

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-05_____

DOCKET NO. UG-05_____

EXHIBIT NO. _____(DDH-2)

DAVID D. HOLMES

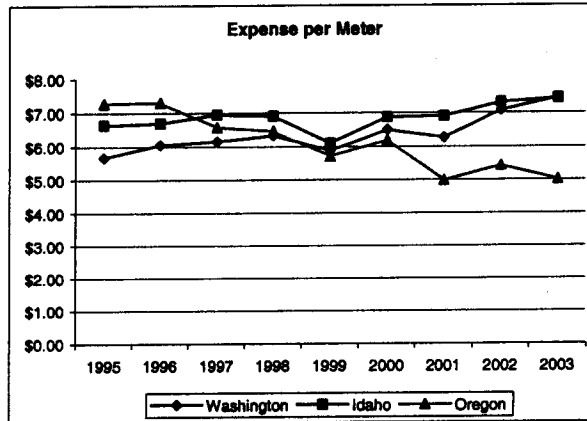
REPRESENTING AVISTA CORPORATION

METER READING EXPENSES 1995 - 2004

(All Locations for Account x902.xx)

	Washington			Idaho			Oregon			Company		
	Cost	Cust	\$/mtr	Cost	Cust	\$/mtr	Cost	Cust	\$/mtr	Cost	Cust	\$/mtr
1995	\$1,881,190	293,138	\$6.67	\$879,447	132,368	\$6.64	\$447,346	61,513	\$7.27	\$2,987,983	487,019	\$6.14
1996	\$1,819,206	300,266	\$6.06	\$927,554	138,495	\$6.70	\$476,603	65,290	\$7.30	\$3,223,364	504,053	\$6.39
1997	\$1,894,633	307,682	\$6.16	\$1,000,371	143,919	\$6.95	\$451,448	68,623	\$6.58	\$3,346,652	520,224	\$6.43
1998	\$2,001,076	315,675	\$6.34	\$1,036,070	150,009	\$6.91	\$471,254	72,850	\$6.47	\$3,508,400	538,534	\$6.51
1999	\$1,898,682	322,862	\$5.88	\$946,753	154,992	\$6.11	\$426,819	74,878	\$5.70	\$3,272,264	552,732	\$5.92
2000	\$2,132,285	328,163	\$6.50	\$1,093,684	159,269	\$6.87	\$481,281	77,689	\$6.19	\$3,707,250	565,121	\$6.56
2001	\$2,175,067	346,535	\$6.28	\$1,120,487	162,436	\$6.90	\$424,039	84,981	\$4.99	\$3,719,583	593,952	\$6.26
2002	\$2,459,379	348,000	\$7.07	\$1,207,072	165,304	\$7.30	\$467,047	86,000	\$5.43	\$4,133,498	599,304	\$6.90
2003	\$2,688,689	359,248	\$7.43	\$1,283,042	172,745	\$7.43	\$449,604	89,587	\$5.02	\$4,401,335	621,580	\$7.08
2004	\$2,696,259	359,248	\$7.51	\$1,393,131	180,238	\$7.73	\$491,017	91,103	\$5.39	\$4,582,407	630,589	\$7.27

2004 Washington "902" Cost Allocation		
Transportation	181,883	6.7%
Materials	26,114	1.0%
Direct Labor	1,501,616	55.7%
Labor Loadings	988,646	36.6%
2004 WA "902"	2,698,259	100.0%



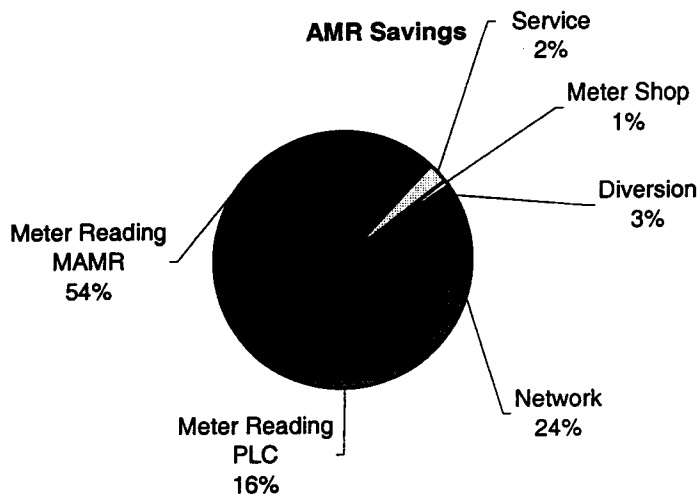
Estimated Project Costs (2004 dollars)

Year	Units		Cost		Total Gas & Electric	Fixed Network	Escalated Installation														
	Gas	Electric	Gas	Electric			Exported to Financial Calcs		Project Total												
							Total Gas	Total Electric													
2005																					
2006	19,806	36,738	\$1,267,882	\$3,641,167	\$4,909,050	\$0	\$1,287,408	\$3,697,241	\$4,984,649												
2007	19,806	36,738	\$1,267,882	\$3,641,167	\$4,909,050	\$0	\$1,307,234	\$3,754,179	\$5,061,413												
2008	19,806	36,738	\$1,267,882	\$3,641,167	\$4,909,050	\$0	\$1,327,365	\$3,811,993	\$5,139,358												
2009	30,292	56,188	\$1,939,114	\$5,568,844	\$7,507,958	\$0	\$2,061,351	\$5,919,891	\$7,981,242												
2010	17,476	32,416	\$1,118,720	\$3,212,795	\$4,331,514	\$3,142,216	\$2,727,284	\$5,339,924	\$8,067,208												
2011	9,320	17,289	\$596,651	\$1,713,490	\$2,310,141	\$4,713,325	\$2,968,647	\$4,729,292	\$7,697,938												
2012	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
2013	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0												
	116,506	216,108	\$7,458,132	\$21,418,631	\$28,876,762	\$7,855,541	\$11,679,289	\$27,252,519	\$38,931,808												
							<table border="1"> <thead> <tr> <th colspan="3">% of Project</th> </tr> </thead> <tbody> <tr> <td>12.0%</td> <td>Installation Labor Escalation</td> <td>0.7%</td> </tr> <tr> <td>88.0%</td> <td>Materials Escalation</td> <td>0.9%</td> </tr> <tr> <td></td> <td>Net Project Escalation</td> <td>1.5%</td> </tr> </tbody> </table>			% of Project			12.0%	Installation Labor Escalation	0.7%	88.0%	Materials Escalation	0.9%		Net Project Escalation	1.5%
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AMR Saving in 2004 Dollars

Total Meters in Washington	359,248
Annual expense to read meters in Washington	\$2,698,259
Current cost per meter	\$7.51
Retention for meter reading administration, software maint	6%
Variable Meter Reading Costs	\$2,536,363
Variable Meter Reading Costs per meter	\$7.06
Savings of MAMR versus walking	60%
Additional savings from network	35%
Retention for additional check reads with network	5%
Estimate of meters read with PLC	55,823
Estimate of meters read with MAMR	303,425

Annual Savings		Savings	Meter
Meter Reading PLC	- Reduction in Meter reading staff	\$394,123	\$1.10
Meter Reading MAMR	- Reduction in Meter reading staff	\$1,285,344	\$3.58
Customer Service	- Call Center, Rebills	\$59,400	\$0.17
Meter Shop	- Meter refurbishment reduction & testing	\$20,000	\$0.06
Diversion	- Tamper reduction	\$70,000	\$0.19
System loss reduction with solid state metering .50 mtr/yr		\$100,000	\$0.28
Annual savings from MAMR & PLC system		\$1,928,867	\$5.37
Additional Meter Reading Savings from Network (applies to network %)		\$749,784	\$2.47
Network operation (communication to collectors)		-\$185,949	-\$0.61
Network	- Additional net savings from network	\$563,835	\$1.86
Annual AMR savings with fixed network (full implementation)		\$2,492,703	



Estimated Project Savings (nominal 2004 dollars)

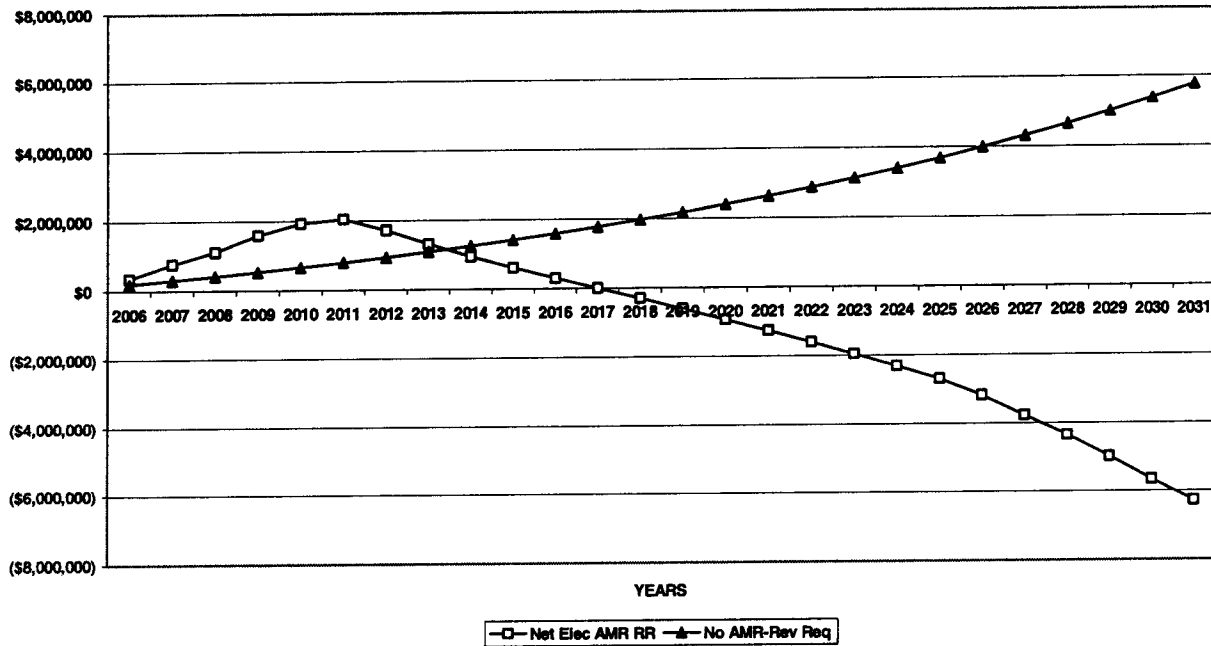
MAMR \$5.37
Fixed \$1.86

Year	Installed Units		Savings GAS		Savings Electric			Savings		Total
	Gas	Electric	Gas	Network Gas	PLC Electric	RF Electric	Network Electric	Total Gas	Total Electric	
2005	19,449	7,185	\$0	\$0						
2006	39,255	43,923	\$210,767	\$0	\$80,032	\$175,801	\$0	\$210,767	\$235,832	\$446,600
2007	59,061	80,662	\$317,109	\$0	\$108,272	\$324,816	\$0	\$317,109	\$433,087	\$750,197
2008	78,867	117,400	\$423,452	\$0	\$157,586	\$472,757	\$0	\$423,452	\$630,342	\$1,053,794
2009	109,159	173,588	\$586,092	\$0	\$233,007	\$699,020	\$0	\$586,092	\$932,026	\$1,518,119
2010	126,835	206,004	\$679,924	\$94,127	\$276,519	\$829,556	\$114,841	\$774,050	\$1,220,916	\$1,994,967
2011	135,955	223,293	\$729,967	\$252,637	\$299,725	\$899,175	\$311,199	\$982,604	\$1,510,099	\$2,492,703
2012	135,955	223,293	\$729,967	\$252,637	\$299,725	\$899,175	\$311,199	\$982,604	\$1,510,099	\$2,492,703
2013	135,955	223,293	\$729,967	\$252,637	\$299,725	\$899,175	\$311,199	\$982,604	\$1,510,099	\$2,492,703

Estimated Project Savings (Escalated and pre tax)

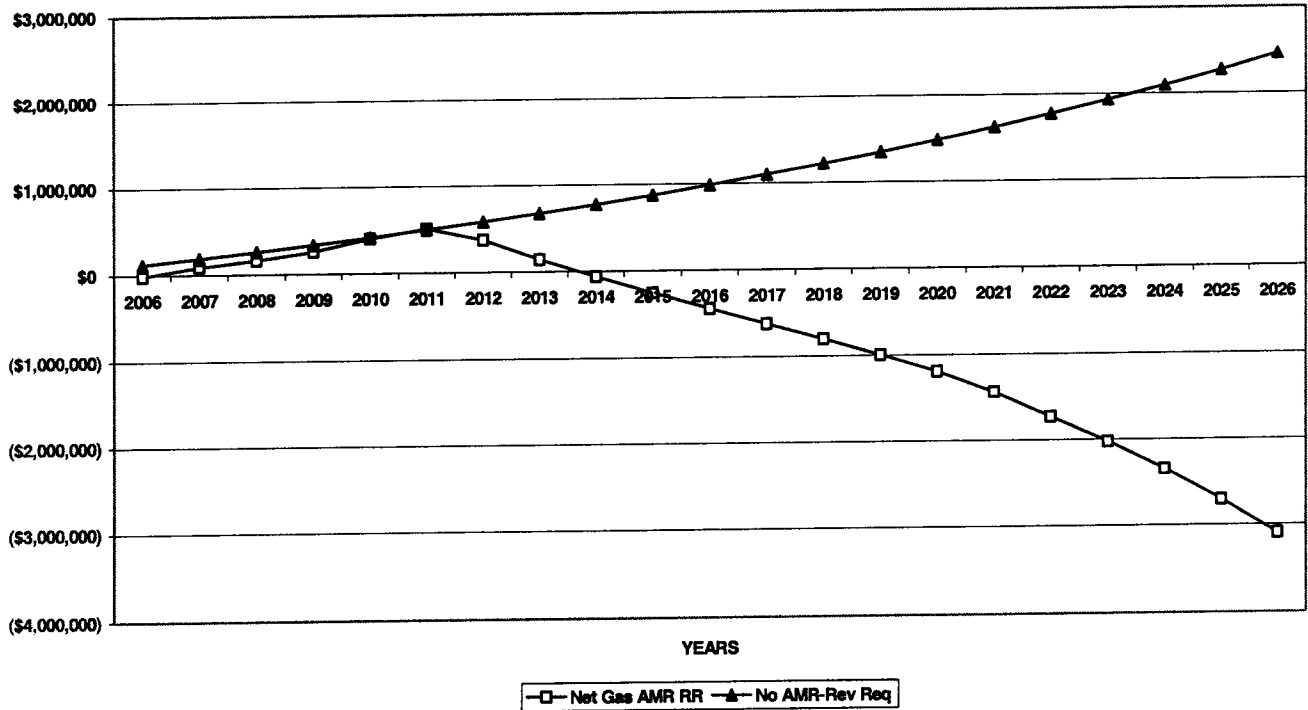
Escalated Savings		5.54%	
Based on 10 yr WA history (Exported to Financial Calculations)			
	Gas	Electric	Total
2005			
2006	\$222,439	\$248,892	\$471,331
2007	\$353,202	\$482,381	\$835,583
2008	\$497,766	\$740,965	\$1,238,731
2009	\$727,101	\$1,156,263	\$1,883,364
2010	\$1,013,456	\$1,598,533	\$2,611,989
2011	\$1,357,754	\$2,086,644	\$3,444,398
2012	\$1,432,941	\$2,202,193	\$3,635,135
2013	\$1,512,292	\$2,324,142	\$3,836,433
2014	\$1,596,036	\$2,452,843	\$4,048,879
2015	\$1,684,418	\$2,588,671	\$4,273,089
2016	\$1,777,694	\$2,732,021	\$4,509,715
2017	\$1,876,135	\$2,883,309	\$4,759,444
2018	\$1,980,028	\$3,042,975	\$5,023,003
2019	\$2,089,673	\$3,211,482	\$5,301,156
2020	\$2,205,391	\$3,389,321	\$5,594,711
2021	\$2,327,516	\$3,577,007	\$5,904,523
2022	\$2,456,404	\$3,775,087	\$6,231,491
2023	\$2,592,430	\$3,984,135	\$6,576,565
2024	\$2,735,988	\$4,204,760	\$6,940,748
2025	\$2,887,496	\$4,437,602	\$7,325,098

WA: Incremental AMR Electric Nominal Revenue Requirement vs No AMR



Years	Elec AMR Costs	Elec AMR Savings	Net Elec AMR RR	No AMR-Rev Req
2006	\$613,403	\$260,027	\$353,376	\$199,416
2007	\$1,275,342	\$503,962	\$771,381	\$307,484
2008	\$1,885,305	\$774,115	\$1,111,190	\$421,539
2009	\$2,800,007	\$1,207,993	\$1,592,014	\$541,912
2010	\$3,601,060	\$1,670,050	\$1,931,010	\$668,955
2011	\$4,224,821	\$2,179,998	\$2,044,823	\$803,035
2012	\$4,017,442	\$2,300,717	\$1,716,725	\$944,544
2013	\$3,736,436	\$2,428,122	\$1,308,314	\$1,093,892
2014	\$3,510,442	\$2,562,581	\$947,861	\$1,251,514
2015	\$3,320,868	\$2,704,486	\$616,383	\$1,417,868
2016	\$3,159,752	\$2,854,249	\$305,503	\$1,593,438
2017	\$3,018,379	\$3,012,305	\$6,074	\$1,778,735
2018	\$2,883,317	\$3,179,114	(\$295,798)	\$1,974,297
2019	\$2,748,254	\$3,355,161	(\$606,907)	\$2,180,694
2020	\$2,613,191	\$3,540,955	(\$927,764)	\$2,398,524
2021	\$2,478,128	\$3,737,039	(\$1,258,911)	\$2,628,423
2022	\$2,343,065	\$3,943,980	(\$1,600,915)	\$2,871,058
2023	\$2,208,003	\$4,162,382	(\$1,954,379)	\$3,127,135
2024	\$2,072,940	\$4,392,877	(\$2,319,937)	\$3,397,399
2025	\$1,937,877	\$4,636,136	(\$2,698,259)	\$3,682,635
2026	\$1,710,030	\$4,892,866	(\$3,182,836)	\$3,983,673
2027	\$1,397,133	\$5,163,813	(\$3,766,680)	\$4,301,389
2028	\$1,099,820	\$5,449,763	(\$4,349,943)	\$4,636,707
2029	\$766,907	\$5,751,548	(\$4,984,642)	\$4,990,601
2030	\$419,764	\$6,070,045	(\$5,650,281)	\$5,364,100
2031	\$130,403	\$6,406,179	(\$6,275,776)	\$5,758,292

WA: Incremental Gas AMR Nominal Revenue Requirement vs. No Gas AMR



Years	Gas AMR Costs	Gas AMR Savings	Net Gas AMR RR	No AMR-Rev Req
2006	\$216,962	\$233,901	(\$16,940)	\$123,098
2007	\$461,914	\$371,403	\$90,511	\$189,807
2008	\$687,948	\$523,416	\$164,532	\$260,213
2009	\$1,020,836	\$764,569	\$256,267	\$334,518
2010	\$1,464,692	\$1,065,681	\$399,011	\$412,941
2011	\$1,935,484	\$1,427,721	\$507,763	\$495,707
2012	\$1,879,018	\$1,506,782	\$372,236	\$583,059
2013	\$1,735,834	\$1,590,222	\$145,612	\$675,251
2014	\$1,618,319	\$1,678,281	(\$59,962)	\$772,550
2015	\$1,516,215	\$1,771,218	(\$255,003)	\$875,239
2016	\$1,427,424	\$1,869,300	(\$441,877)	\$983,617
2017	\$1,349,636	\$1,972,814	(\$623,179)	\$1,097,999
2018	\$1,275,617	\$2,082,061	(\$806,443)	\$1,218,719
2019	\$1,201,599	\$2,197,356	(\$995,758)	\$1,346,125
2020	\$1,127,580	\$2,319,037	(\$1,191,457)	\$1,480,591
2021	\$1,010,074	\$2,447,456	(\$1,437,382)	\$1,622,505
2022	\$852,489	\$2,582,985	(\$1,730,497)	\$1,772,282
2023	\$701,776	\$2,726,020	(\$2,024,244)	\$1,930,356
2024	\$533,938	\$2,876,976	(\$2,343,038)	\$2,097,188
2025	\$329,549	\$3,036,291	(\$2,706,742)	\$2,273,262
2026	\$109,687	\$3,204,428	(\$3,094,741)	\$2,459,091