchased Gas Expense | 737 | 22 | (8) | | | | |
| 8 | Net Nat Gas Storage Trans | 0 | | | | | | |
| 9 | Total Production | 158,018 | 22 | (8) | 0 | 0 | 0 | 0 |
| Underground Storage | | | | | | | | |
| 10 | Operating Expenses | 408 | | | | | | |
| 11 | Depreciation | 245 | | | \$155 | (107) | 6 | |
| 12 | Taxes | 73 | | | \$129 | | 2 | |
| 13 | Total Underground Storage | 726 | 0 | 0 | 284 | (107) | 8 | 0 |
| Distribution | | | | | | | | |
| 14 | Operating Expenses | 6,260 | 292 | | | | | 88 |
| 15 | Depreciation | 5,593 | | | | (564) | 226 | |
| 16 | Taxes | 9,817 | | | \$ (98) | | 153 | |
| 17 | Total Distribution | 21,670 | 292 | 0 | (98) | (564) | 379 | 88 |
| 18 | Customer Accounting | 4,661 | 157 | | \$ (7) | | 0 | 0 |
| 19 | Customer Service & Information | 732 | 8 | | | | | |
| 20 | Sales Expenses | 545 | 13 | | | | | |
| Administrative & General | | | | | | | | |
| 21 | Operating Expenses | 9,003 | 133 | 60 | \$ (5) | | | |
| 22 | Depreciation | 1,755 | | | | 218 | 466 | |
| 23 | Taxes | 18 | | | | | 64 | |
| 24 | Total Admin. & General | 10,776 | 133 | 60 | (5) | 218 | 530 | 0 |
| 25 | Total Gas Expense | 197,128 | 625 | 52 | 174 | (453) | 917 | 88 |
| 26 | OPERATING INCOME BEFORE FIT | 22,872 | (625) | (52) | (2,735) | 453 | (917) | (88) |
| FEDERAL INCOME TAX | | | | | | | | |
| 27 | Current Accrual | 7,336 | (219) | (18) | (957) | 159 | (321) | (31) |
| 28 | Deferred FIT | (1,035) | | | | | | |
| 29 | Amort ITC | (30) | | | | | | |
| 30 | NET OPERATING INCOME | \$16,601 | (\$406) | (\$34) | (\$1,778) | \$294 | (\$596) | (\$57) |
| RATE BASE: PLANT IN SERVICE | | | | | | | | |
| 31 | Underground Storage | 13,539 | | | \$8,614 | \$520 | \$153 | |
| 32 | Distribution Plant | 237,433 | | | | 5,289 | 10,281 | |
| 33 | General Plant | 23,944 | | | | 2,110 | 4,526 | |
| 34 | Total Plant in Service | 274,916 | 0 | 0 | 8,614 | 7,919 | 14,960 | 0 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| 35 | Underground Storage | 7,516 | | | \$266 | 246 | 139 | |
| 36 | Distribution Plant | 80,580 | | | | 3,900 | 5,139 | |
| 37 | General Plant | 8,155 | | | | 1,239 | 2,203 | |
| 38 | Total Accum. Depreciation | 96,251 | 0 | 0 | 266 | 5,385 | 7,481 | 0 |
| 39 | DEFERRED FIT | (27,651) | | | \$ (473) | (1,300) | (1,385) | |
| 40 | GAS INVENTORY | 11,064 | | | \$1,047 | | | |
| 41 | GAIN ON SALE OF BUILDING | (65) | | | | | | |
| 42 | TOTAL RATE BASE | \$162,013 | \$0 | \$0 | \$8,922 | \$1,234 | \$6,094 | \$0 |
| 43 | RATE OF RETURN | 10.25% | | | | | | |

AVISTA UTILITIES

GAS RESULTS OF OPERATION

WASHINGTON RESTATED RESULTS -REVISED

Twelve Months Ended September 30, 2008

(000's OF DOLLARS)

| Line No. | DESCRIPTION | REVIS | REVIS | REVIS | REVIS | |
|-----------------------------|--------------------------------|----------------------|--------------------------------|-----------------------------|---------------------|-----------------|
| | | Pro Forma Incentives | Pro Forma Information Services | Pro Forma Employee Benefits | Pro Forma Insurance | Pro Forma Total |
| | a | PF7 | PF8 | PF9 | PF10 | - |
| REVENUES | | | | | | |
| 1 | Total General Business | | | | | \$213,876 |
| 2 | Total Transportation | | | | | 1,711 |
| 3 | Other Revenues | | | | | 1,852 |
| 4 | Total Gas Revenues | 0 | 0 | 0 | 0 | 217,439 |
| EXPENSES | | | | | | |
| 5 | Exploration and Development | | | | | 0 |
| Production | | | | | | |
| 6 | City Gate Purchases | | | | | 157,281 |
| 7 | Purchased Gas Expense | | | 60 | | 811 |
| 8 | Net Nat Gas Storage Trans | | | | | 0 |
| 9 | Total Production | 0 | 0 | 60 | 0 | 158,092 |
| Underground Storage | | | | | | |
| 10 | Operating Expenses | | | 1 | | 409 |
| 11 | Depreciation | | | | | 299 |
| 12 | Taxes | | | | | 204 |
| 13 | Total Underground Storage | 0 | 0 | 1 | 0 | 912 |
| Distribution | | | | | | |
| 14 | Operating Expenses | | | 358 | | 6,998 |
| 15 | Depreciation | | | | | 5,255 |
| 16 | Taxes | | | | | 9,872 |
| 17 | Total Distribution | 0 | 0 | 358 | 0 | 22,125 |
| 18 | Customer Accounting | 0 | 0 | 229 | 0 | 5,040 |
| 19 | Customer Service & Information | | | 14 | | 754 |
| 20 | Sales Expenses | | | 21 | | 579 |
| Administrative & General | | | | | | |
| 21 | Operating Expenses | 152 | 275 | 504 | 60 | 10,182 |
| 22 | Depreciation | | | | | 2,439 |
| 23 | Taxes | | | | | 82 |
| 24 | Total Admin. & General | 152 | 275 | 504 | 60 | 12,703 |
| 25 | Total Gas Expense | 152 | 275 | 1,187 | 60 | 200,205 |
| 26 | OPERATING INCOME BEFORE FIT | (152) | (275) | (1,187) | (60) | 17,234 |
| FEDERAL INCOME TAX | | | | | | |
| 27 | Current Accrual | (53) | (96) | (415) | (21) | 5,364 |
| 28 | Deferred FIT | | | | | (1,035) |
| 29 | Amort ITC | | | | | (30) |
| 30 | NET OPERATING INCOME | (\$99) | (\$179) | (\$772) | (\$39) | \$12,935 |
| RATE BASE: PLANT IN SERVICE | | | | | | |
| 31 | Underground Storage | | | | | 22,826 |
| 32 | Distribution Plant | | | | | 253,003 |
| 33 | General Plant | | | | | 30,580 |
| 34 | Total Plant in Service | 0 | 0 | 0 | 0 | 306,409 |
| ACCUMULATED DEPRECIATION | | | | | | |
| 35 | Underground Storage | | | | | 8,167 |
| 36 | Distribution Plant | | | | | 89,619 |
| 37 | General Plant | | | | | 11,597 |
| 38 | Total Accum. Depreciation | 0 | 0 | 0 | 0 | 109,383 |
| 39 | DEFERRED FIT | | | | | (30,809) |
| 40 | GAS INVENTORY | | | | | 12,111 |
| 41 | GAIN ON SALE OF BUILDING | | | | | (65) |
| 42 | TOTAL RATE BASE | \$0 | \$0 | \$0 | \$0 | \$178,263 |
| 43 | RATE OF RETURN | | | | | 7.26% |