

BEFORE THE WASHINGTON UTILITIES &
TRANSPORTATION COMMISSION

DOCKET NO. UG-99 _____

Exhibit No. 57

Witness: Tara L. Knox, Avista Corp.

WUTC

DOCKET NO. UE-991606

EXHIBIT # 469

ADMIT

W/D

REJECT

Washington Water Power
 Cost of Service Study
 Allocation Methodology Description

Category	Acct	Allocation	Factors
Purchased Gas Cost	804	Direct Input per Gas Cost Adjustment- agrees to 12/1/98 tracker WACOG applied to pro forma therms	D05,E07
	807	Scheduler's labor by throughput, all other labor & expenses by Sales Therms	E01,E04
Underground Storage expenses	814-837	Matches tracker methodology for UG Storage items 23% Firm Coincident Peak 77% Throughput excluding Sch 148	D04,E02
Distribution Expenses	870	Sum of Distribution Plant	S15
	871	100 % Throughput	E01
	874	Sum of Mains & Services Plant	S06
	875	Sum of Measuring & Regulator Station Equipment - General	S08
	876	Sum of Measuring & Regulator Station Equipment - Industrial	S19
	877	Sum of Measuring & Regulator Station Equipment - City Gate	S09
	878	Sum of Meters & House Regulators & Installations Plant	S07
	879	Customers weighted by Installations Cost	C05
	880	Sum of Distribution O & M excluding accounts 880 & 881	S04
	881	Sum of Distribution O & M excluding accounts 880 & 881	S04
	885	Sum of Distribution Plant	S15
	886	Sum of Distribution Plant accounts 376 thru 385	S05
	887	Sum of Distribution Plant accounts 376 thru 385	S05
	889	Sum of Measuring & Regulator Station Equipment - General	S08
	890	Sum of Measuring & Regulator Station Equipment - Industrial	S08
	891	Sum of Measuring & Regulator Station Equipment - City Gate	S09
892	Sum of Services Plant	S20	
893	Sum of Meters & House Regulators & Installations Plant	S07	
894	Sum of Distribution Plant	S15	

Category	Acct	Allocation	Factors
Customer Accounting Expenses	901	All customers	C01
	902	All customers	C01
	903	All customers	C01
	904	Uncollectibles Allocator (Retail Revenue)	R03
	905	All customers	C01
Customer Information Expenses	907	All Customers	C01
	908	DSM amortization amount by Peak & Average 55% peak demand (all schedules),45% throughput, remaining amount by all customers	D01,E01,C01
	909	All customers	C01
	910	All customers	C01
Sales Expenses	911	All customers	C01
	912	All customers	C01
	913	All customers	C01
	916	All customers	C01
Admin & General Expenses	920	50% O&M excluding account 804 and A&G, 50% throughput	E01,S02
	921	50% O&M excluding account 804 and A&G, 50% throughput	E01,S02
	923	50% O&M excluding account 804 and A&G, 50% throughput	E01,S02
	924	Plant in Service	S17
	925	50% O&M excluding account 804 and A&G, 50% throughput	E01,S02
	926	Labor O&M expense	S13
	927	Retail Revenue	R01
	928	Commission Fees amount by Retail Revenue, remaining amount by 50% O&M excluding account 804 and A&G, 50% throughput	E01,R01,S02
	930	50% O&M excluding account 804 and A&G, 50% throughput	E01,S02
	931	Customer service system expense amount by All Customers, remaining amount by 50% O&M excluding account 804 and A&G, 50% throughput	C01,E01,S02
	935	Plant in Service	S17
Property Tax		Sum of Related Plant Accounts	S14,S15,S16
Excise Tax		Retail Revenue	R01
Misc Dist			

Category	Acct	Allocation	Factors
Taxes		Sum of Distribution Plant Accounts	S15
Depreciation Expense		Related Plant Allocators	linked to plant account allocators
Amortization Expense	404	General Plant Allocator (Plant in Service excluding General & Intangible Plant)	S03
Income Tax		Net income before income tax	R02
Intangible Plant	303	General Plant Allocator (Plant in Service excluding General & Intangible Plant)	S03
Underground Storage Plant	350-357	23% Firm Coincident Peak 77% Throughput excluding Sch 148	D04,E02
Distribution Plant	374	Sum of Dist. Plant accts 376 thru 385	S05
	375	Sum of Dist. Plant accts 376 thru 385	S05
	376-SM	Direct Assignment to Schedules 131,146,148, remaining amount by Peak & Average-Other Schedules, 55% peak demand (excluding direct assignment), 45% throughput (excluding direct assignment)	D02,D07,E06
	376-LG	Direct Assignment to Schedules 131,146,148, remaining amount by Peak & Average 55% peak demand (all schedules), 45% throughput (all schedules)	D01,D06,D07, D08,E01
	378	Peak & Average 55% peak demand (all schedules), 45% throughput	D01,E01
	379	Peak & Average 55% peak demand (all schedules), 45% throughput	D01,E01
	380	Direct Assignment to Schedules 131,146,148, remaining amount allocated by number of customers weighted by average current cost of installed services	C02,C07,C08 C09
	381	Number of customers weighted by average current cost of meters	C03
	382	Number of customers weighted by average current cost of meter installations	C05
	383	Number of customers weighted by average current cost of regulators	C04
	384	Number of customers weighted by average current cost of meter installations	C05
	385	Number of customers weighted by average current cost of industrial meter installations	C06
	387	Sum of Dist. Plant accts 376 thru 385	S05
General Plant	389-398	General Plant Allocator (Plant in Service excluding General & Intangible Plant)	S03
Accumulated Depreciation		Related Plant Allocators	linked to plant account allocators

Category	Acct	Allocation	Factors
Accumulated Amortization		General Plant Allocator (Plant in Service excluding General & Intangible Plant)	S03
Accumulated DFIT		Sum of Plant in Service	S17
CIAC		Directly Assigned to Residential Customers	C10
Gas Inventory		Sum of Underground Storage Plant	S14
Gain on Office Bldg		General Plant Allocator (Plant in Service excluding General & Intangible Plant)	S03
DSM Investment		Peak & Average 55% peak demand (all schedules), 45% throughput	D01,E01
Misc Service Revenue		Number of customers	C01
Other Gas Revenue miscellaneous		Demand portion of purchased gas expense	D05
Interest Expense		Sum of Rate Base	S01

Notes:

Designed to follow methodology approved in the Washington Natural Case for everything except Purchased gas costs and Underground Storage which have been left as approved for the Purchased gas tracker process.

The following pages from the Avista Corp Gas Tracker and Deferral Filing Docket No. UG-981376 detail the allocation methodology utilized for purchased gas costs.

The Washington Water Power Company
WACOG Calculation
State of Washington

	System Billing Determinants	6/30/97 Price Per Therm	System Total Cost	Alloc. Percent	Allocated To Washington	Demand Percent	Total After Demand Split	Kaiser Mead 148 Firm	Kaiser Trentwood 148 Firm	Alloc Meth	Schedule 146	Schedule 131/132	Schedule 121/122	Schedule 111/112	Schedule 101	
NORTHWEST PIPELINE																
1	TF-2 Demand Charge	848,040	0.94140	\$798,345	74.22%	\$592,532	77% 23%	\$456,250 \$136,282		(6) (7)	\$98,849 \$4,777	\$3,320	\$21,931 \$4,509	\$110,349 \$44,274	\$221,801 \$82,722	
3	SGS-1 Commodity	23,503,000	0.12253	\$2,879,823	73.05%	\$2,103,711		\$2,103,711		(8)		\$19,543	\$129,087	\$649,527	\$1,305,554	
3	TF-2 Transportation Chg	23,503,000	0.00137	\$32,199	73.05%	\$23,521		\$23,521		(8)		\$219	\$1,443	\$7,262	\$14,597	
1	LS-1 Dem. Deliverability	2,640,000	0.01795	\$47,388	74.22%	\$35,171	100%	\$35,171		(7)	\$1,233		\$1,164	\$11,426	\$21,348	
1	Demand Capacity	18,397,800	0.02068	\$380,467	74.22%	\$282,383	100%	\$282,383		(7)	\$9,899		\$9,343	\$91,737	\$171,404	
3	Vaporization		0.09216		73.05%					(8)						
3	Commodity		0.15807		73.05%					(8)						
1	TF-1 Demand Charge	12,676,200	0.96755	\$12,264,857	74.22%	\$9,102,977	90% 10%	\$8,192,679 \$910,298		(8) (9)		\$76,110	\$502,717 \$31,212	\$2,529,515 \$306,469	\$5,084,337 \$572,617	
	TF-1 Capacity Releases			(\$4,433,257)	74.22%	(\$3,290,363)	90% 10%	(\$2,961,327) (\$329,036)		(8) (9)		(\$27,511)	(\$181,712) (\$11,282)	(\$914,319) (\$110,776)	(\$1,837,785) (\$206,978)	
	TF-1 D-1 Kaiser Mead	336,000	0.96755	\$325,097		\$325,097		\$325,097	\$325,097							
	TF-1 D-1 Kaiser Trent.	720,000	0.96755	\$696,636		\$696,636		\$696,636	\$696,636							
	TF-1 D-1 Wa. End Users	387,600	0.96755	\$375,022												
	TF-1 D-1 Ida. End Users	1,530,000	0.96755	\$1,480,352												
3	TF-1 Commodity	77,028,900	0.00247	\$190,261	73.05%	\$138,986		\$138,986		(8)		\$1,291	\$8,528	\$42,912	\$86,255	
PACIFIC GAS TRANSMISSION																
1	Alberta Nat. Gas Demand	10,016,469	0.158626	\$1,588,872	74.22%	\$1,179,261	90% 10%	\$1,061,335 \$117,926		(8) (9)		\$9,860	\$65,125 \$4,043	\$327,690 \$39,702	\$658,660 \$74,181	
3	ANG Commodity	56,680,000	0.0003655	\$20,717	73.05%	\$15,134		\$15,134		(8)		\$141	\$929	\$4,673	\$9,391	
1	NOVA Demand	7,321,644	0.28633	\$2,096,406	74.22%	\$1,555,953	90% 10%	\$1,400,358 \$155,595		(8) (9)		\$13,009	\$85,928 \$5,335	\$432,365 \$52,384	\$869,056 \$97,876	
1	PGT Demand	11,783,220	0.23243	\$2,738,742	74.22%	\$2,032,694	90% 10%	\$1,829,425 \$203,269		(8) (9)		\$16,995	\$112,257 \$6,970	\$564,841 \$68,434	\$1,135,332 \$127,865	
3	PGT, T-1 Commodity	156,392,100	0.00131	\$204,874	73.05%	\$149,660		\$149,660		(8)		\$1,390	\$9,183	\$46,208	\$92,879	
OTHER SOURCES																
3	Firm Transport Volumes	233,421,000	0.17031	\$39,753,931	73.05%	\$29,040,247		\$29,040,247		(8)		\$269,784	\$1,781,960	\$8,966,266	\$18,022,237	
3	Spot Purch.-Int Transport				73.05%					(8)						
3	Miscellaneous Revenues			(\$2,100,000)	73.05%	(\$1,534,050)		(\$1,534,050)		(8)		(\$14,251)	(\$94,132)	(\$473,643)	(\$952,024)	
	Total	256,924,000		\$59,340,732		\$42,449,550		\$42,449,550	\$325,097	\$696,636		\$114,758	\$369,900	\$2,494,538	\$12,797,296	\$25,651,325

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Recap of Charges

Total 90% Demand Charges						\$10,442,029	\$292,587	\$626,972			\$88,463	\$584,315	\$2,940,092	\$5,909,600
Total 10% Demand Charges						\$1,160,226	\$32,510	\$69,664				\$36,278	\$356,213	\$665,561
Total Underground Storage Demand (77%)						\$456,250				\$98,849	\$3,320	\$21,931	\$110,349	\$221,801
Total Underground Storage Demand (23%)						\$136,282				\$4,777		\$4,509	\$44,274	\$82,722
Total Plymouth Storage Charges						\$317,554				\$11,132		\$10,507	\$103,163	\$192,752
Total Commodity Charges						\$29,937,209				\$278,117	\$1,836,998	\$9,243,205	\$18,578,889	
Total Gas Costs						\$42,449,550	\$325,097	\$696,636		\$114,758	\$369,900	\$2,494,538	\$12,797,296	\$25,651,325
Total Therms Less Schedule 148						237,313,601				51,415,000	1,727,000	11,407,062	57,396,767	115,367,772
Coincident Peak (All Firm)						921,404				32,300		30,485	299,334	559,285
Firm Therms						235,586,601				51,415,000		11,407,062	57,396,767	115,367,772
Sales Therms						185,898,601					1,727,000	11,407,062	57,396,767	115,367,772
Demand Rate Per Therm														
Total 90% Demand Charges						\$10,442,029	\$292,587	\$626,972			\$88,463	\$584,315	\$2,940,092	\$5,909,600
Total Underground Storage Demand (77%)						\$456,250				\$98,849	\$3,320	\$21,931	\$110,349	\$221,801
Total						\$10,898,279	\$292,587	\$626,972		\$98,849	\$91,783	\$606,246	\$3,050,441	\$6,131,401
Total Therms Less Schedule 148						237,313,601				51,415,000	1,727,000	11,407,062	57,396,767	115,367,772
Rate Per Therm						\$0.04592				\$0.00192	\$0.05315	\$0.05315	\$0.05315	\$0.05315
Total 10% Demand Charges						\$1,160,226	\$32,510	\$69,664						
Total Underground Storage Commodity (23%)						\$136,282				\$4,777				
Total Plymouth Storage Charges						\$317,554				\$11,132				
Total						\$1,614,062	\$32,510	\$69,664		\$15,909				
Firm Therms						235,586,601				51,415,000		(Note 10)	(Note 10)	(Note 10)
Rate Per Therm						\$0.00685				\$0.00031		\$0.00527	\$0.00750	\$0.00871
Total Demand Rate						\$0.05277	\$325,097	\$696,636		\$0.00223	\$0.05315	\$0.05842	\$0.06065	\$0.06186
Current Demand Rate (1/1/97)						\$0.06758	\$313,458	\$671,695		\$0.00247	\$0.07067	\$0.07760	\$0.08054	\$0.08213
Total Demand Rate Increase <Decrease>						(\$0.01481)	\$11,639	\$24,941		(\$0.00024)	(\$0.01752)	(\$0.01918)	(\$0.01989)	(\$0.02027)
Revenue Adjustment Factor						105.50%	105.50%	105.50%		105.50%	105.50%	105.50%	105.50%	105.50%
Net Demand Rate Increase <Decrease> After Revenue Adjustment Factor						(\$0.01562)	\$12,279	\$26,313		(\$0.00025)	(\$0.01848)	(\$0.02023)	(\$0.02098)	(\$0.02138)
Commodity Rate Per Therm														
Total Commodity Charges						\$29,937,209				\$278,117	\$1,836,998	\$9,243,205	\$18,578,889	
Sales Therms						185,898,601				1,727,000	11,407,062	57,396,767	115,367,772	
Total Commodity Rate Per Therm						\$0.16104				\$0.16104	\$0.16104	\$0.16104	\$0.16104	\$0.16104
Current Commodity Rate Per Therm (1/1/97)						\$0.15772				\$0.15772	\$0.15772	\$0.15772	\$0.15772	\$0.15772
Commodity Rate Increase <Decrease>						\$0.00332				\$0.00332	\$0.00332	\$0.00332	\$0.00332	\$0.00332
Revenue Adjustment Factor						105.50%	105.50%	105.50%		105.50%	105.50%	105.50%	105.50%	105.50%
Net Commodity Rate Increase <Decrease> After Revenue Adjustment Factor						\$0.00350				\$0.00350	\$0.00350	\$0.00350	\$0.00350	\$0.00350
Total Proposed Demand/Commodity Increase <Decrease>						(\$0.01212)	\$12,279	\$26,313		(\$0.00025)	(\$0.01498)	(\$0.01673)	(\$0.01748)	(\$0.01788)

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Notes

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|----|---|--------------------|
| | | Washington Percent |
| 1 | Based On 5 Day Peak Study With Potlatch Set At -0- Purchases | 74.220% |
| 2 | Based On 5 Day Peak Study With Potlatch Set At 20,000 Purchases since they are able to withdraw that much gas from Jackson Prairie. | |
| 3 | Based On The 12 Month Summary Of Therms | 73.050% |
| 6 | Allocated to all Schedules except 148 based on therms. | |
| 7 | Allocated to Schedule 101 - 121 and 146 Firm based on coincidental peak. | |
| 8 | Allocated to Schedule 101 - 131 based on therms. | |
| 9 | Allocated to Schedule 101 - 121 based on coincidental peak. | |
| 10 | 10% Demand Rate Based on Equal Percentage Allocation | |