

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1351

| | | |
|---|---|-------|
| In the Matter of |) | |
| |) | |
| AVISTA CORPORATION, dba AVISTA |) | ORDER |
| UTILITIES, |) | |
| |) | |
| Petition Requesting Authority to Revise Its |) | |
| Book Depreciation Rates. |) | |

DISPOSITION: STIPULATION II ADOPTED

I. BACKGROUND

On October 12, 2007, Avista Corporation, doing business as (dba) Avista Utilities (Avista or the Company), filed a petition, with the Public Utility Commission of Oregon (Commission), requesting authority to revise its book depreciation rates to be consistent with the results of a recently completed depreciation study (the Study). The Study indicated that the annual depreciation expense on Avista’s books should be reduced by approximately \$3.1 million, based on the average service life rates of gas plant in service as of December 31, 2006. Consistent with the Study, Avista’s petition requested authorization to revise the Company’s book depreciation rates by approximately \$3.1 million.

On November 29, 2007, a prehearing conference was held in Salem, Oregon, and a procedural schedule to review Avista’s petition was established. The Citizens’ Utility Board of Oregon (CUB) noticed its intervention, and the petition to intervene of the Northwest Industrial Gas Users (NWIGU) was granted.

The schedule established in the proceeding included sufficient time for Commission Staff (Staff), parties and interested persons to fully review the Company’s depreciation study and petition. The schedule also allowed for settlement discussions.

As a result of settlement discussions, Avista, Staff, CUB and NWIGU (collectively the Stipulating Parties) executed, on January 14, 2008, a first Stipulation (Stipulation I) regarding an early implementation date for new depreciation rates for Avista. On January 28, 2008, the Commission adopted Stipulation I, in its entirety. Stipulation I implemented an approximately \$3.1 million decrease in Avista’s depreciation expense, effective as of January 1, 2008. Should the Commission eventually adopt different depreciation rates at the end of a full review of Avista’s depreciation

study, Stipulation I set forth an adjustment mechanism to implement the Final Approved Depreciation Rates (as defined in Stipulation I) in a manner that would hold customers harmless.

II. STIPULATION II

As a result of continued settlement discussions after Stipulation I, the Stipulating Parties executed a second Stipulation (Stipulation II) on March 7, 2008. In Stipulation II, the Stipulating Parties agreed to further reduce Avista's depreciation expense by \$320,519, for a total reduction in depreciation rates of \$3,427,863. Attachment A to Stipulation II (Appendix A, Page 9) provides full detail about the affected accounts and rates. The Stipulating Parties agree that the Final Approved Depreciation Rates shall be effective as of April 1, 2008, and shall be reflected in base rates coincident with implementation of new base rates at the conclusion of Avista's general rate case, in Docket No. UG-181.

The Stipulating Parties further agree that the adjustment to base rates shall be spread as a uniform percentage decrease in margin revenue to three rate schedules: Residential Service Schedule 410, General Service Schedule 420 and Transportation Service Schedule 456. The decrease in revenue for each schedule shall be applied as a decrease to usage (per therm) charge(s). Attachment B to Stipulation II (Appendix A, Page 10) shows the rates, and timing thereof, by service schedule resulting from the application of Stipulation II revenue decrease.

III. CONCLUSION

We have examined Stipulation II and the Stipulating Parties' Joint Testimony. We conclude that Stipulation II appropriately reduces rates and is in the public interest. We find that the methodology to adjust base rates set forth in Stipulation II is appropriate. We adopt Stipulation II in its entirety, and direct Avista to adjust base rates consistent with Stipulation II and this Order.

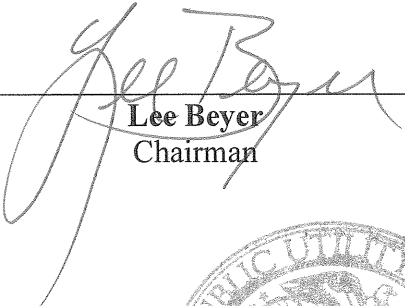
ORDER

IT IS ORDERED that:


1. Stipulation II, executed on March 7, 2008, by Avista Utilities, Commission Staff, the Citizens' Utility Board of Oregon, and the Northwest Industrial Gas Users, is adopted.

2. Avista Utilities shall adjust base rates consistent with Stipulation II.

Made, entered, and effective MAR 31 2008.



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1351

| | | |
|--------------------------------|---|-----------------------|
| In the Matter of |) | |
| |) | |
| AVISTA CORPORATION, dba |) | STIPULATION FOR FINAL |
| AVISTA UTILITIES, |) | IMPLEMENTATION OF |
| |) | DEPRECIATION RATES |
| Petition Requesting |) | |
| Authority to Revise Its |) | |
| <u>Book Depreciation Rates</u> |) | |

This Stipulation is entered into for the purpose of implementing Avista Corporation's (Avista) final book depreciation rates.

PARTIES

The Parties to this Stipulation are Avista, the Staff of the Public Utility Commission of Oregon (Staff), the Citizens' Utility Board (CUB), and the Northwest Industrial Gas Users (NWIGU) (collectively, "Parties").

BACKGROUND

1. On October 12, 2007, Avista filed a petition requesting authority to revise its book depreciation rates. The Company requested authorization to revise its book depreciation rates consistent with the results of a study recently undertaken by the Company.¹ That study shows that the annual depreciation expense on the Company's books should be reduced by approximately \$3.1 million based on the average service life rates of gas plant in service as of December 31, 2006. Accordingly, the Company requested authorization to revise its

¹ Avista hired Gannett Fleming, Inc. to undertake a depreciation study of its depreciable electric, gas and common plant in service as of December 31, 2004. The objective of this assignment was to recommend depreciation rates to be utilized by Avista for accounting and ratemaking purposes.

depreciation rates to reflect this \$3.1 million decrease in book depreciation expense. On October 29, 2007, a prehearing conference was held that established the procedural schedule for this Docket.

2. The Parties in this Docket recognized the need for sufficient time for Staff and interested Parties to complete their review of the Company's depreciation study. Accordingly, the Parties entered into a Stipulation on January 14, 2008, that provided for implementation of the Company's proposed new depreciation rates effective January 1, 2008, together with agreement to adjust for any differences between the depreciation rates ultimately approved in this Docket, and the depreciation rates implemented January 1, 2008. This Stipulation was approved by Order No. 08-100 of this Commission, on January 28, 2008.

3. On February 26, 2008, a settlement conference was held, and the participating Parties reached final agreement on revisions to the Company's book depreciation rates. If ultimately approved by the Commission, such rates would constitute the Final Approved Depreciation Rates, as referenced in the earlier Stipulation of January 14, 2008.

AGREEMENT

4. The Parties have agreed to an overall reduction of \$3,427,863 in the annual depreciation expense. (This represents a further \$320,519 reduction in depreciation expense beyond what the Company had originally filed.) Attachment A provides detail of the affected plant accounts and specified depreciation rates.

5. The agreed-upon depreciation rates set forth in this Stipulation shall be effective April 1, 2008, and shall be reflected in base rates coincident with implementation of new base rates resulting from the settlement of all remaining issues in the Company's general rate case in Docket No. UG-181.

6. The adjustment to base rates, as discussed in paragraph 5, above, resulting from this Stipulation, shall be spread as a uniform percentage decrease in margin revenue to Residential Service Schedule 410, General Service Schedule 420 and Transportation Service Schedule 456. The decrease in revenue for each Schedule will be applied as a decrease to the usage (per therm) charges(s). Attachment B shows the rates, and timing thereof, by service schedule resulting from the application of the revenue decrease described above, together with the rate changes set forth in the prior Settlement Stipulation in Docket No. UG-181.

7. The Parties agree that this Stipulation is in the public interest and results in an overall fair, just and reasonable outcome.

8. The Parties agree this Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding. Further, this Stipulation sets forth the entire agreement between the Parties and supersedes any and all prior communications, understandings, or agreements, oral or written, between the Parties pertaining to the subject matter of this Stipulation.

9. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-014-0085. The Parties agree to support this Stipulation throughout this proceeding and any appeal. The Parties further agree to provide witnesses to sponsor this Stipulation at the hearing, or, in a party's discretion, to provide a representative at the hearing authorized to respond to the Commission's questions on the party's position as may be appropriate.

10. If this Stipulation is challenged by any other party to this proceeding, the Parties to this Stipulation reserve the right to cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are

incorporated in the settlement embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

11. Should the Commission fail to adopt the Stipulation, or should the Commission materially modify the Stipulation, any Party hereto shall have the right to withdraw from the Stipulation and proceed with a resolution of all issues in this proceeding.

12. By entering into this Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at the terms of this Stipulation. No Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving the issues in any other proceeding.

13. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document. The Parties further agree that any facsimile copy of a Party's signature is valid and binding to the same extent as an original signature.

14. This Stipulation may not be modified or amended except by written agreement among all Parties who have executed it.

This Stipulation is entered into by each Party on the date entered below such Party's signature.

DATED this 7th day of March 2008

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: [Signature]
Date: _____

By: _____
Date: _____

NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD

By: _____
Date: _____

By: _____
Date: _____

ORDER NO. 08-182

This Stipulation is entered into by each Party on the date entered below such Party's signature.

DATED this _____ day of March 2008

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD

By: Paula E. Pyron

By: _____

Date: 3/6/08

Date: _____

STIPULATION

APPENDIX A
PAGE 6 OF 10

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ORDER NO. 08-182

This Stipulation is entered into by each Party on the date entered below such Party's signature.

DATED this _____ day of March 2008

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: _____

By: [Signature]

Date: _____

Date: March 7, 2008

NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD

By: _____

By: _____

Date: _____

Date: _____

ORDER NO. 08-182

This Stipulation is entered into by each Party on the date entered below such Party's signature.

DATED this _____ day of March 2008

AVISTA CORPORATION

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

NORTHWEST INDUSTRIAL GAS USERS

CITIZENS' UTILITY BOARD

By: _____

By: Bob Oels

Date: _____

Date: 3-7-08

STIPULATION

APPENDIX A Page 5 of 5
PAGE 8 OF 10

ORDER NO. 08-182

UM 1351 - Avista
Settlement Depreciation Rates

ATTACHMENT A

| [1] | | [2] [3] [4] [5] [6] [7] FILED | | | | | [8] [9] [10] [11] SETTLEMENT | | | | |
|-----------------------------------|---|-------------------------------|---------------|-------------------------|------------|-------------------------------|------------------------------|-----------------|---------------------------|------------------------|---|
| Account Number | Description | 2006 Avg. Balance | Existing Rate | Existing Annual Deprec. | Study Rate | Study Proposed Annual Deprec. | Increase or (Decrease) | Settlement Rate | Settlement Annual Deprec. | Increase or (Decrease) | Reduction in Depreciation Expense due to Settlement |
| | | \$ | % | \$ | % | \$ | \$ | % | \$ | \$ | \$ |
| GAS PLANT - OREGON | | | | | | | | | | | |
| PRODUCTION - LPG & LNG | | | | | | | | | | | |
| 311.0 | Liquified Petroleum Gas Equipment | 67,374 | 1.85 | 1,244 | 5.41 | 3,645 | 2,401 | 5.33 | 3,591 | 2,347 | (54) |
| | Total | 67,374 | | 1,244 | | 3,645 | 2,401 | | 3,591 | 2,347 | (54) |
| DISTRIBUTION PLANT | | | | | | | | | | | |
| 375.0 | Structures & Improvements | 191,762 | 3.05 | 5,847 | 2.40 | 4,602 | (1,245) | 2.25 | 4,315 | (1,532) | (288) |
| 376.0 | Mains | 82,434,223 | 3.41 | 2,814,252 | 1.42 | 1,170,566 | (1,643,686) | 1.31 | 1,079,888 | (1,734,364) | (90,678) |
| 378.0 | Measuring/Regulating Station Equipment | 1,181,089 | 4.97 | 58,733 | 1.41 | 16,653 | (42,080) | 1.39 | 16,417 | (42,316) | (236) |
| 379.0 | Measuring/Regulating City Gate Equipment | 652,399 | 4.67 | 30,443 | 2.09 | 13,635 | (16,808) | 1.59 | 10,373 | (20,070) | (3,262) |
| 380.0 | Services | 51,528,771 | 4.60 | 2,371,142 | 2.02 | 1,040,881 | (1,330,261) | 1.78 | 917,212 | (1,453,930) | (123,669) |
| 381.0 | Meters | 26,036,298 | 2.91 | 756,389 | 2.71 | 705,584 | (50,805) | 2.34 | 609,249 | (147,140) | (96,334) |
| 385.0 | Measuring/Regulating Industrial Equipment | 775,599 | 5.42 | 42,051 | 0.65 | 5,041 | (37,010) | 0.65 | 5,041 | (37,010) | 0 |
| 387.0 | Other Equipment | 539 | (6.12) | (33) | 0.00 | 0 | 33 | 0.00 | 0 | 33 | 0 |
| | Total | 162,800,680 | | 6,078,824 | | 2,956,963 | (3,121,861) | | 2,642,496 | (3,436,328) | (314,467) |
| GAS GENERAL PLANT | | | | | | | | | | | |
| 390.1 | Structures & Improvements | 1,797,882 | 6.08 | 109,353 | 0.85 | 15,282 | (94,071) | 0.62 | 11,147 | (98,206) | (4,135) |
| 391.1 | Computer Equipment | 6,705 | 9.49 | 636 | 20.00 | 1,341 | 705 | 20.00 | 1,341 | 705 | 0 |
| 393.0 | Stores Equipment | 55,173 | 3.00 | 1,655 | 4.22 | 2,328 | 673 | 4.22 | 2,328 | 673 | 0 |
| 394.0 | Tools, Shop & Garage Equipment | 828,234 | 4.00 | 33,160 | 9.20 | 76,198 | 43,038 | 9.20 | 76,198 | 43,038 | 0 |
| 395.0 | Laboratory Equipment | 343,390 | 3.19 | 10,971 | 12.41 | 42,615 | 31,644 | 12.41 | 42,615 | 31,644 | 0 |
| 397.0 | Communication Equipment | 307,600 | 4.42 | 13,609 | 12.79 | 39,342 | 25,733 | 12.79 | 39,342 | 25,733 | 0 |
| 397.2 | Communication Equipment - Portable | 7,696 | 7.15 | 550 | 63.85 | 4,914 | 4,364 | 63.85 | 4,914 | 4,364 | 0 |
| | Total | 3,346,680 | | 169,934 | | 182,019 | 12,085 | | 177,884 | 7,950 | (4,135) |
| GAS TRANSPORTATION PLANT | | | | | | | | | | | |
| 392.0 | Transportation Equipment | 16,932 | 8.41 | 1,424 | 8.41 | 1,424 | (0) | 3.44 | 582 | (842) | (842) |
| 396.0 | Power Operated Equipment | 26,056 | 7.46 | 1,945 | 7.58 | 1,975 | 30 | 3.66 | 954 | (991) | (1,021) |
| | Total | 42,988 | | 3,369 | | 3,399 | 30 | | 1,536 | (1,833) | (1,863) |
| TOTAL GAS PLANT - OREGON | | 166,257,722 | | 6,253,371 | | 3,146,026 | (3,107,345) | | 2,825,508 | (3,427,863) | (320,519) |

AVISTA UTILITIES - OREGON JURISDICTION
DOCKET Nos. UM-1351 and UG-181
OPUC STAFF MODEL

PROPOSED RATES SPREAD AND RATE DESIGN PER DEPRECIATION STIPULATION & UG-181 SETTLEMENT AGREEMENT

| Line # | OREGON TOTAL | Residential Service SCH 410 | General Service SCH 420 | Large General Service SCH 424 | Interruptible Service SCH 440 | Seasonal Contracts SCH 444 | Special Contracts SCH 447 | Transportation Service SCH 456 |
|--------|---------------|-----------------------------|-------------------------|-------------------------------|-------------------------------|----------------------------|---------------------------|--------------------------------|
| 1 | 125,959,650 | 49,373,825 | 28,349,061 | 3,709,830 | 3,355,306 | 186,221 | 5,673,162 | 35,312,245 |
| 2 | | \$ 1,42914 | \$ 1,34538 | \$ 1,25402 | \$ 0,94898 | \$ 1,26376 | NA | Various |
| 3 | | First 20 | Next 30 | Next 250 | Next 200 | Over 500 | | |
| 4 | | 4,104,435 | 7,199,917 | 5,166,154 | 17,490,196 | 1,351,543 | | 35,312,245 |
| 5 | | \$ 0,12000 | \$ 0,07757 | \$ 0,06373 | \$ 0,04984 | \$ 0,02520 | | \$ 2,322,979 |
| 6 | | \$ 70,562,108 | \$ 38,140,260 | \$ 4,652,201 | \$ 3,184,118 | \$ 233,476 | \$ 476,072 | \$ 187,500 |
| 7 | | 92,415 | 81,424 | 10,808 | 98 | 40 | 8 | \$ 81,000 |
| 8 | | \$ 5 | \$ 6 | \$ 65 | \$ 0 | \$ 0 | \$ 0 | \$ 2,403,979 |
| 9 | | \$ 4,885,440 | \$ 778,176 | \$ 76,440 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 10 | | \$ 125,392,271 | \$ 75,447,548 | \$ 38,918,436 | \$ 4,728,641 | \$ 233,476 | \$ 476,072 | \$ 0 |
| 11 | | | | | | | | |
| 12 | \$ 321,000 | \$ 20,566,063 | \$ 7,407,019 | \$ 734,731 | \$ 468,300 | \$ 32,989 | \$ 476,073 | \$ 0 |
| 13 | \$ 32,089,154 | 67,70% | 24,38% | 0,00% | 0,00% | 0,00% | 0,00% | 7,91% |
| 14 | 100,00% | | | | | | | \$ 25,403 |
| 15 | \$ 321,000 | \$ 217,325 | \$ 78,271 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 21,019 |
| 16 | \$ 321,000 | \$ 220,549 | \$ 79,432 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 4,364 |
| 17 | \$ 0 | \$ -33,223 | \$ -1,161 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 18 | | | | | | | | |
| 19 | \$ 866,000 | 0,87% | 0,87% | -2,00% | -1,75% | -2,00% | 0,00% | 0,87% |
| 20 | \$ 693,000 | \$ 659,667 | \$ 340,279 | \$ -94,573 | \$ -55,722 | \$ -4,670 | \$ 0 | \$ 21,019 |
| 21 | | \$ 5,50 | \$ 7,00 | \$ 55,50 | \$ 0 | \$ 0 | \$ 0 | \$ 187,500 |
| 22 | \$ 607,068 | \$ 488,544 | \$ 129,696 | \$ -11,172 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 23 | | \$ 171,123 | \$ 210,583 | \$ 83,401 | \$ -55,722 | \$ -4,670 | \$ 0 | \$ 21,019 |
| 24 | | \$ 49,426 | \$ 131,150 | \$ 83,401 | \$ -55,722 | \$ -4,670 | \$ 0 | \$ 0 |
| 25 | | -0,700% | 0,3439% | -1,7927% | -1,7500% | -2,0000% | 0,0000% | 0,0000% |
| 26 | | \$ 1,42814 | \$ 1,35001 | \$ 1,23154 | \$ 0,93237 | \$ 1,22668 | NA | NA |
| 27 | | \$ 0,12000 | \$ 0,07757 | \$ 0,06373 | \$ 0,04984 | \$ 0,02520 | | |
| 28 | | | | | | | | |
| 29 | \$ 724,000 | 41,05% | 23,57% | 3,09% | 2,79% | 0,15% | 0,00% | 29,36% |
| 30 | 100,00% | 58,10% | 33,36% | 4,37% | 3,95% | 0,22% | 0,00% | 0,00% |
| 31 | 100,00% | 55,72% | 31,99% | 4,19% | 3,79% | 0,21% | 0,00% | 4,11% |
| 32 | \$ 724,000 | \$ 403,387 | \$ 231,613 | \$ 30,310 | \$ 27,413 | \$ 1,521 | \$ 0 | \$ 29,756 |
| 33 | | | | | | | | |
| 34 | | | | | | | | |
| 35 | \$ 693,000 | 0,73% | 0,73% | -2,00% | -1,75% | -2,00% | 0,00% | 0,73% |
| 36 | \$ 693,000 | \$ 547,868 | \$ 282,619 | \$ -94,573 | \$ -55,722 | \$ -4,670 | \$ 0 | \$ 17,457 |
| 37 | | \$ 6,00 | \$ 8,00 | \$ 46,00 | \$ 0 | \$ 0 | \$ 0 | \$ 187,500 |
| 38 | | \$ 488,544 | \$ 129,696 | \$ -11,172 | \$ -55,722 | \$ -4,670 | \$ 0 | \$ 0 |
| 39 | | \$ 59,344 | \$ 152,923 | \$ 83,401 | \$ -55,722 | \$ -4,670 | \$ 0 | \$ 17,457 |
| 40 | | \$ 85,932 | \$ 232,774 | \$ 30,310 | \$ 27,413 | \$ 1,521 | \$ 0 | \$ 25,372 |
| 41 | | \$ 724,000 | \$ 406,610 | \$ 232,774 | \$ 30,310 | \$ 27,413 | \$ 0 | \$ 42,829 |
| 42 | | \$ 809,932 | \$ 465,954 | \$ 385,698 | \$ -53,091 | \$ -3,148 | \$ 0 | \$ 1,8437% |
| 43 | | | 0,6603% | 1,0113% | -1,1412% | -0,8891% | NA | 1,8437% |
| 44 | | | 0,5903% | 1,3551% | -2,6391% | -3,3484% | NA | 1,8437% |
| 45 | | | | | | | | |
| 46 | | | | | | | | |
| 47 | | \$ 1,43758 | \$ 1,36361 | \$ 1,21723 | \$ 0,92394 | \$ 1,21178 | NA | NA |
| 48 | | \$ 0,13138 | \$ 0,07900 | \$ 0,06490 | \$ 0,05076 | \$ 0,02566 | | |
| 49 | | | | | | | | |
| 50 | | \$ 117,953,271 | \$ 70,878,636,13 | \$ 38,657,108 | \$ 4,515,709 | \$ 225,659 | \$ 476,072 | NA |
| 51 | | \$ 2,365,808 | \$ 639,234,04 | \$ 668,794,63 | \$ 335,309,20 | \$ 34,686,83 | | \$ 2,365,808 |
| 52 | | \$ 7,035,192 | \$ 5,862,528 | \$ 1,037,568 | \$ 54,096 | \$ 0 | | \$ 81,000 |
| 53 | | \$ 127,354,271 | \$ 76,841,164 | \$ 39,694,676 | \$ 4,569,805 | \$ 225,659 | \$ 476,072 | \$ 2,446,808 |
| 54 | | \$ 1,962,000 | \$ 1,393,616 | \$ 776,240 | \$ -158,836 | \$ -84,031 | \$ 0 | \$ 42,829 |
| 55 | | 1,56% | 1,85% | 1,99% | -3,36% | -2,64% | 0,00% | 1,78% |

(1) Schedules 424 and 444 are to receive a 4% revenue requirement reduction and Schedule 440 is to receive a 3,5% reduction. The resulting net revenue requirement increase is to be achieved through a uniform percentage increase applied to the current pro forma revenues/revenue requirement of Schedules 410, 420, and 456.
 (2) The Customer Charge for Schedule 410 is to be increased from \$5 per month to \$6. The Customer Charge for Schedule 420 is to be increased from \$6 per month to \$8. The Customer Charge for Schedule 424 is to be reduced by \$19 per month.
 (3) Half the changes called for in (1) and (2) are to take place on April 1, 2008, with the balance of those changes to take place on Nov. 1, 2008.
 (4) The Jackson Prairie Storage (JP) revenue requirement is to be allocated in proportion to the Schedules' relative shares of Annual Therms (Special Contracts Sched. 447 excluded), with 14% of the rev. req. allocated in proportion to the share of total annual throughput (i.e., Transportation Service Sched. 456 included) and 86% allocated in proportion to the shares of retail sales.
 (5) The revenue requirement decrease owing to the Depreciation Stipulation is limited to Schedules 410, 420, and 456, and spread in proportion to current "margin" revenues, with the constraint that a portion of the Schedule 456 decrease (with offsets to Schedules 410 and 420) is postponed to Nov. 1 to avoid a rates decrease in April 1 only to be followed by a partially offsetting rates increase seven months later (Nov. 1).

APPENDIX A
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