

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
RESPONSE TO DATA REQUEST

DATE PREPARED: May 23, 2000  
CASE NO: UE-991606  
              UG-991607  
REQUESTER: Avista Corporation

WITNESS: Jim Russell  
RESPONDER: Jim Russell  
TELEPHONE: (360) 664-1318

**REQUEST NO. 162:**

Referring to Mr. Russell's testimony in the Joint Direct Testimony Relating to Gas Rate Spread, on page 3, line 10, please describe the "better allocator for demonstration and selling expenses." If any calculation is necessary to determine this allocator, please include the calculation with your explanation.

**RESPONSE:**

Demonstration and Selling (D&S) expenses are incurred to increase profitability. Profitability (revenue generation) is achieved by increasing the number of customers and by increasing the average volume per customer class. Maximizing profitability is achieved by focusing activities toward higher margin customers (larger customers). Therefore, absent a detailed study of D&S expenses, we feel that a combination factor using the number of customers, throughput, and revenues may be a better allocation factor for D&S than simply using the number of customers. Despite this change, and due to the small amount of D&S expenses, there is no noticeable shift in the overall allocation of costs by classes of customers.

<b>WUTC</b>		
DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>670</u>		
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