Exhibit No. ___ (TLK-2)

REDACTED

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-08_____

DOCKET NO. UG-08_____

EXHIBIT NO._____(TLK-2)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Exhibit No. ___(TLK-2)

AVISTA UTILITIES

Production Property Adjustment Calculation
Washington Electric
TWELVE MONTHS ENDED DECEMBER 31, 2007

Line No.	Column	Description of Adjustment	(000's)	Production/Transmission Revenue	Expense	Rate Base
1	b	Per Results Report		104,996	290,055	593,535
2	c	Deferred FIT Rate Base			-	(83,855)
3	d	Deferred Gain on Office Building			-	
4	e	Colstrip 3 AFUDC Elimination		-	(225)	(2,342)
5	f	Colstrip Common AFUDC		-	-	460
6	g	Kettle Falls Disallow.		-	-	(913)
7	h	Customer Advances			-	
8	i	Depreciation True-up		-	(2,782)	-
9	j	Settlement Exchange Power		-	-	20,432
10		Actual		104,996	287,048	527,317
11	k	Eliminate B & O Taxes			-	
12	l	Property Tax			(452)	
13	m	Uncollect. Expense			-	
14	n	Regulatory Expense			-	
15	o	Injuries and Damages			-	
16	p	FIT			-	
17	q	Eliminate WA Power Cost Defer			(14,658)	
18	r	Nez Perce Settlement Adjustment			9	
19	s	Eliminate A/R Expenses			-	
20	t	Office Space Charges to Subsidiaries			-	
21	u	Restate Excise Taxes			-	
22	v	Net Gains/losses			-	
23	w	Revenue Normalization			5,593	
24	0	Misc Restating			-	
25	x	Restate Debt Interest			-	
26		Restated Total		104,996	277,540	527,317
27	PF1	Pro Forma Power Supply		(50,915)	(41,056)	-
28	PF2	Pro Forma Prod Property Adj				
29	PF3	Pro Forma Labor Non-Exec			813	
30	PF4	Pro Forma Labor Exec			38	
31	PF5	Pro Forma Transmission Rev/Exp		(864)	(114)	-
32	PF6	Pro Forma Capital Add 2007			431	22,857
33	PF7	Pro Forma Capital Add 2008			781	(6,476)
34	PF8	Pro Forma Asset Management			1,238	-
35	PF09					
36	PF10	**CONFIDENTIAL per WAC 480-07-160**				
37	PF11					
38	PF12	Pro Forma Colstrip Mercury Emiss. O&M			969	-
39	PF13	Pro Forma Incentives			-	
40		Pro Forma Total		53,217	247,078	584,041
41		2009 WA Retail Load in Power Supply	5,580,783			
42		2007 WA Normalized Retail Load	5,413,524			
43		Production Factor	0.970029			
44		2007 Production/Transmission Costs		$51,622	$239,673	$566,537
45		Production Property Adjustment		($1,595)	($7,405)	($17,504)

Exhibit No. ___(TLK-2)

Proposed Production and Transmission Revenue Requirement
Calculation of Proposed Retail Revenue Credit Rate

			2007	2009	Debt Cost
1	Prod/Trans	Pro Forma Rate Base	$566,537	$584,041	
2		Proposed Rate of Return	8.430%	8.430%	3.43%
3	Rate Base	Net Operating Income Requirement	$47,759	$49,235	
4	Tax Effect	Net Operating Income Requirement (Rate Base x Debt Cost x -35%)	($6,801)	($7,011)	
5	Net Expense	Net Operating Income Requirement (Expense - Revenue)	$188,051	$193,861	
6	Tax Effect	Net Operating Income Requirement (Net Expense x -.35%)	($65,818)	($67,851)	
7	Total Prod/Trans	Net Operating Income Requirement	$163,191	$168,233	
8	1 - Tax Rate	Conversion Factor (Excl. Rev. Rel. Exp.)	0.65	0.65	
9	Prod/Trans	Revenue Requirement	$251,063	$258,820	$7,757
10	Prod/Trans Rev Requirement per kWh		$ 0.04638	$ 0.04638	7,757

Exhibit No. ___ (TLK-3)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-08_____

DOCKET NO. UG-08_____

EXHIBIT NO._____(TLK-3)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

ELECTRIC COST OF SERVICE

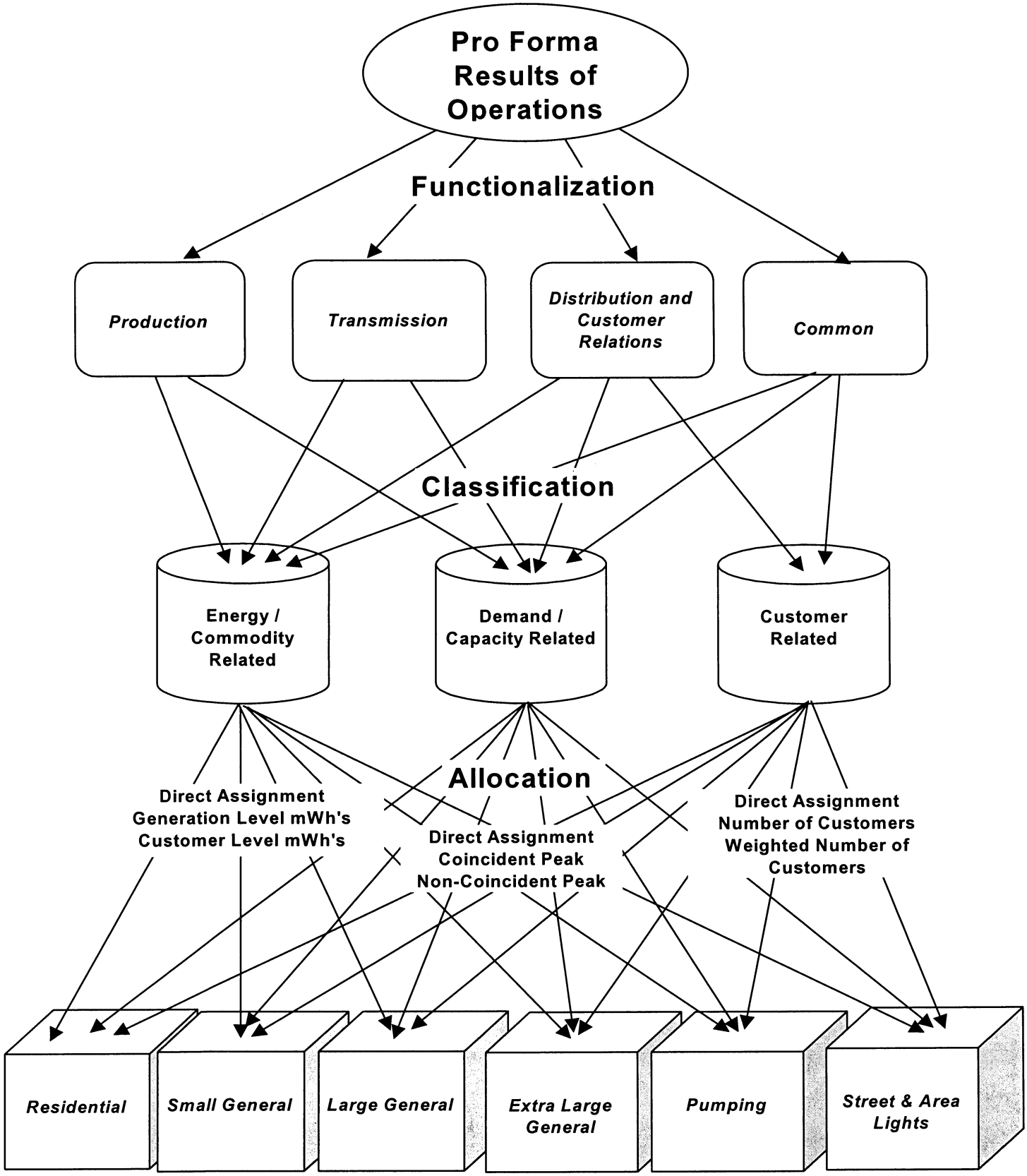
A cost of service study is an engineering-economic study, which apportions the revenue, expenses, and rate base associated with providing electric service to designated groups of customers. It indicates whether the revenue provided by the customers recovers the cost to serve those customers. The study results are used as a guide in determining the appropriate rate spread among the groups of customers.

There are three basic steps involved in a cost of service study: functionalization, classification, and allocation. See flow chart.

First, the expenses and rate base associated with the electric system under study are assigned to functional categories. The uniform system of accounts provides the basic segregation into production, transmission, and distribution. Traditionally, customer accounting, customer information, and sales expenses are included in the distribution function and administrative and general expenses and general plant rate base are allocated to all functions. In this study I have created a separate functional category for common costs. Administrative and general costs that cannot be directly assigned to the other functions have been placed in this category.

Second, the expenses and rate base items which cannot be directly assigned to customer groups are classified into three primary cost components: energy, demand or customer related. Energy related costs are allocated based on each rate schedule's share of commodity consumption. Demand (capacity) related costs are allocated to rate schedules on the basis of each schedule's contribution to peak demand. Customer related items are allocated to rate schedules based on the number of customers within each schedule. The number of customers may be weighted by appropriate factors such as relative cost of metering equipment. In addition to these three cost components, any revenue related expense is allocated based on the proportion of revenues by rate schedule.

ELECTRIC COST OF SERVICE STUDY FLOWCHART



Pro Forma Results of Operations by Customer Group

The final step is allocation of the costs to the various rate schedules utilizing the allocation factors selected for each specific cost item. These factors are derived from usage and customer information associated with the test period results of operations.

BASE CASE COST OF SERVICE STUDY

Production and Transmission Classification (Peak Credit)

This study utilizes a Peak Credit methodology to classify production and transmission costs into demand and energy classifications. The Peak Credit method acknowledges that baseload production facilities provide energy throughout the year as well as capacity during system peaks and likewise the transmission system is built not only for peak use, but also for everyday delivery of energy. The demand/energy ratio is determined by the relationship of the current replacement cost per kW generating capacity of the Company's peaking units to the current replacement cost per kW generating capacity of the Company's thermal or hydro plant. The peak credit ratio for thermal plant is 33.57% to demand and 66.43% to energy. The peak credit ratio for hydro plant is 26.82% to demand and 73.18% to energy. As an intermediate resource (between peaking and baseload) Coyote Springs II has been included with the thermal plant costs, while Boulder Park and Kettle Falls CT have been included with the peaking units.

Transmission costs are classified by fifty-fifty weighting of the thermal and hydro peak credit ratios resulting in the transmission peak credit ratio of 30.19% to demand and 69.81% to energy. Fuel and load dispatching expenses are classified entirely to energy. Peaking plant related costs are classified entirely to demand. Purchased Power and Other Power Supply expenses are classified to demand and energy by the relative amounts of assigned and allocated Production Plant in Service. WNP3 Settlement Exchange Power costs are classified as energy related.

Production and Transmission Allocation

Production and transmission demand related costs are allocated to the customer classes by class contribution to the average of the twelve monthly system coincident peak loads. Although the Company is usually technically a winter peaking utility, it experiences high summer peaks and careful management of capacity requirements is required throughout the year. The use of the average of twelve monthly peaks recognizes that customer capacity needs are not limited to the heating season.

Energy related costs are allocated to class by pro forma annual kilowatthour sales adjusted for losses to reflect generation level consumption.

Distribution Facilities Classification (Basic Customer)

The Basic Customer method considers only services and meters and directly assigned Street Lighting apparatus (FERC Accounts 369, 370, and 373 respectively) to be customer related distribution plant. All other distribution plant is then considered demand related. This division delineates plant which benefits an individual customer from plant which is part of the system. The basic customer method provides a reasonable, clearly definable division between plant that provides service only to individual customers from plant that is part of the interconnected distribution network. Additionally, the basic customer method has been explicitly accepted for both electric and gas cost of service in the State of Washington.

Customer Relations Distribution Cost Classification

Customer service, customer information and sales expenses are the core of the customer relations functional unit which is included with the distribution cost category. For the most part they are classified as customer related. Exceptions are sales expenses which are classified as energy related and uncollectible accounts expense which is considered separately as a revenue conversion item.

Distribution Cost Allocation

Distribution demand related costs which cannot be directly assigned are allocated to customer class by the average of the twelve monthly non-coincident peaks for each class. Distribution facilities that serve only secondary voltage customers are allocated by non-coincident peak excluding all primary and transmission voltage customers. This includes line transformers, services, and secondary voltage overhead or underground conductors and devices. Primary voltage overhead or underground conductors and devices are allocated by non-coincident peak for all customers except the one transmission voltage customer.

Most customer costs are allocated by average number of customers. Weighted customer allocators have been developed using typical current cost of meters, estimated meter reading time, and direct assignment of billing costs for hand-billed customers. Street and area light customers are excluded from metering and meter reading expenses as their service is not metered.

Administrative and General Costs

Administrative and general costs which are directly associated with production, transmission, distribution, or customer relations functions are directly assigned to those functions and allocated to customer class by the relevant plant or number of customers. The remaining administrative and general costs are considered common costs, and have been left in their own functional category. These common costs are allocated to rate class by factors equivalent to those approved for Puget Sound Power and Light (now PSE) in Docket No. UE-920499 and indirectly classified by the implicit relationship of energy, demand and customer that make up the various allocation factors applied to the costs.

Common plant items are allocated to rate class by either relative: production, transmission, distribution plant; production, transmission, distribution labor subtotal; or operating and maintenance labor total. Most common administrative and general expenses are allocated to rate

class by relative operating and maintenance expenses before administrative and general expenses excluding purchased power, fuel, wheeling, and revenue items. Property insurance expense is allocated by plant totals. Injuries & damages and pensions & benefits expenses are allocated by operating and maintenance labor expense totals.

Revenue Conversion Items

In this study state excise tax, uncollectible accounts and commission fees have been classified as revenue related and are allocated by pro forma revenue. These items vary with revenue and are included in the calculation of the revenue conversion factor. Income tax expense items are allocated to schedules by net income before income tax adjusted by interest expense.

For the functional summaries on pages 2 and 3 of the cost of service study, these items are then assigned to component cost categories. The revenue related expense items have been reduced to a percent of all other costs and loaded onto each cost category by that ratio. Similarly, income tax items have been reduced to a percent of net income before tax then assigned to cost categories by relative rate base (as is net income).

The following matrix outlines the methodology applied in the Company Base Case cost of service study.

WUTC Docket No. UE-08____ Methodology Matrix
Avista Utilities Washington Jurisdiction
Electric Cost of Service Methodology

Account	Functional Category	Classification	Allocation
Production Plant			
Thermal Production	P = Production	Demand/Energy by Thermal Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Nuclear Production (Settlement Exchange)	P = Production	Energy	E02 Annual Generation Level Consumption
Hydro Production	P = Production	Demand/Energy by Hydro Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Other Production (Coyote Springs)	P = Production	Demand/Energy by Thermal Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Other Production	P = Production	Demand	D01 Coincident Peak Demand
Transmission Plant			
All Transmission	T = Transmission	Demand/Energy by Trans Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Distribution Plant			
360 Land	D = Distribution	Demand	D08 Non-coincident Peak Demand Primary
361 Structures	D = Distribution	Demand	D03/D04/D05 Direct Assign Large / Non-coincident Peak Demand Excl DA
362 Station Equipment	D = Distribution	Demand	D03/D04/D05 Direct Assign Large / Non-coincident Peak Demand Excl DA
364 Poles Towers & Fixtures	D = Distribution	Demand	D06/D07/D08 Non-coincident Peak Demand Primary / Secondary / Direct Assign Lights
365 Overhead Conductors & Devices	D = Distribution	Demand	D06/D08 Non-coincident Peak Demand Primary / Secondary
366 Underground Conduit	D = Distribution	Demand	D06/D08 Non-coincident Peak Demand Primary / Secondary
367 Underground Conductors & Devices	D = Distribution	Demand	D06/D08 Non-coincident Peak Demand Primary / Secondary
368 Line Transformers	D = Distribution	Demand	D06 Non-coincident Peak Demand Secondary only
369 Services	D = Distribution	Customer	C02 Secondary Customers unweighted Excl Lighting
370 Meters	D = Distribution	Customer	C04 Customers weighted by Current Typical Meter Cost
373 Street and Area Lighting Systems	D = Distribution	Customer	C05 Direct Assignment to Street and Area Lights
General Plant			
All General	P/T/D	Demand/Energy/Customer as in related Labor or Plant	S22/S05/S21 Labor O&M Total, P/T/D Plant Total, Labor P/T/D O&M Subtotal
Intangible Plant			
301 Organization	P/T/D/G	Demand/Energy/Customer as in related Plant	S06 Sum of Production, Transmission, Distribution, and General Plant
302 Franchises & Consents	P = Production	Demand/Energy by Hydro Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
303 Misc Intangible Plant - Transmission Agreements	T = Transmission	Demand/Energy by Trans Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
303 Misc Intangible Plant - Software	P/T/D/G	Demand/Energy/Customer as in related Plant	S06 Sum of Production, Transmission, Distribution, and General Plant
Reserve for Depreciation/Amortization			
Intangible	P/T/D/G	Follows Related Plant	S01/S02/S06 Sum of Production Plant / Sum of Transmission Plant / P/T/D/G Total
Production	P = Production	Follows Related Plant	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Transmission	T = Transmission	Follows Related Plant	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Distribution	D = Distribution	Follows Related Plant	D02/D03/D04/D05/D06/D07/D08/C02/C04/C05 - See Related Plant
General	P/T/D	Demand/Energy/Customer as in related Labor or Plant	S22/S05/S21 Labor O&M Total, P/T/D Plant Total, Labor P/T/D O&M Subtotal
Other Rate Base			
252 Customer Advances for Construction	D = Distribution	Customer	S13 Sum of Account 369 Services Plant
282/190 Accumulated Deferred Income Tax	P/T/D/O	Follows Related Plant	S01/S02/S03/S04 Sums of Production / Transmission / Distribution / General Plant
Gain on Sale of General Office Building	P/T/D	Demand/Energy/Customer from Plant	S04 Sum of General Plant
Hydro Relicensing Related Settlements	P = Production	Demand/Energy by Hydro Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Production O&M			
Thermal	P = Production	Demand/Energy by Thermal Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Thermal Fuel (501)	P = Production	Energy	E02 Annual Generation Level Consumption
Hydro	P = Production	Demand/Energy by Hydro Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Water for Power (536)	P = Production	Energy	E02 Annual Generation Level Consumption

WUTC Docket No. UE-08____ Methodology Matrix
Avista Utilities Washington Jurisdiction
Electric Cost of Service Methodology

Account	Functional Category	Classification	Allocation
Production O&M continued			
Other (Coyote Springs)	P = Production	Demand/Energy by Thermal Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Other Fuel (547)	P = Production	Energy	E02 Annual Generation Level Consumption
Other	P = Production	Demand	D01 Coincident Peak Demand
Purchased Power and Other Expenses (555 and 557)	P = Production	Demand/Energy from Production Plant	S01 Sum of Production Plant
System Control & Misc (556)	P = Production	Energy	E02 Annual Generation Level Consumption
Transmission O&M			
All Transmission	T = Transmission	Demand/Energy by Trans Peak Credit	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Distribution O&M			
580 OP Super & Engineering	D = Distribution	Demand/Customer from Other Dist Op Exp	S16 Sum of Other Distribution Operating Expenses
581 Load Dispatching	D = Distribution	Demand	D02 Non-coincident Peak Demand
582 Station Expenses	D = Distribution	Demand	S09 Sum of Account 362 Station Equipment
583 Overhead Lines	D = Distribution	Demand	S10 Sum of Accounts 364 and 365 Poles, Towers, Fixtures & Overhead Conductors
584 Underground Lines	D = Distribution	Demand	S11 Sum of Accounts 366 and 367 Underground Conduit & Underground Conductors
585 Street Lights	D = Distribution	Customer	S15 Sum of Account 373 Street Light and Signal Systems
586 Meters	D = Distribution	Customer	S14 Sum of Account 370 Meters
587 Customer Installations	D = Distribution	Customer	S13 Sum of Account 369 Services
588 Misc Operating Expense	D = Distribution	Demand/Customer from Other Dist Op Exp	S16 Sum of Other Distribution Operating Expenses
589 Rents	D = Distribution	Demand	D02 Non-coincident Peak Demand
590 MT Super & Engineering	D = Distribution	Demand/Customer from Other Dist Mt Exp	S17 Sum of Other Distribution Maintenance Expenses
591 MT of Structures	D = Distribution	Demand	S08 Sum of Account 361 Structures & Improvements
592 MT of Station Equipment	D = Distribution	Demand	S09 Sum of Account 362 Station Equipment
593 MT of Overhead Lines	D = Distribution	Demand	S10 Sum of Accounts 364 and 365 Poles, Towers, Fixtures & Overhead Conductors
594 MT of Underground Lines	D = Distribution	Demand	S11 Sum of Accounts 366 and 367 Underground Conduit & Underground Conductors
595 MT of Line Transformers	D = Distribution	Demand	S12 Sum of Account 368 Line Transformers
596 MT of Street Lights	D = Distribution	Customer	S15 Sum of Account 373 Street Light and Signal Systems
597 MT of Meters	D = Distribution	Customer	S14 Sum of Account 370 Meters
598 Misc Maintenance Expense	D = Distribution	Demand/Customer from Other Dist Mt Exp	S17 Sum of Other Distribution Maintenance Expenses
Customer Accounts Expenses			
901 Supervision	C = Customer Relations	Customer	S18 Sum of Other Customer Accounts Expenses Excluding Uncollectibles
902 Meter Reading	C = Customer Relations	Customer	C03 Customers Weighted by Estimated Meter Reading Time
903 Customer Records & Collections	C = Customer Relations	Customer	C01 All Customers unweighted
904 Uncollectible Accounts	R = Revenue Conversion	Revenue	R01 Retail Sales Revenue
905 Misc Cust Accounts	C = Customer Relations	Customer	C01 All Customers unweighted
Customer Service & Info Expenses			
907 Supervision	C = Customer Relations	Customer	C01 All Customers unweighted
908 Customer Assistance	C = Customer Relations	Customer	C01 All Customers unweighted
909 Advertising	C = Customer Relations	Customer	C01 All Customers unweighted
910 Misc Cust Service & Info	C = Customer Relations	Customer	C01 All Customers unweighted
Sales Expenses			
911 - 916	C = Customer Relations	Energy	E02 Annual Generation Level Consumption

WUTC Docket No. UE-08____ Methodology Matrix
Avista Utilities Washington Jurisdiction
Electric Cost of Service Methodology

Account	Functional Category	Classification	Allocation
Admin & General Expenses			
920 - 926 & 930 -935 Assigned to Production	P = Production	Demand/Energy from Production Plant	S01 Sum of Production Plant
920 - 926 & 930 -935 Assigned to Transmission	T = Transmission	Demand/Energy from Transmission Plant	S02 Sum of Transmission Plant
920 - 926 & 930 - 935 Assigned to Distribution	D = Distribution	Demand/Customer from Distribution Plant	S03 Sum of Distribution Plant
920 - 926 & 930 - 935 Assigned to Customer Relations	C = Customer Relations	Customer	C01 All Customers unweighted
Other 920-923, 928-931 Salaries, supplies, etc	P/T/D	Demand/Energy/Customer from O&M Expenses	S19 Sum of expenses excluding Purch Power, Fuel, Wheeling, Uncollectibles, Tariff Rider
924 Property Insurance	P/T/D	Demand/Energy/Customer from Plant	S06 Sum of Production, Transmission, Distribution, and General Plant
Other 925-926 Inj & Dam, Pensions & Benefits	P/T/D	Demand/Energy/Customer from Labor O&M Total	S22 Sum of Labor O&M Expenses
928 FERC Commission Fees	P = Production	Energy	E02 Annual Generation Level Consumption
927,928 Franchise Fees, WUTC Commission Fees	R = Revenue Conversion	Revenue	R01 Retail Sales Revenue
935 Maintenance of General Plant	P/T/D	Demand/Energy/Customer from Plant	S04 Sum of General Plant
Depreciation & Amortization Expense			
Intangible	P/T/D/G	Demand/Energy/Customer as in related Plant	S01/S02/S06 Sum of Production Plant / Sum of Transmission Plant / Sum of P/T/D/G Plant
Production	P = Production	Demand/Energy as in related Plant	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Transmission	T = Transmission	Demand/Energy as in related Plant	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Distribution	D = Distribution	Demand/Customer as in related Plant	D02/D03/D04/D05/D06/D07/D08/C02/C04/C05 - See Related Plant
General	P/T/D	Demand/Energy/Customer as in related Labor or Plant	S22/S05/S21 Labor O&M Total, P/T/D Plant Total, Labor P/T/D O&M Subtotal
Taxes			
Property Tax	P/T/D/O	Demand/Energy/Customer from Related Plant	S01/S02/S03/S04 Sums of Production / Transmission / Distribution / General Plant
State kWh Generation Taxes	P = Production	Demand/Energy by Combo Peak Credits & Energy	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Misc Production Taxes	P = Production	Demand/Energy by Combo Peak Credits & Energy	D01/E02 Coincident Peak Demand/Annual Generation Level Consumption
Misc Distribution Taxes	D = Distribution	Demand/Customer from Distribution Plant	S03 Sum of Distribution Plant
Washington State Excise Tax	R = Revenue Conversion	Revenue	R01 Retail Sales Revenue
Federal Income Taxes - Current and/or Deferred	R = Revenue Conversion	Revenue	R03 Revenue less Expenses Before Income Tax less Interest Expense
Other Income Related Items			
Settlement Exchange Power (shown as Nuclear Deprecia	P = Production	Energy	E02 Generation Level Consumption
Amortization of Gain on Sale of Misc Property	D = Distribution	Demand/Customer from Distribution Plant	S03 Sum of Distribution Plant
Operating Revenues			
Sales of Electricity- Retail	R = Revenue from Rates	Revenue	Input Pro Forma Revenue per Revenue Study
Sales for Resale (447)	P = Production	Demand/Energy from Production Plant	S01 Sum of Production Plant
Optional Renewable Revenue	P = Production	Demand/Energy from Production Plant	S01 Sum of Production Plant
Special Contract (Standby) Revenue	P = Production	Demand	D01 Coincident Peak Demand
Misc Service Revenue (451)	D = Distribution	Demand/Customer from Distribution Plant	S03 Sum of Distribution Plant
Sales of Water & Water Power (453)	P = Production	Demand	D01 Coincident Peak Demand
Rent from Production Property (454)	P = Production	Demand/Energy from Production Plant	S01 Sum of Production Plant
Rent from Distribution Property (454)	D = Distribution	Demand/Customer from Distribution Plant	S03 Sum of Distribution Plant
Other Electric Revenues - Generation (456)	P = Production	Demand/Energy from Production Plant	S01 Sum of Production Plant
Other Electric Revenues - Wheeling (456)	T = Transmission	Demand/Energy from Transmission Plant	S02 Sum of Transmission Plant
Other Electric Revenues - Energy Delivery (456)	D = Distribution	Demand/Customer from Distribution Plant	S03 Sum of Distribution Plant
Salaries & Wages (allocators)			
Operation & Maintenance Expenses			
Production Total	P = Production	Demand/Energy from Production Plant	S01 Sum of Production Plant
Transmission Total	T = Transmission	Demand/Energy from Transmission Plant	S02 Sum of Transmission Plant
Distribution Total	D = Distribution	Demand/Customer from Distribution Plant	S03 Sum of Distribution Plant
Customer Accounts Total	C = Customer Relations	Customer	S18 Sum of Other Customer Accounts Expenses Excluding Uncollectibles
Customer Service Total	C = Customer Relations	Customer	C01 All Customers unweighted
Sales Total	C = Customer Relations	Energy	E02 Annual Generation Level Consumption
Admin & General Total	P/T/D	Demand/Energy/Customer from Related Plant	S05 Sum of Production, Transmission and Distribution Plant

Exhibit No. ___ (TLK-4)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-08_____

DOCKET NO. UG-08_____

EXHIBIT NO._____(TLK-4)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost
Scenario: Company Base Case
UE-011595 Methodology/Dist Land-Primary

AVISTA UTILITIES
Cost of Service Basic Summary
For the Year Ended December 31, 2007

Washington Jurisdiction
Electric Utility

02-22-08

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Description				System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
	Plant In Service										
1	Production Plant				710,584,000	321,848,533	54,976,334	201,235,402	112,896,173	16,718,320	2,909,238
2	Transmission Plant				285,667,000	128,733,793	22,079,870	81,147,450	45,744,093	6,764,051	1,197,743
3	Distribution Plant				564,194,000	290,595,227	54,656,463	149,356,256	28,188,587	12,533,805	28,863,663
4	Intangible Plant				44,404,000	20,282,353	3,521,459	12,520,846	6,641,028	1,046,786	391,528
5	General Plant				99,070,000	52,074,828	9,178,178	23,908,855	9,707,742	2,129,501	2,070,895
6	Total Plant In Service				1,703,919,000	813,534,734	144,412,303	468,168,809	203,177,624	39,192,463	35,433,067
	Accum Depreciation										
7	Production Plant				(290,753,000)	(130,929,687)	(22,469,816)	(82,628,485)	(46,611,025)	(6,890,786)	(1,223,202)
8	Transmission Plant				(96,137,000)	(43,323,452)	(7,430,653)	(27,308,973)	(15,394,497)	(2,276,341)	(403,083)
9	Distribution Plant				(180,955,000)	(92,023,619)	(16,602,880)	(45,673,354)	(8,030,511)	(3,758,861)	(14,865,775)
10	Intangible Plant				(8,467,000)	(3,986,553)	(702,859)	(2,345,936)	(1,091,688)	(196,305)	(143,658)
11	General Plant				(43,382,000)	(22,762,923)	(4,012,958)	(10,498,833)	(4,264,185)	(933,780)	(909,320)
12	Total Accumulated Depreciation				(619,694,000)	(293,026,235)	(51,219,166)	(168,455,581)	(75,391,907)	(14,056,073)	(17,545,037)
13	Net Plant				1,084,225,000	520,508,499	93,193,137	299,713,228	127,785,717	25,136,390	17,888,029
14	Accumulated Deferred FIT				(160,133,000)	(76,322,467)	(13,487,744)	(43,934,183)	(19,681,482)	(3,682,919)	(3,024,205)
15	Miscellaneous Rate Base				26,852,000	11,921,068	2,058,946	7,729,855	4,388,379	643,344	110,408
16	Total Rate Base				950,944,000	456,107,100	81,764,339	263,508,899	112,492,614	22,096,815	14,974,232
17	Revenue From Retail Rates				355,999,000	155,272,000	37,753,000	107,361,000	42,477,000	7,944,000	5,192,000
18	Other Operating Revenues				55,152,000	25,173,144	4,327,804	15,561,623	8,423,233	1,293,560	372,636
19	Total Revenues				411,151,000	180,445,144	42,080,804	122,922,623	50,900,233	9,237,560	5,564,636
	Operating Expenses										
20	Production Expenses				190,523,000	84,957,016	14,696,307	54,460,809	31,000,912	4,570,370	837,586
21	Transmission Expenses				15,560,000	7,012,003	1,202,669	4,420,022	2,491,636	368,431	65,240
22	Distribution Expenses				15,716,000	7,842,056	1,729,692	3,873,349	824,411	385,243	1,061,249
23	Customer Accounting Expenses				7,867,000	6,164,933	1,068,033	407,569	104,874	102,341	19,249
24	Customer Information Expenses				820,000	704,286	94,737	11,769	79	8,054	1,075
25	Sales Expenses				706,000	306,696	54,191	204,876	119,314	17,469	3,453
26	Admin & General Expenses				37,103,000	18,941,163	3,424,034	9,090,139	4,091,487	823,246	732,932
27	Total O&M Expenses				268,295,000	125,928,153	22,269,663	72,468,533	38,632,712	6,275,154	2,720,784
28	Taxes Other Than Income Taxes				26,220,000	11,880,982	2,501,842	7,606,175	3,196,247	595,944	438,810
29	Other Income Related Items				(105,000)	(54,082)	(10,172)	(27,796)	(5,246)	(2,333)	(5,372)
	Depreciation Expense										
30	Production Plant Depreciation				18,641,000	8,467,272	1,443,007	5,269,974	2,948,471	436,995	75,282
31	Transmission Plant Depreciation				5,794,000	2,611,025	447,832	1,645,862	927,798	137,191	24,293
32	Distribution Plant Depreciation				15,553,000	7,758,115	1,487,833	4,375,951	920,807	355,522	654,772
33	General Plant Depreciation				6,971,000	3,582,915	632,236	1,738,042	721,239	152,364	144,205
34	Amortization Expense				789,000	359,616	61,117	222,593	124,125	18,416	3,133
35	Total Depreciation Expense				47,748,000	22,778,942	4,072,025	13,252,422	5,642,440	1,100,487	901,685
36	Income Tax				11,600,000	1,360,665	3,330,173	6,564,395	(135,328)	162,761	317,335
37	Total Operating Expenses				353,758,000	161,894,660	32,163,530	99,863,730	47,330,824	8,132,013	4,373,242
38	Net Income				57,393,000	18,550,484	9,917,273	23,058,894	3,569,409	1,105,547	1,191,393
39	Rate of Return				6.04%	4.07%	12.13%	8.75%	3.17%	5.00%	7.96%
40	Return Ratio				1.00	0.67	2.01	1.45	0.53	0.83	1.32
41	Interest Expense				32,617,000	15,644,292	2,804,484	9,038,250	3,858,452	757,912	513,610

Sumcost | AVISTA UTILITIES | Washington Jurisdiction
Scenario: Company Base Case | Revenue to Cost by Functional Component Summary | Electric Utility | 02-22-08
UE-011595 Methodology/Dist Land-Primary | For the Year Ended December 31, 2007

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Description				System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
	Functional Cost Components at Current Return by Schedule										
1	Production				208,522,346	87,900,558	19,055,052	64,523,345	31,213,924	4,865,424	964,044
2	Transmission				32,114,714	12,365,906	3,696,289	11,158,347	4,032,119	705,775	156,277
3	Distribution				71,376,657	33,106,458	10,540,263	20,487,085	2,653,955	1,416,569	3,172,327
4	Common				43,985,283	21,899,078	4,461,395	11,192,223	4,577,002	956,232	899,352
5	Total Current Rate Revenue				355,999,000	155,272,000	37,753,000	107,361,000	42,477,000	7,944,000	5,192,000
	Expressed as $/kWh										
6	Production				$0.03820	$0.03725	$0.04570	$0.04086	$0.03314	$0.03620	$0.03629
7	Transmission				$0.00588	$0.00524	$0.00887	$0.00707	$0.00428	$0.00525	$0.00588
8	Distribution				$0.01308	$0.01403	$0.02528	$0.01297	$0.00282	$0.01054	$0.11941
9	Common				$0.00806	$0.00928	$0.01070	$0.00709	$0.00486	$0.00711	$0.03385
10	Total Current Melded Rates				$0.06522	$0.06581	$0.09055	$0.06799	$0.04510	$0.05911	$0.19543
	Functional Cost Components at Uniform Current Return										
11	Production				209,286,140	93,413,162	16,146,576	59,790,470	34,005,102	5,014,602	916,227
12	Transmission				32,416,532	14,608,279	2,505,550	9,208,340	5,190,886	767,562	135,916
13	Distribution				70,261,175	38,395,432	7,393,345	16,664,645	3,440,367	1,539,641	2,827,745
14	Common				44,035,153	22,631,175	4,061,661	10,717,625	4,781,791	972,191	870,711
15	Total Uniform Current Cost				355,999,000	169,048,048	30,107,131	96,381,080	47,418,146	8,293,996	4,750,599
	Expressed as $/kWh										
16	Production				$0.03834	$0.03959	$0.03873	$0.03786	$0.03611	$0.03731	$0.03449
17	Transmission				$0.00594	$0.00619	$0.00601	$0.00583	$0.00551	$0.00571	$0.00512
18	Distribution				$0.01287	$0.01627	$0.01773	$0.01055	$0.00365	$0.01146	$0.10644
19	Common				$0.00807	$0.00959	$0.00974	$0.00679	$0.00508	$0.00723	$0.03277
20	Total Current Uniform Melded Rates				$0.06522	$0.07164	$0.07221	$0.06104	$0.05035	$0.06171	$0.17882
21	**Revenue to Cost Ratio at Current Rates**				1.00	0.92	1.25	1.11	0.90	0.96	1.09
	Functional Cost Components at Proposed Return by Schedule										
22	Production				224,024,534	94,291,864	20,532,133	69,282,960	33,682,462	5,213,224	1,021,891
23	Transmission				38,473,829	14,965,735	4,301,016	13,119,388	5,056,951	849,829	180,910
24	Distribution				84,350,321	39,238,542	12,138,450	24,331,155	3,349,470	1,703,508	3,589,197
25	Common				45,767,315	22,747,860	4,664,401	11,669,497	4,758,117	993,439	934,002
26	Total Proposed Rate Revenue				392,616,000	171,244,000	41,636,000	118,403,000	46,847,000	8,760,000	5,726,000
	Expressed as $/kWh										
27	Production				$0.04104	$0.03996	$0.04925	$0.04388	$0.03577	$0.03879	$0.03846
28	Transmission				$0.00705	$0.00634	$0.01032	$0.00831	$0.00537	$0.00632	$0.00681
29	Distribution				$0.01545	$0.01663	$0.02911	$0.01541	$0.00356	$0.01268	$0.13510
30	Common				$0.00838	$0.00964	$0.01119	$0.00739	$0.00505	$0.00739	$0.03516
31	Total Proposed Melded Rates				$0.07193	$0.07257	$0.09987	$0.07498	$0.04974	$0.06518	$0.21553
	Functional Cost Components at Uniform Requested Return										
32	Production				224,757,206	100,440,997	17,344,212	64,164,111	36,451,941	5,377,256	978,688
33	Transmission				38,760,371	17,467,084	2,995,880	11,010,391	6,206,730	917,772	162,514
34	Distribution				83,271,101	45,138,342	8,689,200	20,197,062	4,129,784	1,838,840	3,277,873
35	Common				45,827,322	23,564,466	4,226,255	11,156,184	4,961,308	1,010,986	908,123
36	Total Uniform Cost				392,616,000	186,610,890	33,255,546	106,527,748	51,749,763	9,144,854	5,327,199
	Expressed as $/kWh										
37	Production				$0.04118	$0.04257	$0.04160	$0.04063	$0.03871	$0.04001	$0.03684
38	Transmission				$0.00710	$0.00740	$0.00719	$0.00697	$0.00659	$0.00683	$0.00612
39	Distribution				$0.01526	$0.01913	$0.02084	$0.01279	$0.00439	$0.01368	$0.12338
40	Common				$0.00840	$0.00999	$0.01014	$0.00707	$0.00527	$0.00752	$0.03418
41	Total Uniform Melded Rates				$0.07193	$0.07909	$0.07977	$0.06746	$0.05495	$0.06804	$0.20052
42	**Revenue to Cost Ratio at Proposed Rates**				1.00	0.92	1.25	1.11	0.91	0.96	1.07
43	**Current Revenue to Proposed Cost Ratio**				**0.91**	**0.83**	**1.14**	**1.01**	**0.82**	**0.87**	**0.97**

Sumcost
Scenario: Company Base Case
UE-011595 Methodology/Dist Land-Primary

AVISTA UTILITIES
Revenue to Cost By Classification Summary
For the Year Ended December 31, 2007

Washington Jurisdiction
Electric Utility

02-22-08

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Description				System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
	Cost Classifications at Current Return by Schedule										
1	Energy				203,197,105	83,479,954	18,402,287	63,786,505	31,584,562	4,891,618	1,052,179
2	Demand				126,144,113	53,078,254	14,825,201	42,430,947	10,877,300	2,623,902	2,308,510
3	Customer				26,657,782	18,713,791	4,525,512	1,143,549	15,139	428,480	1,831,311
4	Total Current Rate Revenue				355,999,000	155,272,000	37,753,000	107,361,000	42,477,000	7,944,000	5,192,000
	Expressed as Unit Cost										
5	Energy	$/kWh			$0.03723	$0.03538	$0.04414	$0.04040	$0.03354	$0.03640	$0.03961
6	Demand	$/kW/mo			$10.01	$9.26	$13.37	$11.20	$6.75	$9.23	$28.79
7	Customer	$/Cust/mo			$9.71	$7.94	$14.27	$29.02	$57.34	$15.89	$508.84
	Cost Classifications at Uniform Current Return										
8	Energy				203,782,520	88,525,871	15,641,930	59,136,319	34,439,327	5,042,340	996,732
9	Demand				125,193,204	60,507,993	10,680,804	36,201,576	12,961,953	2,807,346	2,033,532
10	Customer				27,023,276	20,014,185	3,784,397	1,043,185	16,866	444,310	1,720,334
11	Total Uniform Current Cost				355,999,000	169,048,048	30,107,131	96,381,080	47,418,146	8,293,996	4,750,599
	Expressed as Unit Cost										
12	Energy	$/kWh			$0.03733	$0.03752	$0.03752	$0.03745	$0.03657	$0.03752	$0.03752
13	Demand	$/kW/mo			$9.93	$10.56	$9.63	$9.55	$8.05	$9.88	$25.36
14	Customer	$/Cust/mo			$9.84	$8.49	$11.93	$26.48	$63.89	$16.48	$478.00
15	**Revenue to Cost Ratio at Current Rates**				1.00	0.92	1.25	1.11	0.90	0.96	1.09
	Cost Classifications at Proposed Return by Schedule										
16	Energy				218,068,903	89,330,180	19,804,146	68,462,962	34,109,338	5,243,019	1,119,258
17	Demand				145,731,639	61,692,353	16,929,963	48,695,558	12,720,996	3,051,595	2,641,174
18	Customer				28,815,459	20,221,468	4,901,891	1,244,479	16,666	465,386	1,965,569
19	Total Proposed Rate Revenue				392,616,000	171,244,000	41,636,000	118,403,000	46,847,000	8,760,000	5,726,000
	Expressed as Unit Cost										
20	Energy	$/kWh			$0.03995	$0.03786	$0.04750	$0.04336	$0.03622	$0.03901	$0.04213
21	Demand	$/kW/mo			$11.56	$10.76	$15.26	$12.85	$7.90	$10.74	$32.94
22	Customer	$/Cust/mo			$10.50	$8.58	$15.46	$31.59	$63.13	$17.26	$546.14
	Cost Classifications at Uniform Requested Return										
23	Energy				218,590,670	94,958,731	16,778,574	63,433,545	36,941,910	5,408,749	1,069,161
24	Demand				144,761,336	69,980,140	12,387,403	41,958,271	14,789,472	3,253,313	2,392,737
25	Customer				29,263,994	21,672,019	4,089,570	1,135,931	18,380	482,792	1,865,301
26	Total Uniform Cost				392,616,000	186,610,890	33,255,546	106,527,748	51,749,763	9,144,854	5,327,199
	Expressed as Unit Cost										
27	Energy	$/kWh			$0.04005	$0.04024	$0.04024	$0.04017	$0.03923	$0.04024	$0.04024
28	Demand	$/kW/mo			$11.48	$12.21	$11.17	$11.07	$9.18	$11.45	$29.85
29	Customer	$/Cust/mo			$10.66	$9.19	$12.89	$28.83	$69.62	$17.91	$518.28
30	**Revenue to Cost Ratio at Proposed Rates**				1.00	0.92	1.25	1.11	0.91	0.96	1.07
31	**Current Revenue to Proposed Cost Ratio**				**0.91**	**0.83**	**1.14**	**1.01**	**0.82**	**0.87**	**0.97**

Exhibit No. ___ (TLK-5)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-08_____

DOCKET NO. UG-08_____

EXHIBIT NO._____(TLK-5)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

NATURAL GAS COST OF SERVICE STUDY

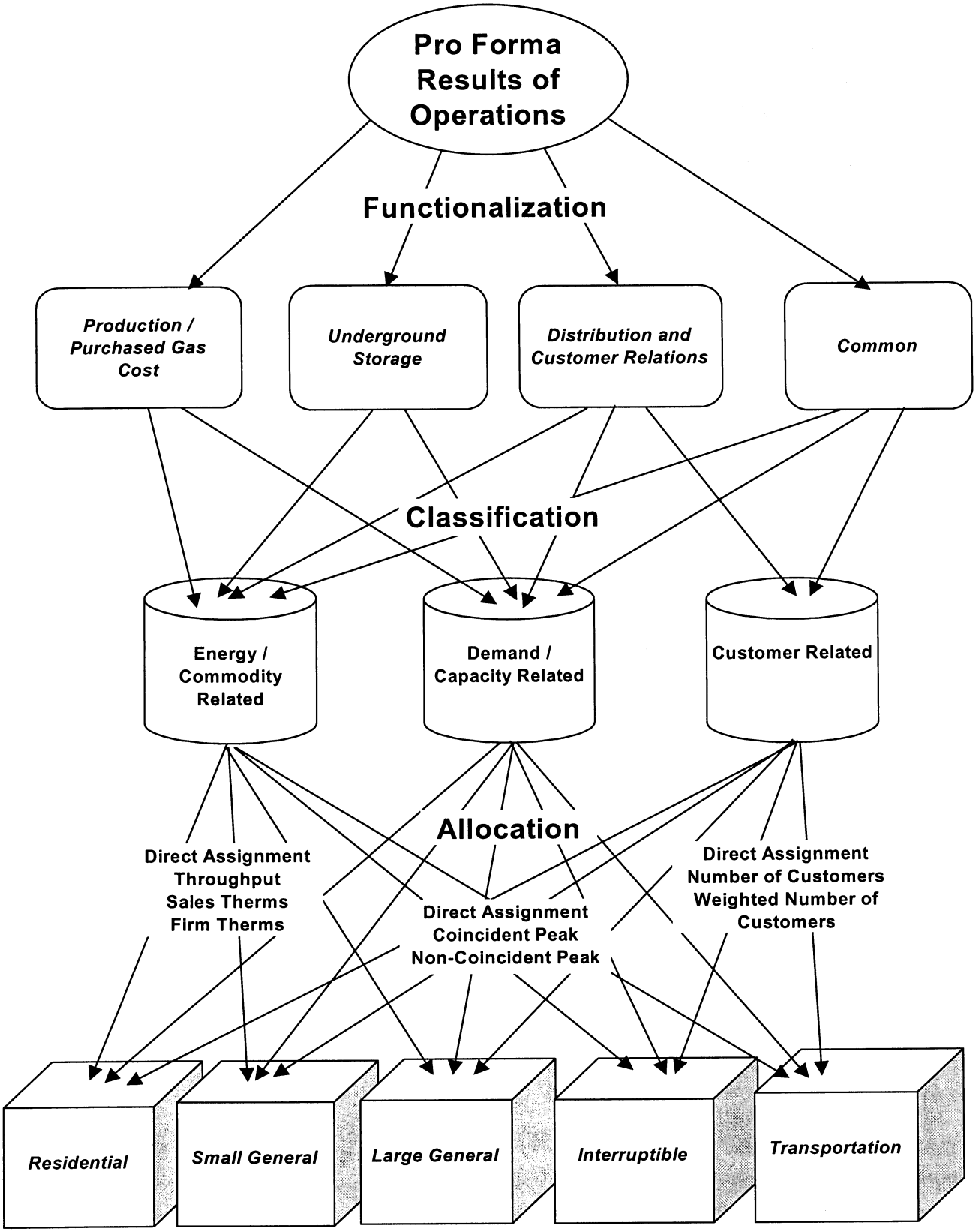
A cost of service study is an engineering-economic study, which apportions the revenue, expenses, and rate base associated with providing natural gas service to designated groups of customers. It indicates whether the revenue provided by the customer group recovers the cost to serve those customers. The study results are used as a guide in determining the appropriate rate spread among the groups of customers.

There are three basic steps involved in a cost of service study: functionalization, classification, and allocation. See flow chart.

First, the expenses and rate base associated with the natural gas system under study are assigned to functional categories. The uniform system of accounts provides the basic segregation into production, underground storage, and distribution. Traditionally, customer accounting, customer information, and sales expenses are included in the distribution function and administrative and general expenses and general plant rate base are allocated to all functions. In this study I have created a separate functional category for common costs. Administrative and general costs that cannot be directly assigned to the other functions have been placed in this category.

Second, the expenses and rate base items are classified into three primary cost components: demand, commodity or customer related. Demand (capacity) related costs are allocated to rate schedules on the basis of each schedule's contribution to system peak demand. Commodity (energy) related costs are allocated based on each rate schedule's share of commodity consumption. Customer related items are allocated to rate schedules based on the number of customers within each schedule. The number of customers may be weighted by appropriate factors such as relative cost of metering equipment. In addition to these three cost components, any revenue related expense is allocated based on the proportion of revenues by rate schedule.

NATURAL GAS COST OF SERVICE STUDY FLOWCHART



Pro Forma Results of Operations by Customer Group

The final step is allocation of the costs to the various rate schedules utilizing the allocation factors selected for each specific cost item. These factors are derived from usage and customer information associated with the test period results of operations.

BASE CASE COST OF SERVICE STUDY

Production - Purchased Gas Costs

The Company owns no natural gas production facilities serving the Washington jurisdiction. The natural gas costs included in the production function include the cost of gas purchased to serve sales customers, pipeline transportation to get it to our system, and expenses of the gas supply department.

The demand and commodity components of account 804 have been determined directly from the weighted average cost of gas (WACOG) approved in the most recent purchased gas adjustment (PGA) filing effective November 1, 2007. The allocation of the commodity portion of pro forma gas cost agrees with the WACOG based computation of commodity-related gas costs. Likewise, the allocation of the demand portion of pro forma gas cost agrees with the WACOG based computation demand-related gas costs. Gas research contributions have been assigned to sales schedules by test period sales volumes weighted by the GTI Voluntary Collection rates currently used to determine the contributions.

The expenses of the gas supply department recorded in accounts 813 are classified as commodity related costs. The gas scheduling dispatch process includes transportation customers, so estimated scheduling dispatch labor expenses are allocated by throughput. The remaining gas supply department expenses are allocated by sales volumes.

Underground Storage

Underground storage rate base, operating and maintenance expenses are classified as commodity related. Twenty percent of underground storage costs are allocated to customer groups

by annual throughput, the remaining eighty percent are allocated by sales therms. This allocation methodology for underground storage costs matches the treatment of underground storage transportation costs in the last PGA filing. It is based on analysis, performed in conjunction with the Washington Natural (now PSE) Docket No. UG-940814, that evaluated the extent to which transportation customers utilized the Jackson Prairie underground storage facility.

Distribution Facilities Classification (Peak and Average)

Distribution mains and regulator station equipment (both general use and city gate stations) are classified as demand and commodity related using the peak and average ratio for the distribution system. Peak demand is defined as the average of the five-day sustained peaks from the most recent three years. Average daily load is calculated by dividing annual throughput by 365 (days in the year). The average daily load is divided by peak load to arrive at the system load factor of 36%. This proportion is classified as commodity related. The remaining 64% is classified as demand related. Meters, services and industrial measuring & regulating equipment are classified as customer related distribution plant. Distribution operating and maintenance expenses are classified (and allocated) in relation to the plant accounts they are associated with.

Customer Relations Distribution Cost Classification

Customer service, customer information and sales expenses are the core of the customer relations functional unit which is included with the distribution cost category. For the most part these costs are classified as customer related. Exceptions include uncollectible accounts expense, which is considered separately as a revenue conversion item, and Demand Side Management amortization expense recorded in Account 908. The demand side management investment costs and amortization expense are included with the distribution function and classified to demand and commodity by the peak and average ratio.

Distribution Cost Allocation

Demand related distribution costs are allocated to customer groups (rate schedules) by each group's contribution to the three year average five-day sustained peak. Commodity related distribution costs are allocated to customer groups by annual throughput. Distribution main investment has been segregated into large and small mains. Small mains are defined as less than four inches, with large mains being four inches or greater. The small main costs use the same demand and commodity data, but large usage customers (Schedules 131 and 146) that connect to large system mains have been excluded from the allocations.

Most customer related costs are allocated by the annualized number of customers billed during the test period. Meter investment costs are allocated using the number of customers weighted by the relative current cost of meters in service at December 31, 2007. Services investment costs are allocated using the number of customers weighted by the relative current cost of typical service installations. Industrial measuring and regulating equipment investment costs are allocated by number of customers weighted by industrial meters at current cost.

Administrative and General Costs

General and intangible rate base items are allocated by the sum of Underground Storage and Distribution plant. Administrative and general expenses are segregated into plant related, labor related, revenue related and other. The plant related items are allocated based on total plant in service. Labor related items are allocated by operating and maintenance labor expense. Revenue related items are allocated by pro forma revenue. Other administrative and general expenses are allocated 50% by annual throughput (classified commodity related) and 50% by the sum of operating and maintenance expenses not including purchased gas cost or administrative & general expenses. Whenever costs are allocated by sums of other items within the study, classifications are imputed from the relationship embedded in the summed items.

Special Contract Customer Revenue

Several special contract customers receive transportation service from the Company. Rates for these customers were individually negotiated to cover any incremental costs and retain some contribution to margin. The rates for these customers are not being adjusted in this case. The revenue from these special contract customers has been segregated from general rate revenue and allocated back to all the other rate classes by relative rate base. In treating these revenues like other operating revenues their system contribution reduces costs for all rate schedules.

Revenue Conversion Items

In this study uncollectible accounts, state excise tax, and commission fees have been classified as revenue related and are allocated by pro forma revenue. These items vary with revenue and are included in the calculation of the revenue conversion factor. Income tax expense items are allocated to schedules by net income before income tax adjusted by interest expense.

For the functional summaries on pages 2 and 3 of the cost of service study, these items are assigned to the component cost categories. The revenue related expense items have been reduced to a percent of all other costs and loaded onto each cost category by that ratio. Similarly, income tax items have been assigned to cost categories by relative rate base (as is net income).

The following matrix outlines the methodology applied in the Company's Base Case natural gas cost of service study.

WUTC Docket No. UG-08 ____ Methodology Matrix
Avista Utilities Washington Jurisdiction
Natural Gas Cost of Service Methodology

Account	Functional Category	Classification	Allocation
Underground Storage Plant			
350 - 357 Underground Storage	Underground Storage	Commodity to match PGA items	E01/E04 Annual Throughput / Annual Sales Therms
Distribution Plant			
374 Land	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
375 Structures	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
376(S) Small Mains	Distribution	Demand/Commodity by Peak & Average	D02/E06 Coincident peak, annual therms (both excl lg use cust)
376(L) Large Mains	Distribution	Demand/Commodity by Peak & Average	D01/E01/D06/D07 Coincident peak (all), annual throughput (all), direct assign Sch 131, direct assign Sch 146
378 M&R General	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
379 M&R City Gate	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
380 Services	Distribution	Customer	C02, Customers weighted by current typical service cost
381 Meters	Distribution	Customer	C03, Customers weighted by average current meter cost
385 Industrial M&R	Distribution	Customer	C06, Customers weighted by industrial meter cost
387 Other	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
General Plant			
389-399 All General Plant	Common	Demand/Commodity/Customer from UG & D Plant	S03 Sum of Underground Storage and Distribution Plant in Service
Intangible Plant			
303 Misc Intangible Plant	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
303 Computer Software	Common	Demand/Commodity/Customer from UG & D Plant	S03 Sum of Underground Storage and Distribution Plant in Service
Reserve for Depreciation			
Underground Storage	Underground Storage	Commodity same as related plant	Allocations linked to related plant accounts
Distribution	Distribution	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
General	Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
Intangible	Distribution/Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
Other Rate Base			
Accumulated Deferred FIT	All	Demand/Commodity/Customer from Plant in Service	S17 Sum of Total Plant in Service
Constuction Advances	Distribution	Customer	C10 Residential only
Gas Inventory	Underground Storage	Commodity from Underground Storage Plant	S14 Sum of Underground Storage Plant in Service
Gain on Sale of Office Bldg	Common	Demand/Commodity/Customer from UG & D Plant	S03 Sum of Underground Storage and Distribution Plant in Service
DSM Investment	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
Purchased Gas Expenses			
804 Purchased Gas Cost	Production	Demand/Commodity from PGA Tracker WACOG	D05/E07 PGA Demand / PGA Commodity
804 Gas Research Contributions	Production	Commodity	E08 GTI Expense (Weighted Annual Sales Therms)
807 Purchased Gas Expenses	Production	Commodity	E01/E04 Annual Throughput / Annual Sales Therms
813 Other Gas Expenses	Production	Commodity	E04 Annual Sales Therms

WUTC Docket No. UG-08 ____ Methodology Matrix
Avista Utilities Washington Jurisdiction
Natural Gas Cost of Service Methodology

Account	Functional Category	Classification	Allocation
Underground Storage O&M			
814 - 837 Underground Storage Exp	Underground Storage	Commodity	E01/E04 Annual Throughput / Annual Sales Therms
Distribution O&M			
870 OP Super & Engineering	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
871 Load Dispatching	Distribution	Commodity	E01 Annual throughput
874 Mains & Services	Distribution	Demand/Commodity/Customer from related plant	S06 Sum of Mains and Services Plant in Service
875 M&R Station - General	Distribution	Demand/Commodity from related plant	S08 Sum of Meas & Reg Station - General Plant in Service
876 M&R Station - Industrial	Distribution	Customer from related plant	S19 Sum of Meas & Reg Station - Industrial Plant in Service
877 M&R Station - City Gate	Distribution	Demand/Commodity from related plant	S09 Sum of Meas & Reg Station - City Gate Plant in Service
878 Meter & House Regulator	Distribution	Customer from related plant	S07 Sum of Meter and Installation Plant in Service
879 Customer Installations	Distribution	Customer	C05, Customers weighted by average current meter cost
880 Other OP Expenses	Distribution	Demand/Commodity/Customer from other dist expenses	S04 Sum of Accounts 870 - 879 and 881 - 894
881 Rents	Distribution	Demand/Commodity/Customer from other dist expenses	S04 Sum of Accounts 870 - 879 and 881 - 894
885 MT Super & Engineering	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
886 MT of Structures	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
887 MT of Mains	Distribution	Demand/Commodity from related plant	S21 Sum of Distribution Mains Plant in Service
889 MT of M&R General	Distribution	Demand/Commodity from related plant	S08 Sum of Meas & Reg Station - General Plant in Service
890 MT of M&R Industrial	Distribution	Customer from related plant	S19 Sum of Meas & Reg Station - Industrial Plant in Service
891 MT of M&R City Gate	Distribution	Demand/Commodity from related plant	S09 Sum of Meas & Reg Station - City Gate Plant in Service
892 MT of Services	Distribution	Customer from related plant	S20 Sum of Services Plant in Services
893 MT of Meters & Hs Reg	Distribution	Customer from related plant	S07 Sum of Meter and Installation Plant in Service
894 MT of Other Equipment	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
Customer Accounting Expenses			
901 Supervision	Customer Relations	Customer	C01 All customers (unweighted)
902 Meter Reading	Customer Relations	Customer	C01 All customers (unweighted)
903 Customer Records & Collections	Customer Relations	Customer	C01 All customers (unweighted)
904 Uncollectible Accounts	Revenue Conversion	Revenue	R03 Retail Sales Revenue
905 Misc Cust Accounts	Customer Relations	Customer	C01 All customers (unweighted)
Customer Service & Info Expenses			
907 Supervision	Customer Relations	Customer	C01 All customers (unweighted)
908 Customer Assistance	Customer Relations	Customer	C01 All customers (unweighted)
908 DSM Amortization	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
909 Advertising	Customer Relations	Customer	C01 All customers (unweighted)
910 Misc Cust Service & Info	Customer Relations	Customer	C01 All customers (unweighted)
Sales Expenses			
911 - 916 Sales Expenses	Customer Relations	Customer	C01 All customers (unweighted)

WUTC Docket No. UG-08 ____ Methodology Matrix
Avista Utilities Washington Jurisdiction
Natural Gas Cost of Service Methodology

Account	Functional Category	Classification	Allocation
Admin & General Expenses			
920 Salaries	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
921 Office Supplies	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
922 Admin Expenses Transferred	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
923 Outside Services	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
924 Property Insurance	Common	Demand/Commodity/Customer from Plant in Service	S17 Sum of Total Plant in Service
925 Injuries & Damages	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
926 Pensions & Benefits	Common	Demand/Commodity/Customer from Labpr O&M	S13 O&M Labor Expense
928 Regulatory Commision	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
928 Commission Fees	Revenue Conversion	Revenue	R01 Retail Sales Revenue
930 Miscellaneous General	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
931 Rents	Common	Demand/Commodity/Customer from Other O&M	S02/E01 50% O&M excl Gas Purchases and A&G / 50% throughput
931 CSS Rent	Customer Relations	Customer	C01 All customers (unweighted)
935 MT of General Plant	Common	Demand/Commodity/Customer from Plant in Service	S17 Sum of Total Plant in Service
Depreciation Expense			
Underground Storage	Underground Storage	Commodity same as related plant	Allocations linked to related plant accounts
Distribution	Distribution	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
General	Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
Intangible	Distribution/Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
Taxes			
Property Tax	All	Demand/Commodity/Customer from related plant	S14/S15/S16 Sum of UG Plant/Sum of Dist Plant/Sum of Gen Plant
Miscellaneous Dist Tax	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
State Excise Tax	Revenue Conversion	Revenue	R01 Retail Sales Revenue
Federal Income Tax	Revenue Conversion	Revenue	R02 Net Income before Taxes Less Interest Expense
Deferred FIT	Revenue Conversion	Revenue	R02 Net Income before Taxes Less Interest Expense
ITC	Revenue Conversion	Revenue	R02 Net Income before Taxes Less Interest Expense
Operating Revenues			
Revenue from Rates	Revenue	Revenue	Pro Forma Revenue per Revenue Study
Special Contract Revenue	All	Demand/Commodity/Customer from Rate Base	S01 Sum of Rate Base
Off System Sales	Production	Commodity	E04 Sales Therms
Miscellaneous Service Revenue	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
Rent From Gas Property	All	Demand/Commodity/Customer from Rate Base	S01 Sum of Rate Base

Exhibit No. ___ (TLK-6)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-08_____

DOCKET NO. UG-08_____

EXHIBIT NO._____(TLK-6)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost
Company Base Case
UG Storage 80% Sales / 20% Throughput

AVISTA UTILITIES
Cost of Service General Summary
For the Year Ended December 31, 2007

Natural Gas Utility
Washington Jurisdiction

22-Feb-08

	(b)	(c) (d) (e)	(f)	(g)	(h)	(i)	(j)	(k)
	Description		System Total	Residential Service Sch 101	Small Firm Service Sch 111	Large Firm Service Sch 121	Interrupt Service Sch 131	Transport Service Sch 146
	Plant In Service							
1	Production Plant							
2	Underground Storage Plant		22,496,000	14,835,006	6,146,906	862,517	81,874	569,698
3	Distribution Plant		238,210,000	184,382,276	42,672,016	4,609,255	205,731	6,340,722
4	Intangible Plant		2,578,000	1,972,429	480,726	53,700	2,784	68,362
5	General Plant		23,908,000	18,269,187	4,476,931	501,788	26,375	633,719
6	Total Plant In Service		287,192,000	219,458,898	53,776,579	6,027,259	316,763	7,612,500
	Accum Depreciation							
7	Production Plant							
8	Underground Storage Plant		(7,865,000)	(5,186,581)	(2,149,067)	(301,551)	(28,624)	(199,176)
9	Distribution Plant		(84,274,000)	(65,888,316)	(14,516,918)	(1,635,549)	(66,314)	(2,166,903)
10	Intangible Plant		(916,000)	(700,313)	(171,235)	(19,166)	(1,002)	(24,284)
11	General Plant		(8,501,000)	(6,496,000)	(1,591,868)	(178,421)	(9,378)	(225,332)
12	Total Accumulated Depreciation		(101,556,000)	(78,271,210)	(18,429,088)	(2,134,688)	(105,318)	(2,615,696)
13	Net Plant		185,636,000	141,187,689	35,347,491	3,892,571	211,445	4,996,804
14	Accumlulated Deferred FIT		(29,164,000)	(22,285,786)	(5,460,946)	(612,061)	(32,167)	(773,040)
15	Miscellaneous Rate Base		16,485,000	10,815,108	4,506,977	629,636	59,702	473,577
16	Total Rate Base		172,957,000	129,717,012	34,393,521	3,910,146	238,980	4,697,341
17	Revenue From Retail Rates		197,946,000	138,898,000	50,255,000	6,568,000	602,000	1,623,000
18	Other Operating Revenues		1,796,000	1,347,305	356,889	40,561	2,475	48,771
19	Total Revenues		199,742,000	140,245,305	50,611,889	6,608,561	604,475	1,671,771
	Operating Expenses							
20	Purchased Gas Costs		146,599,000	99,347,677	41,033,026	5,653,594	524,906	39,797
21	Underground Storage Expenses		452,000	298,072	123,506	17,330	1,645	11,447
22	Distribution Expenses		6,747,000	5,124,595	1,296,649	124,115	7,212	194,430
23	Customer Accounting Expenses		4,613,000	4,386,339	201,011	18,740	1,665	5,245
24	Customer Information Expenses		833,000	700,762	89,246	10,094	882	32,016
25	Sales Expenses		531,000	522,377	8,395	116	4	109
26	Admin & General Expenses		9,177,000	6,601,193	1,755,940	219,219	18,353	582,294
27	Total O&M Expenses		168,952,000	116,981,015	44,507,773	6,043,208	554,667	865,337
28	Taxes Other Than Income Taxes		9,752,000	6,963,866	2,345,246	299,777	25,861	117,250
29	Depreciation Expense							
30	Underground Storage Plant Depr		342,000	225,532	93,450	13,113	1,245	8,661
31	Distribution Plant Depreciation		5,149,000	4,163,745	785,123	79,408	4,043	116,680
32	General Plant Depreciation		1,457,000	1,113,360	272,833	30,580	1,607	38,620
33	Amortization of Intangible Plant		469,000	358,434	87,783	9,835	516	12,432
34	Total Depr & Amort Expense		7,417,000	5,861,071	1,239,188	132,936	7,411	176,394
35	Income Tax		3,138,000	2,456,760	536,771	(10,000)	3,281	151,188
36	Total Operating Expenses		189,259,000	132,262,712	48,628,978	6,465,921	591,220	1,310,169
37	Net Income		10,483,000	7,982,592	1,982,911	142,640	13,255	361,602
38	Rate of Return		6.06%	6.15%	5.77%	3.65%	5.55%	7.70%
39	Return Ratio		1.00	1.02	0.95	0.60	0.92	1.27
40	Interest Expense		6,825,000	5,118,721	1,357,192	154,297	9,430	185,360

Sumcost
Company Base Case
UG Storage 80% Sales / 20% Throughput

AVISTA UTILITIES
Summary by Function with Margin Analysis
For the Year Ended December 31, 2007

Natural Gas Utility
Washington Jurisdiction

22-Feb-08

	(b)	(c) (d) (e)	(f)	(g)	(h)	(i)	(j)	(k)
	Description		System Total	Residential Service Sch 101	Small Firm Service Sch 111	Large Firm Service Sch 121	Interrupt Service Sch 131	Transport Service Sch 146
	Functional Cost Components at Current Rates							
1	Production		153,309,272	103,895,115	42,911,229	5,912,376	548,933	41,618
2	Underground Storage		3,047,929	2,069,741	799,397	67,657	10,211	100,924
3	Distribution		29,333,210	23,953,440	4,254,655	322,084	21,728	781,302
4	Common		12,255,589	8,979,704	2,289,718	265,883	21,128	699,156
5	**Total Current Rate Revenue**		**197,946,000**	**138,898,000**	**50,255,000**	**6,568,000**	**602,000**	**1,623,000**
6	Exclude Cost of Gas w / Revenue Exp.		152,363,893	103,270,172	42,656,766	5,877,230	545,616	14,108
7	**Total Margin Revenue at Current Rates**		**45,582,107**	**35,627,828**	**7,598,234**	**690,770**	**56,384**	**1,608,892**
	Margin per Therm at Current Rates							
8	Production		$0.004791	$0.005360	$0.005267	$0.005185	$0.005154	$0.001101
9	Underground Storage		$0.015448	$0.017752	$0.016547	$0.009981	$0.015868	$0.004040
10	Distribution		$0.148668	$0.205448	$0.088070	$0.047514	$0.033768	$0.031273
11	Common		$0.062115	$0.077019	$0.047397	$0.039223	$0.032835	$0.027985
12	Total Current Margin Melded Rate per Therm		**$0.231022**	**$0.305579**	**$0.157282**	**$0.101903**	**$0.087626**	**$0.064399**
	Functional Cost Components at Uniform Current Return							
13	Production		153,309,272	103,895,115	42,911,229	5,912,376	548,933	41,618
14	Underground Storage		3,087,696	2,036,184	843,696	118,385	11,238	78,194
15	Distribution		29,295,549	23,772,467	4,392,816	440,844	22,936	666,486
16	Common		12,253,483	8,960,335	2,304,841	279,718	21,283	687,306
17	Total Uniform Current Cost		**197,946,000**	**138,664,101**	**50,452,582**	**6,751,323**	**604,389**	**1,473,604**
18	Exclude Cost of Gas w / Revenue Exp.		152,363,893	103,270,172	42,656,766	5,877,230	545,616	14,108
19	Total Uniform Current Margin		**45,582,107**	**35,393,929**	**7,795,816**	**874,093**	**58,773**	**1,459,495**
	Margin per Therm at Uniform Current Return							
20	Production		$0.004791	$0.005360	$0.005267	$0.005185	$0.005154	$0.001101
21	Underground Storage		$0.015649	$0.017464	$0.017464	$0.017464	$0.017464	$0.003130
22	Distribution		$0.148477	$0.203896	$0.090930	$0.065034	$0.035645	$0.026677
23	Common		$0.062104	$0.076853	$0.047710	$0.041264	$0.033076	$0.027511
24	Total Current Uniform Margin Melded Rate per Therm		**$0.231022**	**$0.303573**	**$0.161372**	**$0.128947**	**$0.091339**	**$0.058419**
25	**Margin to Cost Ratio at Current Rates**		**1.00**	**1.01**	**0.97**	**0.79**	**0.96**	**1.10**
	Functional Cost Components at Proposed Rates							
26	Production		153,305,110	103,892,295	42,910,065	5,912,216	548,918	41,617
27	Underground Storage		4,155,967	2,743,801	1,137,554	143,524	14,945	116,142
28	Distribution		34,282,775	27,588,347	5,309,272	499,693	27,295	858,168
29	Common		12,789,148	9,368,557	2,405,109	286,567	21,843	707,073
30	**Total Proposed Rate Revenue**		**204,533,000**	**143,593,000**	**51,762,000**	**6,842,000**	**613,000**	**1,723,000**
31	Exclude Cost of Gas w / Revenue Exp.		152,359,757	103,267,369	42,655,608	5,877,070	545,602	14,108
32	**Total Margin Revenue at Proposed Rates**		**52,173,243**	**40,325,631**	**9,106,392**	**964,930**	**67,398**	**1,708,892**
	Margin per Therm at Proposed Rates							
33	Production		$0.004791	$0.005360	$0.005267	$0.005185	$0.005154	$0.001101
34	Underground Storage		$0.021064	$0.023534	$0.023547	$0.021173	$0.023226	$0.004649
35	Distribution		$0.173754	$0.236625	$0.109901	$0.073715	$0.042418	$0.034350
36	Common		$0.064819	$0.080354	$0.049785	$0.042275	$0.033946	$0.028302
37	Total Proposed Margin Melded Rate per Therm		**$0.264428**	**$0.345872**	**$0.188500**	**$0.142348**	**$0.104744**	**$0.068401**
	Functional Cost Components at Uniform Proposed Return							
38	Production		153,305,110	103,892,295	42,910,065	5,912,216	548,918	41,617
39	Underground Storage		4,163,258	2,745,464	1,137,587	159,623	15,152	105,432
40	Distribution		34,275,675	27,597,314	5,309,374	537,381	27,538	804,068
41	Common		12,788,957	9,369,516	2,405,120	290,957	21,874	701,489
42	Total Uniform Proposed Cost		**204,533,000**	**143,604,589**	**51,762,145**	**6,900,178**	**613,482**	**1,652,606**
43	Exclude Cost of Gas w / Revenue Exp.		152,359,757	103,267,369	42,655,608	5,877,070	545,602	14,108
44	Total Uniform Proposed Margin		**52,173,243**	**40,337,221**	**9,106,537**	**1,023,107**	**67,880**	**1,638,498**
	Margin per Therm at Uniform Proposed Return							
45	Production		$0.004791	$0.005360	$0.005267	$0.005185	$0.005154	$0.001101
46	Underground Storage		$0.021100	$0.023548	$0.023548	$0.023548	$0.023548	$0.004220
47	Distribution		$0.173718	$0.236702	$0.109903	$0.079275	$0.042797	$0.032184
48	Common		$0.064818	$0.080362	$0.049785	$0.042922	$0.033994	$0.028078
49	Total Proposed Uniform Margin Melded Rate per Therm		**$0.264428**	**$0.345971**	**$0.188503**	**$0.150930**	**$0.105493**	**$0.065584**
50	**Margin to Cost Ratio at Proposed Rates**		**1.00**	**1.00**	**1.00**	**0.94**	**0.99**	**1.04**
51	**Current Margin to Proposed Cost Ratio**		**0.87**	**0.88**	**0.83**	**0.68**	**0.83**	**0.98**

Sumcost
Company Base Case
UG Storage 80% Sales / 20% Throughput

AVISTA UTILITIES
Summary by Classification with Unit Cost Analysis
For the Year Ended December 31, 2007

Natural Gas Utility
Washington Jurisdiction

22-Feb-08

	(b)	(c) (d) (e)	(f)	(g)	(h)	(i)	(j)	(k)
	Description		System Total	Residential Service Sch 101	Small Firm Service Sch 111	Large Firm Service Sch 121	Interrupt Service Sch 131	Transport Service Sch 146
	Cost by Classification at Current Return by Schedule							
1	Commodity		149,805,914	100,838,076	41,663,787	5,758,302	542,642	1,003,108
2	Demand		25,310,614	17,445,626	6,722,473	719,335	48,123	375,058
3	Customer		22,829,471	20,614,298	1,868,740	90,363	11,235	244,834
4	Total Current Rate Revenue		197,946,000	138,898,000	50,255,000	6,568,000	602,000	1,623,000
	Revenue per Therm at Current Rates							
5	Commodity		$0.759255	$0.864886	$0.862431	$0.849472	$0.843319	$0.040151
6	Demand		$0.128281	$0.149631	$0.139154	$0.106117	$0.074788	$0.015012
7	Customer		$0.115706	$0.176808	$0.038682	$0.013330	$0.017461	$0.009800
8	Total Revenue per Therm at Current Rates		$1.003242	$1.191325	$1.040267	$0.968920	$0.935567	$0.064963
	Cost per Unit at Current Rates							
9	Commodity Cost per Therm		$0.759255	$0.864886	$0.862431	$0.849472	$0.843319	$0.040151
10	Demand Cost per Peak Day Therms		$17.07	$18.02	$18.84	$17.93	$14.48	$3.29
11	Customer Cost per Customer per Month		$13.42	$12.32	$69.48	$243.57	$936.28	$703.55
	Cost by Classification at Uniform Current Return							
12	Commodity		149,855,581	100,772,275	41,750,651	5,857,775	544,003	930,877
13	Demand		25,334,657	17,388,114	6,790,004	781,284	48,667	326,589
14	Customer		22,755,762	20,503,712	1,911,928	112,265	11,720	216,138
15	Total Uniform Current Cost		197,946,000	138,664,101	50,452,582	6,751,323	604,389	1,473,604
	Cost per Therm at Current Return							
16	Commodity		$0.759507	$0.864322	$0.864229	$0.864146	$0.845434	$0.037260
17	Demand		$0.128403	$0.149137	$0.140552	$0.115256	$0.075633	$0.013072
18	Customer		$0.115332	$0.175860	$0.039576	$0.016561	$0.018214	$0.008651
19	Total Cost per Therm at Current Return		$1.003242	$1.189319	$1.044357	$0.995964	$0.939281	$0.058983
	Cost per Unit at Uniform Current Return							
20	Commodity Cost per Therm		$0.759507	$0.864322	$0.864229	$0.864146	$0.845434	$0.037260
21	Demand Cost per Peak Day Therms		$17.09	$17.96	$19.03	$19.48	$14.64	$2.87
22	Customer Cost per Customer per Month		$13.37	$12.25	$71.08	$302.60	$976.66	$621.09
23	**Revenue to Cost Ratio at Current Rates**		**1.00**	**1.00**	**1.00**	**0.97**	**1.00**	**1.10**
	Cost by Classification at Proposed Return by Schedule							
24	Commodity		151,990,269	102,157,210	42,325,788	5,906,918	548,903	1,051,451
25	Demand		27,108,418	18,600,494	7,237,826	811,966	50,628	407,505
26	Customer		25,434,312	22,835,296	2,198,386	123,117	13,469	264,045
27	Total Proposed Rate Revenue		204,533,000	143,593,000	51,762,000	6,842,000	613,000	1,723,000
	Revenue per Therm at Proposed Rates							
28	Commodity		$0.770326	$0.876200	$0.876134	$0.871396	$0.853049	$0.042086
29	Demand		$0.137393	$0.159536	$0.149821	$0.119782	$0.078681	$0.016311
30	Customer		$0.128908	$0.195858	$0.045506	$0.018162	$0.020932	$0.010569
31	Total Revenue per Therm at Proposed Rates		$1.036626	$1.231594	$1.071461	$1.009340	$0.952662	$0.068966
	Cost per Unit at Proposed Rates							
32	Commodity Cost per Therm		$0.770326	$0.876200	$0.876134	$0.871396	$0.853049	$0.042086
33	Demand Cost per Peak Day Therms		$18.29	$19.21	$20.28	$20.24	$15.23	$3.58
34	Customer Cost per Customer per Month		$14.95	$13.64	$81.73	$331.85	$1,122.42	$758.75
	Cost by Classification at Uniform Proposed Return							
35	Commodity		151,991,401	102,160,470	42,325,852	5,938,486	549,177	1,017,416
36	Demand		27,108,249	18,603,344	7,237,875	831,625	50,738	384,667
37	Customer		25,433,350	22,840,775	2,198,418	130,067	13,567	250,523
38	Total Uniform Proposed Cost		204,533,000	143,604,589	51,762,145	6,900,178	613,482	1,652,606
	Cost per Therm at Proposed Return							
39	Commodity		$0.770332	$0.876228	$0.876135	$0.876053	$0.853475	$0.040724
40	Demand		$0.137392	$0.159560	$0.149822	$0.122682	$0.078852	$0.015397
41	Customer		$0.128903	$0.195905	$0.045507	$0.019188	$0.021084	$0.010028
42	Total Cost per Therm at Proposed Return		$1.036626	$1.231693	$1.071464	$1.017923	$0.953411	$0.066148
	Cost per Unit at Uniform Proposed Return							
43	Commodity Cost per Therm		$0.770332	$0.876228	$0.876135	$0.876053	$0.853475	$0.040724
44	Demand Cost per Peak Day Therms		$18.29	$19.21	$20.28	$20.73	$15.26	$3.38
45	Customer Cost per Customer per Month		$14.95	$13.65	$81.73	$350.59	$1,130.57	$719.89
46	**Revenue to Cost Ratio at Proposed Rates**		**1.00**	**1.00**	**1.00**	**0.99**	**1.00**	**1.04**
47	**Current Revenue to Proposed Cost Ratio**		**0.97**	**0.97**	**0.97**	**0.95**	**0.98**	**0.98**