

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,

v.

AVISTA CORPORATION d/b/a
AVISTA UTILITIES,
Respondent.

)
) Docket No. UE-090134

)
) Docket No. UG-090135

)
) Docket No. UG-060518

EXHIBIT NO. ____ (DWS-6)

COST OF SERVICE STUDY WITH PEAK DEMAND ADJUSTMENTS

ON BEHALF OF

THE NORTHWEST INDUSTRIAL GAS USERS

August 17, 2009

AVISTA Utilities
NWIGU Cost of Service Summary

	Total	Sch 101	Sch 111	Sch 121	Sch 131	Sch 146
Plant In Service						
1 Production Plant						
2 Underground Storage Plant	22,826,000	14,996,828	6,329,832	842,401	82,740	574,200
3 Distribution Plant	253,055,000	195,769,889	46,610,399	4,481,988	204,885	5,987,840
4 Intangible Plant	3,334,000	2,549,675	637,721	63,921	3,414	79,269
5 General Plant	27,246,000	20,815,315	5,228,376	525,836	28,406	648,067
6 Total Plant In Service	306,461,000	234,131,707	58,806,327	5,914,146	319,445	7,289,375
Accum Depreciation						
7 Production Plant						
8 Underground Storage Plant	-8,167,000	-5,365,771	-2,264,774	-301,406	-29,604	-205,445
9 Distribution Plant	-89,619,000	-70,155,060	-15,786,467	-1,596,727	-65,102	-2,015,644
10 Intangible Plant	-1,323,000	-1,011,021	-253,654	-25,487	-1,373	-31,465
11 General Plant	-10,274,000	-7,849,099	-1,971,531	-198,284	-10,711	-244,375
12 Total Accumulated Depreciation	-109,383,000	-84,380,951	-20,276,426	-2,121,904	-106,790	-2,496,929
13 Net Plant	197,078,000	149,750,756	38,529,901	3,792,242	212,655	4,792,446
14 Accumulated Deferred FIT	-30,809,000	-23,537,624	-5,911,891	-594,558	-32,114	-732,812
15 Miscellaneous Rate Base	11,994,000	7,855,346	3,346,004	445,706	43,833	303,112
16 Total Rate Base	178,263,000	134,068,478	35,964,013	3,643,390	224,374	4,362,746
17 Revenue From Retail Rates	215,587,000	150,653,394	55,578,115	6,991,327	653,476	1,710,687
18 Other Operating Revenues	1,852,000	1,393,180	373,372	37,811	2,324	45,313
19 Total Revenues	217,439,000	152,046,574	55,951,487	7,029,137	655,801	1,756,000
Operating Expenses						
20 Purchased Gas Costs	158,107,000	106,721,476	44,906,397	5,873,749	565,292	40,086
21 Underground Storage Expenses	410,000	269,373	113,696	15,131	1,486	10,314
22 Distribution Expenses	6,981,000	5,320,697	1,351,755	112,458	7,208	188,882
23 Customer Accounting Expenses	5,053,000	4,809,585	216,816	19,434	1,753	5,412
24 Customer Information Expenses	746,000	617,646	89,082	9,282	790	29,200
25 Sales Expenses	539,000	530,307	8,459	122	4	109
26 Admin & General Expenses	10,510,000	7,588,795	2,029,836	234,400	20,238	636,731
27 Total O&M Expenses	182,346,000	125,857,879	48,716,041	6,264,576	596,771	910,733
28 Taxes Other Than Income Taxes	10,609,000	7,540,945	2,604,655	318,117	28,225	117,057
29 Depreciation Expense						
30 Underground Storage Plant Depreciation	299,000	196,445	82,915	11,035	1,084	7,521
31 Distribution Plant Depreciation	5,268,000	4,262,115	820,663	72,217	3,995	109,011
32 General Plant Depreciation	1,804,000	1,378,214	346,179	34,816	1,881	42,910
33 Amortization Expense	622,000	475,242	119,320	11,996	647	14,794
34 Total Depreciation Expense	7,993,000	6,312,016	1,369,077	130,064	7,606	174,236
35 Income Tax	4,077,000	3,039,881	796,779	75,178	6,094	159,067
36 Total Operating Expenses	205,025,000	142,750,721	53,486,553	6,787,936	638,697	1,361,093
37 Net Operating Income	12,414,000	9,295,853	2,464,934	241,201	17,104	394,907
38 Rate of Return	6.96%	6.93%	6.85%	6.62%	7.62%	9.05%
39 Return Ratio	1.00	1.00	0.98	0.95	1.09	1.30
40 Interest Expense	6,150,000	4,625,307	1,240,744	125,695	7,741	150,513

AVISTA Utilities
NWIGU Cost of Service Summary

	Total	Sch 101	Sch 111	Sch 121	Sch 131	Sch 146
Functional Cost Components at Current Rates						
1 Production	165,442,628	111,672,991	46,989,902	6,146,271	591,520	41,945
2 Underground Storage	3,083,228	2,019,563	843,061	108,552	12,199	99,853
3 Distribution	32,568,272	26,325,118	4,987,106	431,737	25,687	798,623
4 Common	14,492,872	10,635,722	2,758,047	304,766	24,071	770,266
5 Total Current Rate Revenue	215,587,000	150,653,394	55,578,115	6,991,327	653,476	1,710,687
6 Exclude Cost of Gas w / Revenue Exp.	164,492,500	111,047,028	46,730,609	6,112,344	588,209	14,311
7 Total Margin Revenue at Current Rates	51,094,500	39,606,366	8,847,507	878,983	65,268	1,696,377
Margin per Therm at Current Rates						
8 Production	\$0.00472	\$0.00528	\$0.00518	\$0.00509	\$0.00506	\$0.00109
9 Underground Storage	\$0.01531	\$0.01702	\$0.01684	\$0.01629	\$0.01864	\$0.00394
10 Distribution	\$0.16174	\$0.22189	\$0.09959	\$0.06478	\$0.03924	\$0.03153
11 Common	\$0.07197	\$0.08965	\$0.05508	\$0.04573	\$0.03677	\$0.03041
12 Total Curr. Margin Melded Rate per Therm	\$0.25374	\$0.33383	\$0.17668	\$0.13189	\$0.09971	\$0.06698
Functional Cost Components at Uniform Current Return						
13 Production	165,442,628	111,672,991	46,989,902	6,146,271	591,520	41,945
14 Underground Storage	3,086,659	2,027,954	855,955	113,914	11,189	77,646
15 Distribution	32,564,716	26,380,465	5,036,846	446,215	24,328	676,862
16 Common	14,492,997	10,641,944	2,763,737	306,554	23,885	756,877
17 Total Uniform Current Cost	215,587,000	150,723,354	55,646,439	7,012,954	650,922	1,553,331
18 Exclude Cost of Gas w / Revenue Exp.	164,492,500	111,047,028	46,730,609	6,112,344	588,209	14,311
19 Total Uniform Current Margin	51,094,500	39,676,326	8,915,831	900,610	62,713	1,539,021
Margin per Therm at Uniform Current Return						
20 Production	\$0.00472	\$0.00528	\$0.00518	\$0.00509	\$0.00506	\$0.00109
21 Underground Storage	\$0.01533	\$0.01709	\$0.01709	\$0.01709	\$0.01709	\$0.00307
22 Distribution	\$0.16172	\$0.22235	\$0.10058	\$0.06696	\$0.03717	\$0.02672
23 Common	\$0.07197	\$0.08970	\$0.05519	\$0.04600	\$0.03649	\$0.02988
24 Total Curr. Uniform Margin @ Melded Rate	\$0.25374	\$0.33442	\$0.17805	\$0.13514	\$0.09581	\$0.06077
25 Margin to Cost Ratio at Current Rates	1.00	1.00	0.99	0.98	1.04	1.10
Functional Cost Components at Proposed Rates						
26 Production	165,437,870	111,669,779	46,988,550	6,146,094	591,503	41,944
27 Underground Storage	3,769,083	2,449,842	1,047,223	141,374	14,347	116,296
28 Distribution	36,375,183	29,162,851	5,774,625	520,354	28,577	888,776
29 Common	14,922,865	10,954,473	2,848,066	315,704	24,464	780,159
30 Total Proposed Rate Revenue	220,505,000	154,236,944	56,658,464	7,123,526	658,891	1,827,175
31 Exclude Cost of Gas w / Revenue Exp.	164,487,769	111,043,834	46,729,264	6,112,168	588,192	14,310
32 Total Margin Revenue at Proposed Rates	56,017,231	43,193,110	9,929,200	1,011,357	70,699	1,812,865
Margin per Therm at Proposed Rates						
33 Production	\$0.00472	\$0.00528	\$0.00518	\$0.00509	\$0.00506	\$0.00109
34 Underground Storage	\$0.01872	\$0.02065	\$0.02091	\$0.02121	\$0.02192	\$0.00459
35 Distribution	\$0.18064	\$0.24581	\$0.11532	\$0.07808	\$0.04366	\$0.03509
36 Common	\$0.07411	\$0.09233	\$0.05687	\$0.04737	\$0.03737	\$0.03080
37 Total Proposed Margin @ Melded Rates	\$0.27819	\$0.36406	\$0.19828	\$0.15176	\$0.10801	\$0.07158
Functional Cost Components at Uniform Proposed Return						
38 Production	165,437,870	111,669,779	46,988,550	6,146,094	591,503	41,944
39 Underground Storage	3,762,656	2,472,089	1,043,414	138,862	13,639	94,652
40 Distribution	36,380,813	29,309,590	5,759,932	513,572	27,625	770,095
41 Common	14,923,661	10,970,966	2,846,385	314,866	24,334	767,109
42 Total Uniform Proposed Cost	220,505,000	154,422,424	56,638,281	7,113,394	657,101	1,673,800
43 Exclude Cost of Gas w / Revenue Exp.	164,487,769	111,043,834	46,729,264	6,112,168	588,192	14,310
44 Total Uniform Proposed Margin	56,017,231	43,378,590	9,909,017	1,001,226	68,909	1,659,490
Margin per Therm at Uniform Proposed Return						
45 Production	\$0.00472	\$0.00528	\$0.00518	\$0.00509	\$0.00506	\$0.00109
46 Underground Storage	\$0.01869	\$0.02084	\$0.02084	\$0.02084	\$0.02084	\$0.00374
47 Distribution	\$0.18067	\$0.24704	\$0.11502	\$0.07706	\$0.04220	\$0.03041
48 Common	\$0.07411	\$0.09247	\$0.05684	\$0.04725	\$0.03718	\$0.03029
49 Total Prop. Uniform Margin @ Melded Rates	\$0.27819	\$0.36563	\$0.19788	\$0.15024	\$0.10527	\$0.06552
50 Margin to Cost Ratio at Proposed Rates	1.00	1.00	1.00	1.01	1.03	1.09

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Cost by Classification at Curr. Return by Schedule						
1 Commodity	162,401,039	108,774,225	45,886,636	6,098,541	588,582	1,053,054
2 Demand	27,938,701	19,178,703	7,534,769	797,812	50,948	376,469
3 Customer	25,247,260	22,700,466	2,156,710	94,974	13,946	281,165
4 Total Current Rate Revenue	215,587,000	150,653,394	55,578,115	6,991,327	653,476	1,710,687
Revenue per Therm at Current Rates						
5 Commodity	\$0.80651	\$0.91683	\$0.91634	\$0.91510	\$0.89919	\$0.04158
6 Demand	\$0.13875	\$0.16165	\$0.15047	\$0.11971	\$0.07783	\$0.01486
7 Customer	\$0.12538	\$0.19134	\$0.04307	\$0.01425	\$0.02131	\$0.01110
8 Total Revenue per Therm at Current Rates	\$1.07064	\$1.26982	\$1.10988	\$1.04907	\$0.99833	\$0.06754
Cost per Unit at Current Rates						
9 Commodity	\$0.80651	\$0.91683	\$0.91634	\$0.91510	\$0.89919	\$0.04158
10 Demand	\$16.05	\$16.65	\$17.70	\$18.71	\$15.48	\$3.22
11 Customer	\$14.64	\$13.38	\$79.70	\$243.52	\$1,162.16	\$807.94
Cost by Classification at Uniform Current Return						
12 Commodity	162,382,484	108,791,867	45,913,745	6,109,813	587,203	979,856
13 Demand	27,941,997	19,197,922	7,560,636	805,908	50,366	327,166
14 Customer	25,262,519	22,733,565	2,172,058	97,233	13,353	246,310
15 Total Uniform Current Cost	215,587,000	150,723,354	55,646,439	7,012,954	650,922	1,553,331
Cost per Therm at Current Return						
16 Commodity	\$0.80642	\$0.91698	\$0.91688	\$0.91680	\$0.89709	\$0.03869
17 Demand	\$0.13876	\$0.16181	\$0.15098	\$0.12093	\$0.07694	\$0.01292
18 Customer	\$0.12546	\$0.19162	\$0.04338	\$0.01459	\$0.02040	\$0.00973
19 Total Cost per Therm at Current Return	\$1.07064	\$1.27041	\$1.11124	\$1.05231	\$0.99443	\$0.06133
Cost per Unit at Uniform Current Return						
20 Commodity	\$0.80642	\$0.91698	\$0.91688	\$0.91680	\$0.89709	\$0.03869
21 Demand	\$16.06	\$16.67	\$17.76	\$18.90	\$15.30	\$2.79
22 Customer	\$14.65	\$13.40	\$80.27	\$249.31	\$1,112.77	\$707.79
23 Revenue to Cost Ratio at Current Rates	1.00	1.00	1.00	1.00	1.00	1.10
Cost by Classification at Proposed Return by Schedule						
24 Commodity	163,856,553	109,675,842	46,314,601	6,167,376	591,499	1,107,234
25 Demand	29,420,455	20,163,768	7,944,180	847,351	52,186	412,971
26 Customer	27,227,992	24,397,335	2,399,683	108,799	15,206	306,969
27 Total Proposed Rate Revenue	220,505,000	154,236,944	56,658,464	7,123,526	658,891	1,827,175
Revenue per Therm at Proposed Rates						
28 Commodity	\$0.81374	\$0.92443	\$0.92489	\$0.92543	\$0.90365	\$0.04372
29 Demand	\$0.14611	\$0.16996	\$0.15864	\$0.12715	\$0.07973	\$0.01631
30 Customer	\$0.13522	\$0.20564	\$0.04792	\$0.01633	\$0.02323	\$0.01212
31 Total Revenue per Therm at Prop. Rates	\$1.09506	\$1.30003	\$1.13145	\$1.06891	\$1.00661	\$0.07214
Cost per Unit at Proposed Rates						
32 Commodity	\$0.81374	\$0.92443	\$0.92489	\$0.92543	\$0.90365	\$0.04372
33 Demand	\$16.91	\$17.51	\$18.66	\$19.87	\$15.86	\$3.53
34 Customer	\$15.79	\$14.38	\$88.68	\$278.97	\$1,267.17	\$882.10
Cost by Classification at Uniform Proposed Return						
35 Commodity	163,817,722	109,722,614	46,306,593	6,162,095	590,533	1,035,888
36 Demand	29,411,510	20,214,720	7,936,539	843,558	51,777	364,916
37 Customer	27,275,768	24,485,090	2,395,149	107,741	14,791	272,997
38 Total Uniform Proposed Cost	220,505,000	154,422,424	56,638,281	7,113,394	657,101	1,673,800
Cost per Therm at Proposed Return						
39 Commodity	\$0.81354	\$0.92483	\$0.92473	\$0.92464	\$0.90217	\$0.04090
40 Demand	\$0.14606	\$0.17039	\$0.15849	\$0.12658	\$0.07910	\$0.01441
41 Customer	\$0.13546	\$0.20638	\$0.04783	\$0.01617	\$0.02260	\$0.01078
42 Total Cost per Therm at Proposed Return	\$1.09506	\$1.30159	\$1.13105	\$1.06739	\$1.00387	\$0.06609
Cost per Unit at Uniform Proposed Return						
43 Commodity	\$0.81354	\$0.92483	\$0.92473	\$0.92464	\$0.90217	\$0.04090
44 Demand	\$16.90	\$17.55	\$18.64	\$19.78	\$15.73	\$3.12
45 Customer	\$15.82	\$14.43	\$88.51	\$276.26	\$1,232.56	\$784.47
46 Revenue to Cost Ratio at Prop. Rates	1.00	1.00	1.00	1.00	1.00	1.09