

**AVISTA RATE CASE**

**UE-991606 AND UG-991607**

**Exhibit \_\_\_ (JL-RR-4) Kettle Falls Cost-Effectiveness**

<b>WUTC</b>		
DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>695</u>		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Kettle Falls Cost of Power – 1998 Test Year

Item	\$ x 1000	Source
1 Rate Base	\$40,092	Falkner, Tab 28, P. 2
2 Rate of Return with Tax	11.74%	Hill, See Below
3 Return and Tax:	\$4,706	(1) x (2)
4 1998 Depreciation	\$3,148	De Felice Tab 33, P. 4
5 1998 O&M Expense	\$5,851	Form 1 P. 403
6 Subtotal Expenses	\$8,999	(4) + (5)
7 Net to Gross for Expenses	95.53%	Ex. 25, P. 2
8 Total Expenses	\$9,420	(6) / (7)
9 Total Cost	\$14,127	(3) + (8)
10 mWh	326,406	Form 1 P. 403
11 Fixed Cost/kwh	24.51	$((3)+(4)) / (7) / (10)$
12 Variable Cost/kwh	18.77	$((5)/(7)) / (10)$
13 <b>Mills/kwh</b>	<b>43.28</b>	(9)/(10)

  

	Ratio	Cost	Wtd Cost	Net of Tax Cost	Source
14 Long-Term Debt	46.03%	7.45%	3.43%	2.23%	Hill
15 Short-Term Debt	4.55%	6.67%	0.30%	0.20%	
16 Preferred Stock	2.52%	8.15%	0.21%	0.21%	
17 Preferred Securities	7.93%	8.11%	0.64%	0.42%	
18 Common	38.97%	10.88%	4.24%	4.24%	
19 Total:			8.82%	7.29%	
20 Net to Gross Factor:				0.620919	Falkner Tab 28, P. 2
21 Revenue Factor for Rate Base:				11.74%	

## Kettle Falls Cost of Power – 1984

Item	\$ x 1000	Source																																																			
1 Rate Base	\$48,353	U-83-26 P. 16																																																			
2 Rate of Return with Tax	19.83%	See Below																																																			
3 Return and Tax:	\$9,586	(1) x (2)																																																			
4 Depreciation @ 3.143%	\$1,520	1986 Form 1, P. 337																																																			
5 O&M Expense	\$5,157	1984 form 1, P. 403																																																			
6 Subtotal Expenses	\$6,677	(4) + (5)																																																			
7 Net to Gross for Expenses	95.53%	Tab 25, P. 2																																																			
8 Total Expenses	\$6,989	(6) / (7)																																																			
9 Total Cost	\$16,576	(3) + (8)																																																			
10 mWh	131,716	1986 Form 1 P. 403																																																			
11 Return & Depreciation/kwh	84.86	Lines 3, 4, 7																																																			
12 O&M Expense/kwh	40.99	Lines 5, 7																																																			
13 <b>Mills/kwh</b>	<b>125.85</b>	(9)/(10)																																																			
14 Capacity Factor	35.80%																																																				
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