

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	
Complainant,)	
v.)	Docket Nos. UE-090134/ UG-090135 (<i>Consolidated</i>)
AVISTA CORPORATION d/b/a AVISTA UTILITIES,)	
Respondent.)	
_____)	
In the Matter of the Petition of)	
AVISTA CORPORATION, d/b/a AVISTA UTILITIES,)	Docket No. UG-060518 (<i>Consolidated</i>)
For an Order Authorizing Implementation of a Natural Gas Decoupling Mechanism and to Record Accounting Entries Associated With the Mechanism.)	
_____)	

EXHIBIT NO.____(DWS-3)

**COST OF SERVICE
REVENUE TO COST**

August 17, 2009

AVISTA UTILITIES

ICNU Cost of Service Summary

For the Twelve Months Ended September 30, 2008

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Description				System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25 - IEP	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49	Extra Large Gen Service IEP
Plant In Service											
1	Production Plant			758,032,000	351,364,304	59,321,332	212,788,257	74,818,806	18,722,764	2,687,450	38,329,085
2	Transmission Plant			296,316,000	136,852,548	23,165,003	83,372,375	29,376,842	7,307,577	1,074,772	15,166,882
3	Distribution Plant			607,539,000	331,666,640	55,452,237	150,673,387	19,855,087	19,103,330	30,360,996	427,323
4	Intangible Plant			78,478,000	36,802,615	6,224,567	21,843,135	7,357,376	1,975,445	573,217	3,701,646
5	General Plant			109,598,000	59,446,023	10,026,477	25,639,697	6,647,952	2,802,758	2,285,589	2,749,504
6	Total Plant In Service			1,849,963,000	916,132,130	154,189,618	494,316,851	138,056,063	49,911,875	36,982,025	60,374,440
Accum Depreciation											
7	Production Plant			(313,797,000)	(144,276,035)	(24,500,432)	(88,543,753)	(31,280,224)	(7,724,037)	(1,169,928)	(16,302,590)
8	Transmission Plant			(103,059,000)	(47,597,453)	(8,056,811)	(28,996,995)	(10,217,295)	(2,541,583)	(373,807)	(5,275,057)
9	Distribution Plant			(197,662,000)	(106,150,830)	(17,426,848)	(47,044,631)	(5,663,829)	(5,967,551)	(15,272,488)	(135,822)
10	Intangible Plant			(12,626,000)	(6,157,069)	(1,037,698)	(3,414,198)	(1,011,720)	(334,080)	(206,346)	(464,888)
11	General Plant			(48,432,000)	(26,221,660)	(4,422,364)	(11,366,613)	(2,947,897)	(1,240,888)	(1,013,503)	(1,219,075)
12	Total Accumulated Depreciation			(675,576,000)	(330,403,047)	(55,444,154)	(179,366,191)	(51,120,965)	(17,808,139)	(18,036,072)	(23,397,432)
13	Net Plant			1,174,387,000	585,729,083	98,745,464	314,950,659	86,935,098	32,103,736	18,945,952	36,977,008
14	Accumulated Deferred FIT			(171,073,000)	(84,457,805)	(14,220,563)	(45,721,694)	(13,133,570)	(4,559,851)	(3,101,908)	(5,877,609)
15	Miscellaneous Rate Base			3,762,000	1,627,971	282,644	1,130,178	403,849	95,946	11,237	210,174
16	Total Rate Base			1,007,076,000	502,899,249	84,807,545	270,359,143	74,205,377	27,639,831	15,855,281	31,309,573
17	Revenue From Retail Rates			390,953,000	170,783,000	41,837,000	118,120,000	30,342,000	8,504,000	5,674,000	15,693,000
18	Other Operating Revenues			76,186,000	35,581,998	6,003,377	21,279,931	7,310,073	1,903,102	415,226	3,692,293
19	Total Revenues			467,139,000	206,364,998	47,840,377	139,399,931	37,652,073	10,407,102	6,089,226	19,385,293
Operating Expenses											
20	Production Expenses			240,417,000	107,821,966	18,640,862	68,894,636	24,677,009	5,856,616	1,028,992	13,496,920
21	Transmission Expenses			18,490,000	8,539,544	1,445,487	5,202,403	1,833,103	455,990	67,065	946,407
22	Distribution Expenses			20,922,000	10,828,184	2,113,652	5,180,678	717,738	694,814	1,369,493	17,441
23	Customer Accounting Expenses			8,584,000	6,708,890	1,187,733	442,862	73,199	113,650	20,469	37,197
24	Customer Information Expenses			693,000	594,808	80,390	9,910	63	6,906	920	3
25	Sales Expenses			683,000	297,936	52,555	198,980	72,299	16,449	3,332	41,448
26	Admin & General Expenses			40,476,000	21,242,202	3,714,519	9,753,979	2,682,543	1,037,610	870,698	1,174,450
27	Total O&M Expenses			330,265,000	156,033,531	27,235,198	89,683,448	30,055,953	8,182,035	3,360,969	15,713,865
28	Taxes Other Than Income Taxes			30,772,000	14,167,647	2,900,217	8,837,680	2,457,554	740,564	460,941	1,207,396
29	Other Income Related Items			(122,000)	(66,602)	(11,135)	(30,257)	(3,987)	(3,836)	(6,097)	(86)
Depreciation Expense											
30	Production Plant Depreciation			19,350,000	8,994,575	1,515,493	5,421,874	1,903,209	478,502	67,359	968,987
31	Transmission Plant Depreciation			5,968,000	2,756,301	466,558	1,679,175	591,669	147,179	21,647	305,471
32	Distribution Plant Depreciation			16,562,000	8,836,455	1,490,621	4,362,340	646,857	540,868	673,921	10,939
33	General Plant Depreciation			9,083,000	4,787,238	806,921	2,222,726	592,994	236,272	186,028	250,821
34	Amortization Expense			2,982,000	1,382,493	233,375	836,976	294,257	73,659	10,559	150,681
35	Total Depreciation Expense			53,945,000	26,757,062	4,512,970	14,523,091	4,028,986	1,476,480	959,514	1,686,898
36	Income Tax			8,250,000	(3,705,844)	4,835,331	8,025,865	(680,565)	(443,064)	360,814	(142,538)
37	Total Operating Expenses			423,110,000	193,185,794	39,472,581	121,039,827	35,857,941	9,952,179	5,136,141	18,465,536
38	Net Income			44,029,000	13,179,204	8,367,796	18,360,104	1,794,132	454,923	953,085	919,757
39	Rate of Return			4.37%	2.62%	9.87%	6.79%	2.42%	1.65%	6.01%	2.94%
40	Return Ratio			1.00	0.60	2.26	1.55	0.55	0.38	1.37	0.67
41	Interest Expense			34,744,000	17,349,963	2,925,850	9,327,358	2,560,077	953,571	547,005	1,080,176

AVISTA UTILITIES
Revenue to Cost by Functional Component Summary
For the Twelve Months Ended September 30, 2008

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25 - IEP	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49	Extra Large Gen Service IEP
Functional Cost Components at Current Return by Schedule												
1 Production					237,899,803	99,768,784	22,076,114	74,014,566	22,888,456	5,230,829	1,076,071	12,844,983
2 Transmission					32,512,713	12,383,550	3,968,703	11,422,928	2,591,782	581,788	137,905	1,426,056
3 Distribution					71,970,579	33,912,243	10,829,976	20,446,631	1,795,091	1,512,854	3,392,005	81,779
4 Common					48,569,905	24,718,423	4,962,207	12,235,875	3,066,671	1,178,529	1,068,018	1,340,182
5 Total Current Rate Revenue					390,953,000	170,783,000	41,837,000	118,120,000	30,342,000	8,504,000	5,674,000	15,693,000
Expressed as \$/kWh												
6 Production					\$0.04336	\$0.04190	\$0.05257	\$0.04645	\$0.03880	\$0.03979	\$0.04041	\$0.03724
7 Transmission					\$0.00593	\$0.00520	\$0.00945	\$0.00717	\$0.00439	\$0.00443	\$0.00518	\$0.00413
8 Distribution					\$0.01312	\$0.01424	\$0.02579	\$0.01283	\$0.00304	\$0.01151	\$0.12738	\$0.00024
9 Common					\$0.00885	\$0.01038	\$0.01182	\$0.00768	\$0.00520	\$0.00897	\$0.04011	\$0.00389
10 Total Current Melded Rates					\$0.07125	\$0.07173	\$0.09962	\$0.07414	\$0.05144	\$0.06469	\$0.21308	\$0.04549
Functional Cost Components at Uniform Current Return												
11 Production					238,180,284	106,624,701	18,458,126	68,329,198	24,498,291	5,797,755	1,028,901	13,443,312
12 Transmission					32,602,228	15,057,229	2,548,734	9,173,063	3,232,193	804,018	118,252	1,668,739
13 Distribution					71,536,306	40,804,659	7,178,893	16,061,189	2,282,612	2,139,178	2,980,689	89,086
14 Common					48,634,182	25,687,391	4,449,559	11,642,509	3,192,264	1,250,868	1,032,966	1,378,625
15 Total Uniform Current Cost					390,953,000	188,173,981	32,635,312	105,205,958	33,205,360	9,991,819	5,160,808	16,579,763
Expressed as \$/kWh												
16 Production					\$0.04341	\$0.04478	\$0.04395	\$0.04289	\$0.04153	\$0.04411	\$0.03864	\$0.03897
17 Transmission					\$0.00594	\$0.00632	\$0.00607	\$0.00576	\$0.00548	\$0.00612	\$0.00444	\$0.00484
18 Distribution					\$0.01304	\$0.01714	\$0.01709	\$0.01008	\$0.00387	\$0.01627	\$0.11193	\$0.00026
19 Common					\$0.00886	\$0.01079	\$0.01059	\$0.00731	\$0.00541	\$0.00952	\$0.03879	\$0.00400
20 Total Current Uniform Melded Rates					\$0.07125	\$0.07904	\$0.07771	\$0.06603	\$0.05629	\$0.07601	\$0.19380	\$0.04806
21 Revenue to Cost Ratio at Current Rates					1.00	0.91	1.28	1.12	0.91	0.85	1.10	0.95
Functional Cost Components at Proposed Return by Schedule												
22 Production					267,744,244	112,242,932	24,538,726	83,239,152	25,904,435	5,808,763	1,173,563	14,836,672
23 Transmission					44,272,553	17,249,717	4,935,478	15,074,364	3,791,938	808,415	178,542	2,234,100
24 Distribution					96,545,244	46,456,511	13,315,753	27,564,117	2,708,733	2,151,578	4,242,444	106,107
25 Common					52,152,959	26,480,840	5,311,043	13,198,366	3,301,894	1,252,244	1,140,451	1,468,121
26 Total Proposed Rate Revenue					460,715,000	202,430,000	48,101,000	139,076,000	35,707,000	10,021,000	6,735,000	18,645,000
Expressed as \$/kWh												
27 Production					\$0.04880	\$0.04714	\$0.05843	\$0.05224	\$0.04392	\$0.04419	\$0.04407	\$0.04301
28 Transmission					\$0.00807	\$0.00725	\$0.01175	\$0.00946	\$0.00643	\$0.00615	\$0.00670	\$0.00648
29 Distribution					\$0.01760	\$0.01951	\$0.03171	\$0.01730	\$0.00459	\$0.01637	\$0.15932	\$0.00031
30 Common					\$0.00950	\$0.01112	\$0.01265	\$0.00828	\$0.00560	\$0.00953	\$0.04283	\$0.00426
31 Total Proposed Melded Rates					\$0.08396	\$0.08502	\$0.11453	\$0.08729	\$0.06053	\$0.07623	\$0.25292	\$0.05405
Functional Cost Components at Uniform Requested Return												
32 Production					267,648,527	120,356,477	20,767,705	76,573,027	27,387,825	6,527,232	1,129,828	14,906,431
33 Transmission					44,200,490	20,413,848	3,455,448	12,436,385	4,382,048	1,090,047	160,320	2,262,394
34 Distribution					96,616,982	54,613,250	9,510,238	22,422,163	3,157,961	2,945,323	3,861,088	106,959
35 Common					52,249,001	27,627,553	4,776,711	12,502,642	3,417,622	1,343,919	1,107,951	1,472,603
36 Total Uniform Cost					460,715,000	223,011,128	38,510,102	123,934,217	38,345,457	11,906,522	6,259,188	18,748,387
Expressed as \$/kWh												
37 Production					\$0.04878	\$0.05055	\$0.04945	\$0.04806	\$0.04643	\$0.04966	\$0.04243	\$0.04321
38 Transmission					\$0.00806	\$0.00857	\$0.00823	\$0.00781	\$0.00743	\$0.00829	\$0.00602	\$0.00656
39 Distribution					\$0.01761	\$0.02294	\$0.02264	\$0.01407	\$0.00535	\$0.02241	\$0.14500	\$0.00031
40 Common					\$0.00952	\$0.01160	\$0.01137	\$0.00785	\$0.00579	\$0.01022	\$0.04161	\$0.00427
41 Total Uniform Melded Rates					\$0.08396	\$0.09367	\$0.09170	\$0.07778	\$0.06501	\$0.09058	\$0.23505	\$0.05435
42 Revenue to Cost Proposed Rates					1.00	0.91	1.25	1.12	0.93	0.84	1.08	0.99

AVISTA UTILITIES

Revenue to Cost By Classification Summary

For the Twelve Months Ended September 30, 2008

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
				System	Residential	General	Large Gen	Extra Large	Pumping	Street &	Extra Large
				Total	Service	Service	Service	Gen Service	Service	Area Lights	Gen Service
Description					Sch 1	Sch 11-12	Sch 21-22	Sch 25 - IEP	Sch 31-32	Sch 41-49	IEP
Cost Classifications at Current Return by Schedule											
1	Energy			237,713,228	98,105,292	21,356,937	74,349,042	23,650,819	5,245,909	1,217,473	13,787,756
2	Demand			126,853,553	54,367,739	15,807,264	42,634,514	6,676,668	2,864,997	2,597,833	1,904,538
3	Customer			26,386,219	18,309,969	4,672,799	1,136,444	14,512	393,094	1,858,694	706
4	Total Current Rate Revenue			390,953,000	170,783,000	41,837,000	118,120,000	30,342,000	8,504,000	5,674,000	15,693,000
Expressed as Unit Cost											
5	Energy	\$/kWh		\$0.04332	\$0.04121	\$0.05085	\$0.04666	\$0.04009	\$0.03991	\$0.04572	\$0.03997
6	Demand	\$/kW/mo		\$7.77	\$6.76	\$11.78	\$9.29	\$5.54	\$5.33	\$32.33	\$3.62
7	Customer	\$/Cust/mo		\$9.51	\$7.69	\$14.53	\$28.66	\$57.59	\$14.22	\$504.81	\$58.87
Cost Classifications at Uniform Current Return											
8	Energy			237,625,693	103,656,345	18,284,685	69,228,209	25,153,900	5,722,968	1,159,362	14,420,225
9	Demand			126,446,836	64,659,023	10,534,118	34,944,934	8,035,738	3,824,857	2,289,377	2,158,790
10	Customer			26,880,471	19,858,613	3,816,509	1,032,815	15,722	443,994	1,712,069	749
11	Total Uniform Current Cost			390,953,000	188,173,981	32,635,312	105,205,958	33,205,360	9,991,819	5,160,808	16,579,763
Expressed as Unit Cost											
12	Energy	\$/kWh		\$0.04331	\$0.04354	\$0.04354	\$0.04345	\$0.04264	\$0.04354	\$0.04354	\$0.04180
13	Demand	\$/kW/mo		\$7.75	\$8.04	\$7.85	\$7.61	\$6.67	\$7.12	\$28.49	\$4.11
14	Customer	\$/Cust/mo		\$9.69	\$8.34	\$11.86	\$26.04	\$62.39	\$16.07	\$464.98	\$62.39
15	Revenue to Cost Ratio at Current Rates			1.00	0.91	1.28	1.12	0.91	0.85	1.10	0.95
Cost Classifications at Proposed Return by Schedule											
16	Energy			263,738,993	108,204,308	23,447,943	82,657,232	26,466,669	5,732,184	1,337,583	15,893,074
17	Demand			166,663,390	73,097,773	19,397,387	55,114,173	9,223,552	3,843,830	3,235,596	2,751,079
18	Customer			30,312,617	21,127,919	5,255,670	1,304,595	16,779	444,986	2,161,820	847
19	Total Proposed Rate Revenue			460,715,000	202,430,000	48,101,000	139,076,000	35,707,000	10,021,000	6,735,000	18,645,000
Expressed as Unit Cost											
20	Energy	\$/kWh		\$0.04807	\$0.04545	\$0.05583	\$0.05188	\$0.04487	\$0.04361	\$0.05023	\$0.04607
21	Demand	\$/kW/mo		\$10.21	\$9.09	\$14.45	\$12.01	\$7.66	\$7.15	\$40.27	\$5.23
22	Customer	\$/Cust/mo		\$10.93	\$8.88	\$16.34	\$32.90	\$66.58	\$16.10	\$587.13	\$70.60
Cost Classifications at Uniform Requested Return											
23	Energy			263,111,369	114,773,628	20,245,742	76,653,028	27,851,690	6,336,764	1,283,705	15,966,813
24	Demand			166,542,625	85,276,859	13,901,199	46,098,099	10,475,873	5,060,266	2,949,608	2,780,722
25	Customer			31,061,006	22,960,641	4,363,161	1,183,090	17,894	509,492	2,025,875	852
26	Total Uniform Cost			460,715,000	223,011,128	38,510,102	123,934,217	38,345,457	11,906,522	6,259,188	18,748,387
Expressed as Unit Cost											
27	Energy	\$/kWh		\$0.04795	\$0.04821	\$0.04821	\$0.04811	\$0.04722	\$0.04821	\$0.04821	\$0.04629
28	Demand	\$/kW/mo		\$10.20	\$10.60	\$10.36	\$10.04	\$8.70	\$9.41	\$36.71	\$5.29
29	Customer	\$/Cust/mo		\$11.20	\$9.65	\$13.56	\$29.83	\$71.01	\$18.44	\$550.21	\$71.01
30	Revenue to Cost Ratio at Proposed Rates			1.00	0.91	1.25	1.12	0.93	0.84	1.08	0.99
31	Current Revenue to Proposed Cost Ratio			0.85	0.77	1.09	0.95	0.79	0.71	0.91	0.84