

Alternative Cost of Service Results

Company Study TLK-3	Residential	GS 11	Lg GS 21	XL GS 25	Pumping	Lights	Total
Revenue at Current Rates	\$ 122,064,000	\$ 29,421,000	\$ 89,467,000	\$ 34,839,000	\$ 6,069,000	\$ 4,291,000	\$ 286,151,000
Revenue Requirement	\$ 137,525,486	\$ 23,198,475	\$ 76,919,705	\$ 38,414,528	\$ 5,972,792	\$ 4,120,014	\$ 286,151,000
Revenue to Cost Ratio	89%	127%	116%	91%	102%	104%	100%

Public Counsel Study	Residential	GS 11	Lg GS 21	XL GS 25	Pumping	Lights	Total
Response to PC #125							
Revenue at Current Rates	\$ 122,064,000	\$ 29,421,000	\$ 89,467,000	\$ 34,839,000	\$ 6,069,000	\$ 4,291,000	\$ 286,151,000
Revenue Requirement	\$ 136,057,654	\$ 23,174,691	\$ 77,791,043	\$ 38,853,971	\$ 6,094,978	\$ 4,178,662	\$ 286,150,999
Revenue to Cost Ratio	90%	127%	115%	90%	100%	103%	100%

Note: Company does not have 200-hour peak usage data to fully comply with request #125. Results shown reflect only the change in the peak credit factor requested.

Revenue Requirement Assumption

Electric:

Per Dittmer	\$	11,733	
Assumed ICNU	\$	5,867	<<< Estimate for this filing deadline
Remaining Increase	\$	5,867	

Avista Rate Spread Proposal

\$ x 1000

Schedule 11 = 75% of average increase

Schedule 21 = 85% of average increase

Uniform Increase to Remaining Classes

Company Proposal	Residential	GS 11	Lg GS 21	XL GS 25	Pumping	Lights	Total
Base Tariff At Present Rates	\$ 122,064	\$ 29,421	\$ 89,467	\$ 34,839	\$ 6,068	\$ 4,291	\$ 286,150
Proposed General Increase	\$ 17,482	\$ 2,599	\$ 9,400	\$ 4,626	\$ 726	\$ 470	\$ 35,303
Base Tariff at Proposed Rates	\$ 139,546	\$ 32,020	\$ 98,867	\$ 39,465	\$ 6,794	\$ 4,761	\$ 321,453
Base Tariff Percent Increase	14.3%	8.8%	10.5%	13.3%	12.0%	11.0%	12.3%
kWh	2,205,386	371,391	1,521,166	908,595	120,125	27,362	5,154,025
Average Increase per kWh	\$ 0.00793	\$ 0.00700	\$ 0.00618	\$ 0.00509	\$ 0.00604	\$ 0.01718	\$ 0.00685

Public Counsel Proposal Based on assumed increase of \$6,000,000							
	Residential	GS 11	Lg GS 21	XL GS 25	Pumping	Lights	Total
Assumed Total Increase							\$ 5,867
Apply 75% to 11, 85% to 21		\$ 452	\$ 1,559				\$ 2,011
Residual Increase							\$ 3,855
Residual Revenue	\$ 122,064			\$ 34,839	\$ 6,068	\$ 4,291	\$ 167,262
Residual Percentage Increase							2.3%
Final Increase By Class	\$ 2,813	\$ 452	\$ 1,559	\$ 803	\$ 140	\$ 99	\$ 5,867
Increase \$/kWh	\$ 0.0013	\$ 0.0012	\$ 0.0010	\$ 0.0009	\$ 0.0012	\$ 0.0036	\$ 0.0011
Percentage Increase over Base Rates	2.3%	1.5%	1.7%	2.3%	2.3%	2.3%	2.1%
Difference from Company Proposal \$	\$ (14,669)	\$ (2,147)	\$ (7,841)	\$ (3,823)	\$ (586)	\$ (371)	\$ (29,437)
Difference from Company Proposal %	-12.0%	-7.3%	-8.8%	-11.0%	-9.7%	-8.6%	-10.3%

Residential Rate Design

Current Residential Rate

	Current Base	Current Billing
Basic Charge	\$ 5.00	\$ 5.00
First 600	\$ 0.04522	\$ 0.04633
Next 700	\$ 0.05261	\$ 0.05574
Over 1,300	\$ 0.06167	\$ 0.06726

Avista Proposed Rates

Element	Proposed Base	Proposed Billing	Increase Base	Increase Billing
Basic Charge	\$ 5.50	\$ 5.50	10.0%	10.0%
First 600	\$ 0.05264	\$ 0.05375	16.4%	16.0%
Next 700	\$ 0.06003	\$ 0.06316	14.1%	13.3%
Over 1,300	\$ 0.06909	\$ 0.07468	12.0%	11.0%

Alternative Proposed Rates

Element	Current Base	Units	Current Revenue	Increase \$	Increase	Adjusted Base Rates
Basic Charge	\$ 5.00	2,235,890	\$ 11,179,450	\$ -	\$ -	\$ 5.00
First 600	\$ 0.04522	1,158,260,171	\$ 52,376,525	\$ -	\$ -	\$ 0.04522
Next 700	\$ 0.05261	659,513,997	\$ 34,697,031	\$ 1,406,662	\$ 0.00213	\$ 0.05474
Over 1,300	\$ 0.06167	376,142,213	\$ 23,196,690	\$ 1,406,662	\$ 0.00374	\$ 0.06541
Total:			\$ 121,449,697	\$ 2,813,323		

Comparison of Residential Rates

Element	Current Base	Company-Proposed Base	Public Counsel Proposed Base	Company Proposed Increase	Public Counsel Proposed Increase
Basic Charge	\$ 5.00	\$ 5.50	\$ 5.00	10%	0%
First 600	\$ 0.04522	\$ 0.05264	\$ 0.04522	16%	0%
Next 700	\$ 0.05261	\$ 0.06003	\$ 0.05474	14%	4%
Over 1,300	\$ 0.06167	\$ 0.06909	\$ 0.06541	12%	6%

Comparison of Residential Bills at Base Rates

Usage	Current Rates	Company Proposed Rates	Public Counsel Proposed Rates
0	\$ 5.00	\$ 5.50	\$ 5.00
100	9.52	10.76	9.52
300	18.57	21.29	18.57
600	32.13	37.08	32.13
1000	47.92	55.09	48.55
1300	63.70	73.10	64.98
2000	106.87	121.47	110.76
3000	168.54	190.56	176.17

Schedule 11 Small General Service Rates

Current Rates and Company Proposed Rates

		Units	Current Rate	Current Revenue	Company Proposal	Proposed Revenue
Customers		296,635	\$ 5.75	\$ 1,705,651	\$ 6.00	\$ 1,779,810
First 3,650 kWh		318,524,398	\$ 0.0730	\$ 23,252,281	\$ 0.07974	\$ 25,399,135
Over 3,650 kWh		56,963,519	\$ 0.0730	\$ 4,158,337	\$ 0.07974	\$ 4,542,271
Total Energy		375,487,917		\$ -	\$ 0.07974	\$ 29,941,407
Excess Demand		115,794	\$ 3.50	\$ 405,279	\$ 3.50	\$ 405,279
Total				\$ 29,521,548		\$ 32,126,496

Public Counsel Proposal

		Units	Current Rate	Current Revenue	Proposed Rate	Proposed Revenue
Customers		296,635	\$ 5.75	\$ 1,705,651	\$ 5.75	\$ 1,705,651
First 3,650 kWh		318,524,398	\$ 0.0730	\$ 23,252,281	\$ 0.07442	\$ 23,704,662
Over 3,650 kWh		56,963,519	\$ 0.0730	\$ 4,158,337	\$ 0.07300	\$ 4,158,337
Total Energy		375,487,917		\$ -		\$ 27,862,999
Excess Demand		115,794	\$ 3.50	\$ 405,279	\$ 3.50	\$ 405,279
Total				\$ 29,521,548		\$ 29,973,929
Increase						\$ 452,381

Bill Comparison						
Usage	Demand	Current Rates	Company Proposed Rates	Public Counsel Proposed Rates	Company Proposed Increase %	Public Counsel Proposed Increase %
0		\$ 5.75	\$ 6.00	\$ 5.75	4%	0%
100	1	\$ 13.05	13.97	\$ 13.19	7%	1%
300	2	\$ 27.65	29.92	\$ 28.08	8%	2%
500	3	\$ 42.25	45.87	\$ 42.96	9%	2%
1000	10	\$ 78.75	85.74	\$ 80.17	9%	2%
3000	15	\$ 224.75	245.22	\$ 229.01	9%	2%
4000	25	\$ 315.25	342.46	\$ 320.93	9%	2%
10000	40	\$ 805.75	873.40	\$ 811.43	8%	1%
20000	75	\$ 1,658.25	1,793.30	\$ 1,663.93	8%	0%

		Current Rate	Company- Proposed Rate	Public Counsel Proposed Rate
Customer Charge	\$	5.75	\$ 6.00	\$ 5.75
First 3,650 kWh	\$	0.07300	\$ 0.07974	\$ 0.07442
Over 3,650 kWh	\$	0.07300	\$ 0.07974	\$ 0.07300
				\$ -
Excess Demand	\$	3.50	\$ 3.50	\$ 3.50

Avista Rate Increase

Residential

	Current Base	Current Billing	Proposed Base	Proposed Billing	Increase Base	Increase Billing
Basic Charge	\$ 5.00	\$ 5.00	\$ 5.50	\$ 5.50	10.0%	10%
First 600	\$ 0.04522	\$ 0.04633	\$ 0.05264	\$ 0.05375	16.4%	16%
Next 700	\$ 0.05261	\$ 0.05574	\$ 0.06003	\$ 0.06316	14.1%	13%
Over 1,300	\$ 0.06167	\$ 0.06726	\$ 0.06909	\$ 0.07468	12.0%	11%

**Workpapers for Company Proposal
From Knox Workpaper P. 98**

	Units	Current Base Rate	Current Base Revenue	Proposed Base Rate	Proposed Base Revenue	Increase	Increase %
Basic Charge	2,235,890	\$ 5.00	\$ 11,179,450	\$ 5.50	\$ 12,297,395	\$ 1,117,945	10.0%
First 600	1,158,260,171	\$ 0.04522	\$ 52,376,525	\$ 0.05264	\$ 60,970,815	\$ 8,594,290	16.4%
Next 700	659,513,997	\$ 0.05261	\$ 34,697,031	\$ 0.06003	\$ 39,590,625	\$ 4,893,594	14.1%
Over 1,300	376,142,213	\$ 0.06167	\$ 23,196,690	\$ 0.06909	\$ 25,987,665	\$ 2,790,975	12.0%
	2,193,916,381		\$ 121,449,697		\$ 138,846,501	\$ 17,396,805	14.3%

Block Ratios At Current and Proposed Rates

	Current	Ratio	Proposed	Ratio
Block 1	\$ 0.04522		\$ 0.05264	
Block 2	\$ 0.05261	#DIV/0!	\$ 0.06003	#DIV/0!
Block 3	\$ 0.06167	#DIV/0!	\$ 0.06909	#DIV/0!
Weighted Average	\$ 0.05590	#DIV/0!	\$ 0.06366	#DIV/0!

Alternative 1: Uniform Percentage Increase

	Units	Current Base Rate	Current Base Revenue	Proposed Base Rate	Proposed Base Revenue	Increase	Increase %
Basic Charge	2,235,890	\$ 5.00	\$ 11,179,450	\$ 5.72	\$ 12,780,827	\$ 1,601,377	14.3%
First 600	1,158,260,171	\$ 0.04522	\$ 52,376,525	\$ 0.04974	\$ 57,614,177	\$ 5,237,652	10.0%
Next 700	659,513,997	\$ 0.05261	\$ 34,697,031	\$ 0.05787	\$ 38,166,735	\$ 3,469,703	10.0%
Over 1,300	376,142,213	\$ 0.06167	\$ 23,196,690	\$ 0.06784	\$ 25,516,359	\$ 2,319,669	10.0%
Total:	2,193,916,381		\$ 121,449,697		\$ 134,078,098	\$ 12,628,401	10.4%

Alternative 2: Cost-Based Rates: Move to 1.2 Ratio of Mid-Block and 1.8 Ratio of End Block

	Units	Current Base Rate	Current Base Revenue	Proposed Base Rate	Proposed Base Revenue	Increase	Increase %
Basic Charge	2,235,890	\$ 5.00	\$ 11,179,450	\$ 5.50	\$ 12,297,395	\$ 1,117,945	10.0%
First 600	1,158,260,171	\$ 0.04522	\$ 52,376,525	\$ 0.04716	\$ 54,623,550	\$ 2,247,025	4.3%
Next 700	659,513,997	\$ 0.05261	\$ 34,697,031	\$ 0.06602	\$ 43,543,752	\$ 8,846,721	25.5%
Over 1,300	376,142,213	\$ 0.06167	\$ 23,196,690	\$ 0.07546	\$ 28,382,187	\$ 5,185,497	22.4%
Total:	2,193,916,381		\$ 121,449,697		\$ 138,846,884	\$ 17,397,187	14.3%

Alternative 3: 75% of Average increase to First Block; Average to Second

	Units	Current Base Rate	Current Base Revenue	Proposed Base Rate	Proposed Base Revenue	Increase	Increase %
Basic Charge	2,235,890	\$ 5.00	\$ 11,179,450	\$ 5.50	\$ 12,297,395	\$ 1,117,945	10.0%
First 600	1,158,260,171	\$ 0.04522	\$ 52,376,525	\$ 0.05008	\$ 58,003,572	\$ 5,627,047	10.7%
Next 700	659,513,997	\$ 0.05261	\$ 34,697,031	\$ 0.06015	\$ 39,667,243	\$ 4,970,212	14.3%
Over 1,300	376,142,213	\$ 0.06167	\$ 23,196,690	\$ 0.06410	\$ 24,109,888	\$ 913,197	3.9%
Total:	2,193,916,381		\$ 121,449,697		\$ 134,078,098	\$ 12,628,401	10.4%

Other Utilities Rate Designs

Not including PCA, or Conservation Surcharges

	Puget	Ratio	Pacific	Ratio
Basic Charge	5.75		4.75	

First 600		0.06933			0.04285	
Next 700		0.084966	123%		0.06766	158%
Over 1300		0.084966	123%		0.06766	158%

Avista Small General Service Rate Design

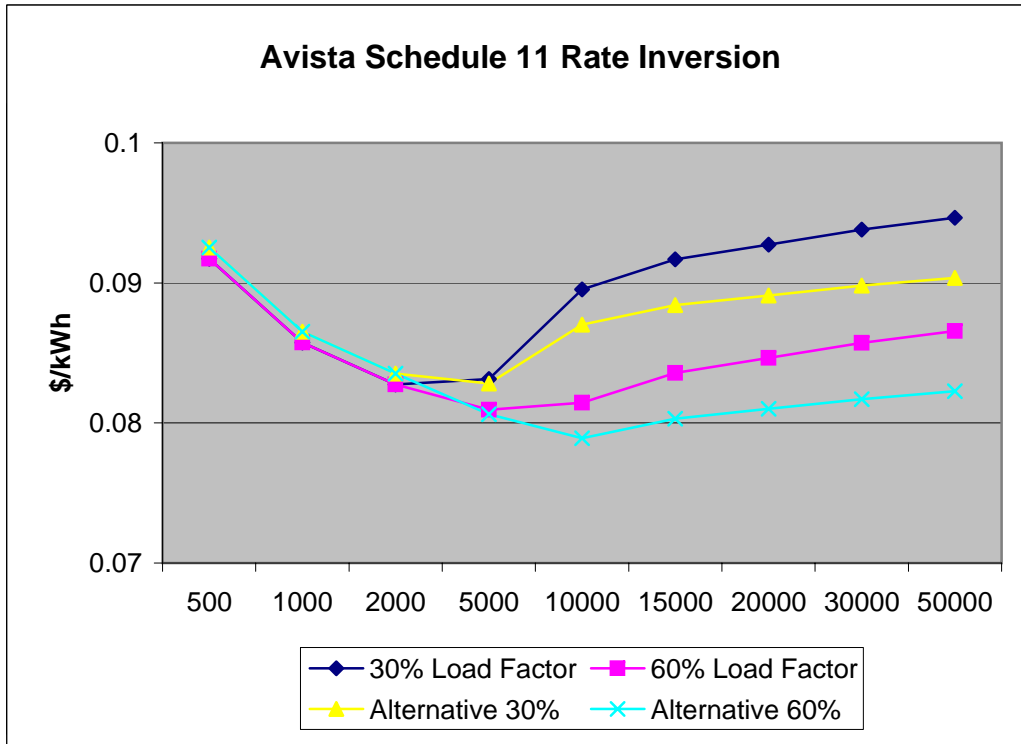
Billing Determinants
Knox WP 98/99

		Units	Current Rates	Revenue	Proposed Rates	Proposed Revenue	Change \$	Change %
Customers		296,635	\$ 5.75	\$ 1,705,651	\$ 6.00	\$ 1,779,810	\$ 74,159	4%
Kilowatt-Hours		371,391,018	\$ 0.07300	\$ 27,111,544	\$ 0.07974	\$ 29,614,720	\$ 2,503,175	9%
Excess Demand		115,794	\$ 3.50	\$ 405,279	\$ 3.50	\$ 405,279	\$ -	0%

Note: Base Tariff Rates Only

Effective Cost / kWh @ Load Factor at Company proposed rates

kWh	kW @ 30% LF	kW @ 60% LF	Customer + Energy	Demand @ 30% LF	Total @ 30% LF	Demand @ 60% LF	Total @ 60% LF	Average @ 30% LF	Average @ 60% LF
0	-	0	\$ 6.00	\$ -	\$ 6.00	0	\$ 6.00		
500	2.3	1.2	\$ 45.87	\$ -	\$ 45.87	0	\$ 45.87	\$ 0.0917	\$ 0.0917
1000	4.6	2.3	\$ 85.74	\$ -	\$ 85.74	0	\$ 85.74	\$ 0.0857	\$ 0.0857
2000	9.3	4.6	\$ 165.48	\$ -	\$ 165.48	0	\$ 165.48	\$ 0.0827	\$ 0.0827
5000	23.1	11.6	\$ 404.70	\$ 11.02	\$ 415.72	0	\$ 404.70	\$ 0.0831	\$ 0.0809
10000	46.3	23.1	\$ 803.40	\$ 92.04	\$ 895.44	\$ 11.02	\$ 814.42	\$ 0.0895	\$ 0.0814
15000	69.4	34.7	\$ 1,202.10	\$ 173.06	\$ 1,375.16	\$ 51.53	\$ 1,253.63	\$ 0.0917	\$ 0.0836
20000	92.6	46.3	\$ 1,600.80	\$ 254.07	\$ 1,854.87	\$ 92.04	\$ 1,692.84	\$ 0.0927	\$ 0.0846
30000	138.9	69.4	\$ 2,398.20	\$ 416.11	\$ 2,814.31	\$ 173.06	\$ 2,571.26	\$ 0.0938	\$ 0.0857
50000	231.5	115.7	\$ 3,993.00	\$ 740.19	\$ 4,733.19	\$ 335.09	\$ 4,328.09	\$ 0.0947	\$ 0.0866



Effect of Alternative Rate Design
Based on Guesstimated Billing Determinants

	Current Rates	Company Proposed Rates	Alternative Rates
Customer Charge	\$ 5.75	\$ 6.00	\$ 6.00
Demand Charge over 20 kw	\$ 3.50	\$ 3.50	\$ 3.50
First 4000 kWh	\$ 0.07300	\$ 0.07974	\$ 0.08053
Over 4000 kWh	\$ 0.07300	\$ 0.07974	\$ 0.07500

kWh	kW @ 30% LF	kW @ 60% LF	Customer + Energy	Demand @ 30% LF	Total @ 30% LF	Demand @ 60% LF	Total @ 60% LF	Average @ 30% LF	Average @ 60% LF
0	-	0	\$ 6.00	\$ -	\$ 6.00	0	\$ 6.00		
500	2.3	1.2	\$ 46.26	\$ -	\$ 46.26	0	\$ 46.26	\$ 0.0925	\$ 0.0925
1000	4.6	2.3	\$ 86.53	\$ -	\$ 86.53	0	\$ 86.53	\$ 0.0865	\$ 0.0865
2000	9.3	4.6	\$ 167.05	\$ -	\$ 167.05	0	\$ 167.05	\$ 0.0835	\$ 0.0835
5000	23.1	11.6	\$ 403.11	\$ 11.02	\$ 414.13	0	\$ 403.11	\$ 0.0828	\$ 0.0806
10000	46.3	23.1	\$ 778.11	\$ 92.04	\$ 870.14	\$ 11.02	\$ 789.13	\$ 0.0870	\$ 0.0789
15000	69.4	34.7	\$ 1,153.11	\$ 173.06	\$ 1,326.16	\$ 51.53	\$ 1,204.63	\$ 0.0884	\$ 0.0803
20000	92.6	46.3	\$ 1,528.11	\$ 254.07	\$ 1,782.18	\$ 92.04	\$ 1,620.14	\$ 0.0891	\$ 0.0810
30000	138.9	69.4	\$ 2,278.11	\$ 416.11	\$ 2,694.22	\$ 173.06	\$ 2,451.16	\$ 0.0898	\$ 0.0817
50000	231.5	115.7	\$ 3,778.11	\$ 740.19	\$ 4,518.29	\$ 335.09	\$ 4,113.20	\$ 0.0904	\$ 0.0823

Comparison of Existing, Proposed, and Alternative Rates @ 30% Load Factor

kWh	kW @ 30% LF	Current	Proposed	Alternative	Proposed vs. Current	Alternative vs. Current	Alternative vs. Proposed
0	-	\$ 5.75	\$ 6.00	\$ 6.00	4%	4%	0%
500	2.3	\$ 42.25	\$ 45.87	\$ 46.26	9%	9%	1%
1000	4.6	\$ 78.75	\$ 85.74	\$ 86.53	9%	10%	1%
2000	9.3	\$ 151.75	\$ 165.48	\$ 167.05	9%	10%	1%
5000	23.1	\$ 381.77	\$ 415.72	\$ 414.13	9%	8%	0%
10000	46.3	\$ 827.79	\$ 895.44	\$ 870.14	8%	5%	-3%
15000	69.4	\$ 1,273.81	\$ 1,375.16	\$ 1,326.16	8%	4%	-4%
20000	92.6	\$ 1,719.82	\$ 1,854.87	\$ 1,782.18	8%	4%	-4%
30000	138.9	\$ 2,611.86	\$ 2,814.31	\$ 2,694.22	8%	3%	-4%
50000	231.5	\$ 4,395.94	\$ 4,733.19	\$ 4,518.29	8%	3%	-5%

Estimate of Rate Blocks

Assume: All schedule shifting is Block 2

Assume: Block breaks at 4,000 kWh

Excess Demand	115,794
Block 1 kWh	318,524,398
kWh over 3,650	52,866,618
Total kWh	371,391,016