

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	
v.)	DOCKETS UE-160228 and UG-160229 (Consolidated)
)	
AVISTA CORPORATION, DBA AVISTA UTILITIES,)	
)	
Respondent.)	
<hr/>)	

EXHIBIT NO. RRS-8

**MODIFICATIONS FOR PRODUCTION-RELATED COST ALLOCATION &
TRANSMISSION COST ALLOCATION**

AUGUST 17, 2016

Sumcost Scenario: Company Base Case UE-16 _____ Load Factor Peak Credit Method PROPOSED METHOD		AVISTA UTILITIES Cost of Service Basic Summary For the Twelve Months Ended September 30, 2015 Modifications for Production-Related Cost Allocation & Transmission Cost Allocation						Washington Jurisdiction Electric Utility		
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description				System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
Plant In Service										
1	Production Plant			958,839,000	447,807,657	95,895,904	222,515,511	165,708,941	23,115,040	3,795,947
2	Transmission Plant			454,215,000	228,239,951	43,043,551	101,065,304	71,789,164	9,182,571	894,458
3	Distribution Plant			1,001,348,000	531,272,922	122,403,002	234,954,766	32,293,575	33,887,012	46,536,723
4	Intangible Plant			194,637,000	96,778,801	21,099,303	43,815,653	25,027,045	5,079,766	2,836,432
5	General Plant			240,775,000	133,095,211	27,337,988	47,184,764	22,720,882	6,058,458	4,377,697
6	Total Plant In Service			2,849,814,000	1,437,194,543	309,779,748	649,535,997	317,539,607	77,322,848	58,441,257
Accum Depreciation										
7	Production Plant			(429,370,000)	(200,529,154)	(42,942,375)	(99,642,886)	(74,204,791)	(10,350,961)	(1,699,833)
8	Transmission Plant			(137,051,000)	(68,867,196)	(12,987,598)	(30,494,592)	(21,661,056)	(2,770,672)	(269,886)
9	Distribution Plant			(321,664,000)	(169,882,447)	(38,589,815)	(73,281,280)	(10,156,866)	(10,582,017)	(19,171,575)
10	Intangible Plant			(53,175,000)	(26,709,688)	(5,774,090)	(12,036,263)	(6,270,598)	(1,419,207)	(965,154)
11	General Plant			(79,036,000)	(43,599,232)	(8,859,857)	(15,603,154)	(7,539,426)	(1,981,383)	(1,452,949)
12	Total Accumulated Depreciation			(1,020,296,000)	(509,587,717)	(109,153,734)	(231,058,175)	(119,832,737)	(27,104,240)	(23,559,397)
13	Net Plant			1,829,518,000	927,606,826	200,626,014	418,477,822	197,706,870	50,218,608	34,881,860
14	Accumulated Deferred FIT			(391,202,000)	(198,533,123)	(42,973,392)	(88,106,707)	(43,134,250)	(10,585,079)	(7,869,448)
15	Miscellaneous Rate Base			37,156,000	19,951,639	6,078,871	6,677,212	2,769,439	1,164,051	514,789
16	Total Rate Base			1,475,472,000	749,025,342	163,731,493	337,048,328	157,342,058	40,797,579	27,527,200
17	Revenue From Retail Rates			495,064,000	211,070,000	70,975,000	129,105,000	64,450,500	12,510,500	6,953,000
18	Other Operating Revenues			51,332,000	24,567,412	5,165,776	11,827,014	8,191,742	1,235,603	344,453
19	Total Revenues			546,396,000	235,637,412	76,140,776	140,932,014	72,642,242	13,746,103	7,297,453
Operating Expenses										
20	Production Expenses			184,166,000	86,011,254	18,418,906	42,738,970	31,828,026	4,439,749	729,095
21	Transmission Expenses			19,905,000	10,002,127	1,886,291	4,428,971	3,146,006	402,407	39,198
22	Distribution Expenses			23,582,000	12,594,856	3,239,819	5,053,800	833,483	793,686	1,066,356
23	Customer Accounting Expenses			11,901,000	8,816,848	1,551,938	857,025	458,941	164,505	51,744
24	Customer Information Expenses			1,547,000	1,319,729	196,344	12,849	134	15,511	2,433
25	Sales Expenses			0	0	0	0	0	0	0
26	Admin & General Expenses			49,476,000	26,620,507	5,605,552	9,908,220	5,315,095	1,229,632	796,994
27	Total O&M Expenses			290,577,000	145,365,322	30,898,849	62,999,834	41,581,685	7,045,489	2,685,820
28	Taxes Other Than Income Taxes			43,353,000	20,119,828	5,359,981	10,611,989	5,410,155	1,132,895	718,151
29	Other Income Related Items Depreciation Expense			2,465,000	1,461,985	396,414	340,908	205,649	61,153	(1,110)
30	Production Plant Depreciation			21,484,000	10,033,697	2,148,669	4,985,741	3,712,918	517,922	85,053
31	Transmission Plant Depreciation			8,211,000	4,125,972	778,113	1,826,992	1,297,757	165,996	16,169
32	Distribution Plant Depreciation			29,270,000	15,686,904	3,708,478	6,679,754	930,292	988,114	1,276,458
33	General Plant Depreciation			32,800,000	17,543,661	3,855,905	6,724,292	3,195,945	870,381	609,817
34	Amortization Expense			2,132,000	1,013,882	215,526	492,207	344,250	51,949	14,186
35	Total Depreciation Expense			93,897,000	48,404,116	10,706,691	20,708,986	9,481,162	2,594,362	2,001,683
36	Income Tax			27,285,000	(362,552)	8,872,621	13,494,573	4,226,955	644,816	408,587
37	Total Operating Expenses			457,577,000	214,988,699	56,234,556	108,156,291	60,905,608	11,478,715	5,813,131
38	Net Income			88,819,000	20,648,713	19,906,219	32,775,723	11,736,634	2,267,388	1,484,322
39	Rate of Return			6.02%	2.76%	12.16%	9.72%	7.46%	5.56%	5.39%
40	Return Ratio			1.00	0.46	2.02	1.62	1.24	0.92	0.90
41	Interest Expense			41,903,000	21,272,114	4,649,929	9,572,080	4,468,471	1,158,640	781,765
42	Revenue Related Expenses			23,898,000	10,188,886	3,426,144	6,232,227	3,111,190	603,914	335,639