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May 28, 2009

*Via Hand Delivery*

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Idaho Public Utilities Commission  
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P.O. Box 83720  
Boise, ID 83720-0074

RECEIVED  
2009 MAY 28 PM 4:27  
IDAHO PUBLIC UTILITIES COMMISSION

Re: IN THE MATTER OF THE APPLICATION OF AVISTA CORPORATION FOR THE AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC AND NATURAL GAS SERVICE TO ELECTRIC AND NATURAL GAS CUSTOMERS IN THE STATE OF IDAHO.

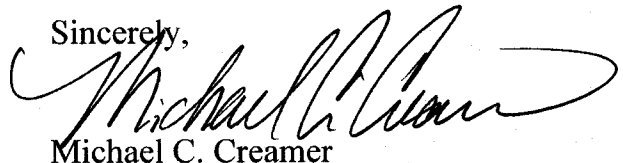
Case Nos. AVU-E-09-1/AVU-G-09-1  
Our File: 10504-1

Dear Jean:

Enclosed for filing please find an original and nine (9) copies of the Direct Testimony of Dennis E. Peseau on behalf of Clearwater Paper Corporation in connection with the above entitled matter.

Thank you for your assistance in this matter.

Sincerely,



Michael C. Creamer

MCC/tma  
cc: Service List (w/enclosures)  
580760\_1

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10504-1/578322\_9

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2009 MAY 28 PM 4: 27

IDAHO PUBLIC  
UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF AVISTA CORPORATION FOR THE  
AUTHORITY TO INCREASE ITS RATES  
AND CHARGES FOR ELECTRIC AND  
NATURAL GAS SERVICE TO ELECTRIC  
AND NATURAL GAS CUSTOMERS IN THE  
STATE OF IDAHO.

Case Nos. AVU-E-09-1  
AVU-G-09-1

**DIRECT TESTIMONY**

**OF**

**DENNIS E. PESEAU**

**ON BEHALF OF**

**CLEARWATER PAPER CORPORATION**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Dennis E. Peseau. My business address is Suite 250, 1500 Liberty Street,  
3 S.E., Salem, Oregon 97302.

4 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

5 A. I am President of Utility Resources, Inc. (URI). URI has consulted on a number of  
6 economic, financial, and engineering matters for various private and public entities for  
7 more than twenty years.

8 **Q. ARE YOU SPONSORING EXHIBITS IN THIS CASE?**

9 A. Yes, attached are Exhibits 301, 302 and 303, which were prepared by me or under my  
10 supervision.

11 **Q. DOES EXHIBIT 301 ACCURATELY DESCRIBE YOUR BACKGROUND AND  
12 EXPERIENCE?**

13 A. Yes.

14 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?**

15 A. Yes. I have testified before the Idaho Commission on numerous occasions since the early  
16 1980's.

17 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THESE  
18 PROCEEDINGS?**

19 A. My testimony discusses two issues in Avista Corporation's ("Avista" or "the Company")  
20 cost of service study that are, in my opinion, incorrect and particularly onerous to higher  
21 load factor customers including my client, Clearwater Paper Corporation. I believe the  
22 issues I raise, and the corrections I propose, significantly improve the accuracy of

1 Avista's cost of service for Clearwater without materially modifying the Company's  
2 eventual allocation of costs to other customer classes.

3 **Q. WHAT IS THE FIRST COST OF SERVICE ISSUE YOU RAISE IN THESE**  
4 **PROCEEDINGS?**

5 A. The first issue pertains to the classification of transmission costs. I provide a brief  
6 historical background with examples of transmission cost classification methods  
7 currently used by neighboring utilities, as well as the Federal Energy Regulatory  
8 Commission ("FERC") to argue transmission costs are incurred to meet Avista's winter  
9 and summer peak loads. As this Commission and many other regulatory bodies have  
10 recognized, transmission facilities are constructed primarily for meeting system peak  
11 loads and such costs therefore are properly classified as demand. Avista, however,  
12 allocates nearly two thirds of system transmission costs to energy.

13 **Q. WHAT IS THE PRACTICAL RESULT OF AVISTA'S CLASSIFICATION OF**  
14 **SIGNIFICANT TRANSMISSION COSTS TO ENERGY?**

15 A. The Company's classification method shifts high system costs it incurs to meet peak  
16 demands to off -peak periods. This result is prejudicial and unfair to high load factor  
17 customers such as Clearwater. It is also a terrible economic policy because customer  
18 rates under this method will be too low during peak periods, and too high during lower-  
19 cost, off-peak periods. The skewed rates will promote more on-peak demand, leading to  
20 greater required generation, transmission and some distribution facilities, to the detriment  
21 of all Avista customers.

1 **Q. PLEASE DESCRIBE YOUR PROPOSED CORRECTION TO AVISTA'S**  
2 **CLASSIFICATION OF TRANSMISSION COSTS.**

3 A. I recommend that 100% of Avista's transmission costs be classified as demand related.  
4 This is the method routinely used by FERC for both Avista and Idaho Power, and it is the  
5 classification adopted by this Commission in the last Idaho Power rate case. Admittedly,  
6 there are cases in which a small portion of a company's transmission costs are classified  
7 as energy costs for various reasons, but Avista's classification of 63.5% of such costs to  
8 energy is completely unprecedented in my experience.

9 **Q. DOES AVISTA ATTEMPT TO JUSTIFY THIS CLASSIFICATION IN ITS**  
10 **TESTIMONY?**

11 A. Not really. I think the classification simply is an unintended result of a misapplication of  
12 the "peak credit" cost of service study Avista uses.

13 **Q. BOTH YOU AND AVISTA WITNESS MS. TARA KNOX REFER TO THE**  
14 **"PEAK CREDIT METHOD." WHAT IS THIS?**

15 A. The peak credit method has a long history of use, but for generation costs only. The peak  
16 credit method was first developed by the National Economic Research Associates, Inc.  
17 ("NERA") in 1977 as part of a national effort to foster a sound U.S. energy pricing policy  
18 among the states. These efforts eventually formed the underpinning for costing and  
19 reporting requirements under the Public Utility Regulatory Policies Act ("PURPA") of  
20 1978.

21 The point that I must emphasize in this regard is that the peak credit method pertains to,  
22 and is valid only for, generation facilities. The peak credit refers to the process by which  
23 the total capital costs of a generation plant are split, or "credited" into demand and energy  
24 classifications. In short, the capital costs of baseload generating plants, because they are

1 more efficient than a peaking plant, have a fuel savings component that is “credited” to  
2 energy, while the minimal capital costs associated with a combustion turbine (“peaker”)  
3 are “credited” to demand.

4 **Q. TO YOUR KNOWLEDGE, WAS THE PEAK CREDIT METHOD THAT AVISTA**  
5 **APPLIES TO BOTH GENERATION AND TRANSMISSION PLANT EVER**  
6 **INTENDED TO BE APPLIED TO TRANSMISSION PLANT?**

7 A. No. Unlike generating facilities, transmission facilities do not have a fuel savings  
8 component, and therefore, they have nothing logical to “credit” or classify to energy.  
9 The peak credit method originated by NERA was applied only to the classification of  
10 generation plant. Transmission plant was always classified to demand in the NERA  
11 studies. Avista should reconsider this issue, and the Commission should use the 100%  
12 demand classification that it has adopted in all prior Idaho Power Company proceedings.

13 **Q. HAVE YOU MADE THESE RECOMMENDED CHANGES IN THE COMPANY**  
14 **COST OF SERVICE MODEL?**

15 A. Yes. My Exhibit 302 contains a three page summary of the outcome of changing  
16 Avista’s original base case by a reclassifying of transmission to 100% demand.

17 **Q. HOW WOULD YOUR PROPOSED CHANGE TO AVISTA’S COST OF**  
18 **SERVICE MODEL BE IMPLEMENTED?**

19 A. The change from Avista’s assumed 36.49/63.51 demand/energy split to 100% demand  
20 simply requires the user to locate the “assign worksheet” in the Company cost of service  
21 model and change Avista’s transmission classification percentages to 0% energy, 100%  
22 demand.

1 **Q. PLEASE SUMMARIZE THE RESULTS OF YOUR PROPOSED**  
2 **RECLASSIFICATION.**

3 A. The results are summarized in Table 1 below. In this table, each customer class's return  
4 contribution is compared to respective rates for the class. A so-called "return ratio" is  
5 then computed for each customer class. If each customer class had rates in effect that  
6 exactly equaled its costs to serve, the return ratio would be unity (one). If a customer  
7 class's return index is greater than (less than) one, it is paying a rate higher than (lower  
8 than) its cost of service.

9	<u>CUSTOMER CLASS</u>	<u>BASE CASE-RETURN INDEX*</u>	<u>CLEARWATER RETURN INDEX **</u>
10	Resid-Schedule 1	.85	.82
11	General Service 11-12	1.48	1.44
12	Large Gen Service 21-22	1.26	1.27
13	Extra Large Gen 25	.59	.64
14	Extra Large Potlatch 25P	.73	.84
15	Pumping Service 31-32	1.43	1.47
16	Lighting Service 41-49	.92	.94

17  
18 \*36.49% demand, 63.51% energy  
19 \*\*100% demand, 0% energy

20 Note that the changes in the return ratios of all customer classes, with the exception of  
21 Clearwater, are very small. However, this change in transmission classification has a  
22 fairly significant impact on the calculated return ratio of Clearwater—an increase from  
23 .73 to .84. This overall result is expected, due to Clearwater's relatively level  
24 consumption throughout the year. Again, I regard my change of transmission  
25 classification as consistent with the way Avista plans its system. It improves cost  
26 allocation to reflect peak and off-peak seasonal cost differences, and attributes demand  
27 costs according to cost causation. The detailed results of this modification are provided  
28 in my Exhibit 302.

1 **Q. PLEASE EXPLAIN YOUR SECOND ISSUE REGARDING TRANSMISSION**  
2 **COSTS.**

3 A. The second issue is very similar to the first issue I raised above. Avista's cost of service  
4 study further misallocates peak season transmission costs to off-peak seasons by, in effect,  
5 assuming that customer demands use transmission capacity equally in each and every  
6 month of the year. Just as I argued that Avista's system planning of transmission facilities  
7 is driven by its need to meet peak season (summer and winter) customer demands, this  
8 same principle calls for allocation of transmission costs to Avista's peak seasons. Failing  
9 to do so, as now is the case in Avista's cost of service study, again understates higher peak  
10 season costs. Therefore, peak rates are under priced, while off-season rates are overpriced.

11 **Q. HOW DOES AVISTA'S COST OF SERVICE STUDY MISALLOCATE**  
12 **TRANSMISSION COSTS?**

13 A. Unlike most electric utilities, including Idaho Power for example, Avista implicitly  
14 assumes that lower customer demands in the off-peak fall and spring seasons impose  
15 "stress"—that is, capacity utilization of its transmission facilities—equal to that in the high  
16 demand winter and summer seasons. This cannot be justified in fact.

17 **Q. HOW DO MOST OTHER UTILITIES PERFORM TRANSMISSION DEMAND**  
18 **ALLOCATIONS?**

19 A. Since the need for transmission facilities is driven by seasonal peak demands, peak  
20 demand months are easily identified, and as a result, costs are allocated predominantly (not  
21 always entirely) to these months. Consequently, summer and/or winter months logically  
22 show the highest costs of service.

23 An illustration of transmission costs being allocated to the peak season is the Commission-  
24 approved Idaho Power method of weighting its transmission costs according to "peak



1 deficiencies” of each month. Peak deficiencies occur overwhelmingly in the months of  
2 June, July and August on Idaho Power’s system. Idaho Power, therefore, allocates all  
3 transmission costs to this summer season.

4 **Q. DOES AVISTA’S SEASONAL PATTERN OF CUSTOMER PEAK DEMANDS**  
5 **FOLLOW THOSE EXPERIENCED IN IDAHO POWER’S SERVICE SYSTEM?**

6 A. No. To appropriately modify Avista’s current twelve-month, equally-weighted method,  
7 one must recognize that Avista typically experiences both summer and winter month  
8 system peak demands.

9 **Q. HOW DO YOU PROPOSE TO MODIFY AVISTA’S COST STUDY IN THIS**  
10 **REGARD?**

11 A. Avista experiences significant winter month peak demands in November, December,  
12 January and February. The Company experiences significant summer month peak  
13 demands in June, July and August. Rather than allocate transmission costs to summer only  
14 as Idaho Power does, it is appropriate to spread Avista’s transmission demand costs to both  
15 the four-month winter and the three-month summer seasons.

16 **Q. HAVE YOU COMPLETED AN AVISTA COST OF SERVICE STUDY THAT**  
17 **INCORPORATES BOTH OF YOUR RECOMMENDATIONS PERTAINING TO**  
18 **THE RECLASSIFICATION AND REALLOCATION OF AVISTA’S**  
19 **TRANSMISSION COSTS?**

20 A. Yes. My Exhibit 303, consisting of three pages, summarizes the results of such a study.  
21 As expected, the better allocation of transmission costs to the higher cost peak demand  
22 seasons shows that customers using power on a level, more efficient basis throughout the  
23 year receive more favorable (lower) allocations of transmission costs.

1 **Q. WHAT IS THE SPECIFIC FINDING FOR CLEARWATER IN THIS STUDY?**

2 A. Exhibit 302, which only reclassified transmission to 100% demand, produced a return ratio  
3 of .84 for Clearwater. Exhibit 303 shows a return ratio for Clearwater of .92, or very  
4 nearly unity (Ex. 303, Pg. 1 of 3, line 40, column (k)).

5 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

6 A. After correcting Avista's cost of service treatment of transmission costs, Clearwater's  
7 relative rate of return is roughly equivalent to the average for all customer classes. Given  
8 the fact that there are still problems with the reliability of Avista's underlying cost of  
9 service data, I recommend that any increase in Avista's rates that may be granted in this  
10 case be spread "across the board" to all customer classes.

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 28<sup>th</sup> day of May, 2009, I caused to be served a true and correct copy of the foregoing document by the method indicated below, and addressed to the following:

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Michael C. Creamer

## **EXHIBIT 301**

### STATEMENT OF OCCUPATIONAL AND EDUCATIONAL HISTORY AND QUALIFICATIONS DENNIS E. PESEAU

Dr. Peseau has conducted economic and financial studies for regulated industries for the past thirty-five years. In 1972, he was employed by Southern California Edison Company as Associate Economic Analyst, and later as Economic Analyst. His responsibilities included review of financial testimony, incremental cost studies, rate design, econometric estimation of demand elasticities and various areas in the field of energy and economic growth. Also, he was asked by Edison Electrical Institute to study and evaluate several prominent energy models as part of the Ad Hoc Committee on Economic Growth and Energy Pricing.

From 1974 to 1978, Dr. Peseau was employed by the Public Utility Commissioner of Oregon as Senior Economist. There he conducted a number of economic and financial studies and prepared testimony pertaining to public utilities.

In 1978 Dr. Peseau established the Northwest office of Zinder Companies, Inc. He has since submitted testimony on economic and financial matters before state regulatory commissions in Alaska, California, Idaho, Maryland, Minnesota, Montana, Nevada, Washington, Wyoming, the District of Columbia, the Bonneville Power Administration and the Public Utilities Board of Alberta on over one hundred occasions. He has conducted marginal cost and rate design studies and prepared testimony on these matters in Alaska, California, Idaho, Maryland, Minnesota, Nevada, Oregon, Washington and in the District of Columbia. He has

also conducted cost and rate studies regarding PURPA issues in the states of Alaska, California, Idaho, Montana, Nevada, New York, Washington, and Washington, D.C.

Dr. Peseau holds the B.A., M.A. and Ph.D. degrees in economics.

He has co-authored a book in the field of industrial organization entitled, Size, Profits and Executive Compensation in the Large Corporation, which devotes a chapter to regulated industries.

Dr. Peseau has published articles in the following professional journals: Review of Economics and Statistics, Atlantic Economic Journal, Journal of Financial Management, and Journal of Regional Science. His articles have been read before the Econometric Society, the Western Economic Association, the Financial Management Association, the Regional Science Association and universities in the United Kingdom as well as in the United States.

He has guest lectured on marginal costing methods in seminars in New Jersey and California for the Center of Professional Advancement. He has also guest lectured on cost of capital for the public utility industry before the Pacific Coast Gas and Electric Association, and for the Executive Seminar at the Colgate Darden Graduate School of Business, University of Virginia.

Dr. Peseau and his firm have participated with and been members of the American Economic Association, the American Financial Association, the Western Economic Association, the Atlantic Economic Association and the Financial

Management Association. He was formerly a member of the Staff Subcommittee on Economics of the National Association of Regulatory Utility Commissioners.

Dr. Peseau has been President of Utility Resources, Inc. since 1985.

# EXHIBIT 302

Exhibit 302  
Dennis Peseau

Sumcost		AVISTA UTILITIES						Idaho Jurisdiction				
Scenario: Transmission 100% Demand		Cost of Service Basic Summary						Electric Utility		01/14/06		
AVU-E-04-01 Method		For the Twelve Months Ended September 30, 2008										
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Description	System	Residential	General	Large Gen	Extra Large	Extra Large	Pumping	Street &				
	Total	Service	Service	Service	Gen Service	Service Potlatch	Service	Area Lights				
		Sch 1	Sch 11-12	Sch 21-22	Sch 25	Sch 25P	Sch 31-32	Sch 41-49				
1	Plant In Service	373,731,000	135,227,560	37,650,169	75,194,994	32,149,197	86,363,517	5,962,243	1,183,321			
2	Transmission Plant	160,359,000	63,487,002	17,679,040	31,601,937	13,209,791	31,706,788	2,337,273	337,169			
3	Distribution Plant	391,018,000	197,358,427	61,571,178	91,364,302	10,733,997	2,156,602	8,513,166	19,320,328			
4	Intangible Plant	39,605,000	15,807,254	4,248,738	7,542,130	3,052,655	8,072,075	632,436	249,713			
5	General Plant	61,178,000	32,678,422	8,074,244	9,367,357	2,815,006	6,276,885	955,397	1,010,689			
6	Total Plant In Service	1,025,891,000	444,558,664	129,223,368	215,070,719	61,960,646	134,575,867	18,400,516	22,101,221			
7	Accum Depreciation											
7	Production Plant	(146,687,000)	(52,857,182)	(14,716,423)	(29,540,070)	(12,641,759)	(34,111,303)	(2,348,989)	(471,275)			
8	Transmission Plant	(55,770,000)	(22,079,647)	(6,148,455)	(10,990,590)	(4,594,130)	(11,027,055)	(812,862)	(117,261)			
9	Distribution Plant	(121,422,000)	(60,622,702)	(17,696,227)	(28,258,437)	(3,147,094)	(689,459)	(2,423,039)	(8,585,042)			
10	Intangible Plant	(6,504,000)	(3,229,491)	(814,069)	(1,064,170)	(356,099)	(849,665)	(102,040)	(88,466)			
11	General Plant	(26,764,000)	(14,296,075)	(3,532,300)	(4,098,008)	(1,231,502)	(2,745,995)	(417,965)	(442,154)			
12	Total Accumulated Depreciation	(357,147,000)	(153,085,097)	(42,907,474)	(73,951,274)	(21,970,584)	(49,473,480)	(6,104,894)	(9,704,197)			
13	Net Plant	668,744,000	291,473,567	86,315,894	141,119,445	39,990,062	86,152,387	12,295,621	12,397,023			
14	Accumulated Deferred FIT	(94,277,000)	(40,548,508)	(11,660,272)	(19,474,363)	(5,898,141)	(13,212,801)	(1,659,511)	(1,823,414)			
15	Miscellaneous Rate Base	2,967,000	614,613	238,204	777,966	342,491	932,131	52,457	9,138			
16	Total Rate Base	577,434,000	251,539,673	74,893,826	122,423,088	34,434,412	72,871,717	10,688,566	10,582,747			
17	Revenue From Retail Rates	220,252,000	86,358,000	27,841,000	46,634,000	14,497,000	37,941,000	4,139,000	2,842,000			
18	Other Operating Revenues	32,908,000	12,229,454	3,428,656	6,654,523	2,733,318	7,164,247	528,842	167,960			
19	Total Revenues	253,160,000	98,587,454	31,270,656	53,288,523	17,230,318	45,105,247	4,667,842	3,009,960			
20	Operating Expenses											
20	Production Expenses	132,634,000	46,952,246	13,071,925	26,812,020	11,520,841	31,686,824	2,157,965	452,380			
21	Transmission Expenses	8,348,000	3,305,019	920,339	1,645,140	687,878	1,650,598	121,674	17,552			
22	Distribution Expenses	9,628,000	4,628,565	1,334,788	2,266,359	325,069	68,906	183,439	818,875			
23	Customer Accounting Expenses	3,484,000	2,571,225	566,133	159,263	37,127	96,165	44,220	9,878			
24	Customer Information Expenses	1,537,000	673,650	169,327	260,612	110,134	295,791	23,169	4,319			
25	Sales Expenses	235,000	79,937	21,975	48,021	20,867	60,270	3,995	934			
26	Admin & General Expenses	21,805,000	11,236,717	2,835,422	3,471,185	1,031,914	2,313,643	345,867	370,253			
27	Total O&M Expenses	177,469,000	69,446,358	18,919,907	34,662,598	13,733,429	36,152,167	2,880,329	1,674,192			
28	Taxes Other Than Income Taxes	8,751,000	3,608,710	1,044,737	1,827,517	594,641	1,381,033	151,527	142,836			
29	Other Income Related Items	(106,000)	(41,853)	(11,655)	(20,903)	(8,744)	(21,069)	(1,550)	(226)			
30	Depreciation Expense											
30	Production Plant Depreciation	9,335,000	3,397,568	945,964	1,875,801	800,892	2,137,719	148,120	28,936			
31	Transmission Plant Depreciation	3,232,000	1,279,566	356,317	636,930	266,240	639,043	47,107	6,796			
32	Distribution Plant Depreciation	10,048,000	4,955,162	1,601,384	2,459,029	306,220	51,900	226,182	438,121			
33	General Plant Depreciation	4,867,000	2,599,723	647,344	745,218	273,947	499,356	75,066	80,405			
34	Amortization Expense	2,256,000	817,505	227,611	453,762	193,936	520,139	36,942	7,105			
35	Total Depreciation Expense	29,738,000	13,059,525	3,773,671	6,170,739	1,791,236	3,848,157	533,358	561,364			
36	Income Tax	6,446,000	1,487,949	1,791,096	2,333,476	(5,848)	473,220	265,335	99,773			
37	Total Operating Expenses	222,297,000	87,560,688	25,517,705	44,973,427	16,104,715	41,833,527	3,829,000	2,477,939			
38	Net Income	30,863,000	11,026,766	5,752,951	8,315,096	1,125,603	3,271,720	838,843	532,021			
39	Rate of Return	5.34%	4.38%	7.68%	6.79%	3.27%	4.49%	7.85%	5.03%			
40	Return Ratio	1.00	0.82	1.44	1.27	0.61	0.84	1.47	0.94			
41	Interest Expense	19,055,000	8,300,669	2,471,455	4,039,893	1,136,316	2,404,726	352,717	349,225			



Sumcost		AVISTA UTILITIES							Idaho Jurisdiction		01/14/06	
Scenario: Transmission 100% Demand		Revenue to Cost by Functional Component Summary							Electric Utility			
AVU-E-04-01 Method		For the Twelve Months Ended September 30, 2008										
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Description	System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Extra Large Service Pollatch Sch 25P	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49				
<b>Functional Cost Components at Current Return by Schedule</b>												
1 Production	135,566,805	47,034,012	14,226,584	28,494,448	11,215,221	31,789,078	2,347,461	460,002				
2 Transmission	16,171,354	5,932,869	2,148,335	3,636,581	1,108,892	3,017,069	293,110	34,498				
3 Distribution	43,256,271	20,098,457	7,994,768	10,526,592	1,061,515	577,802	1,085,423	1,931,716				
4 Common	25,257,569	13,292,662	3,481,313	3,976,379	1,121,372	2,557,051	413,006	415,784				
5 Total Current Rate Revenue	220,252,000	86,358,000	27,841,000	46,634,000	14,497,000	37,941,000	4,139,000	2,842,000				
<b>Expressed as \$/kWh</b>												
6 Production	\$0.03887	\$0.04049	\$0.04400	\$0.04026	\$0.03570	\$0.03502	\$0.03993	\$0.03346				
7 Transmission	\$0.00464	\$0.00511	\$0.00664	\$0.00614	\$0.00332	\$0.00332	\$0.00499	\$0.00251				
8 Distribution	\$0.01240	\$0.01730	\$0.02469	\$0.01487	\$0.00335	\$0.00064	\$0.01846	\$0.14052				
9 Common	\$0.00724	\$0.01144	\$0.01077	\$0.00662	\$0.00357	\$0.00282	\$0.00703	\$0.03025				
10 Total Current Merged Rates	\$0.06316	\$0.07435	\$0.08610	\$0.06587	\$0.04614	\$0.04179	\$0.07040	\$0.20674				
<b>Functional Cost Components at Uniform Current Return</b>												
11 Production	136,108,109	48,206,684	13,421,185	27,511,329	11,819,770	32,472,185	2,213,494	463,461				
12 Transmission	16,382,662	6,447,274	1,796,334	3,233,223	1,353,686	3,277,143	240,347	35,664				
13 Distribution	42,444,209	21,896,635	6,553,913	9,266,498	1,273,644	600,669	875,718	1,978,132				
14 Common	25,317,020	13,523,841	3,340,464	3,875,981	1,164,865	2,598,296	395,363	418,220				
15 Total Uniform Current Cost	220,252,000	90,074,434	25,110,696	43,886,032	15,611,965	38,948,293	3,724,912	2,865,468				
<b>Expressed as \$/kWh</b>												
16 Production	\$0.03903	\$0.04150	\$0.04151	\$0.03886	\$0.03762	\$0.03577	\$0.03765	\$0.03371				
17 Transmission	\$0.00470	\$0.00555	\$0.00555	\$0.00457	\$0.00431	\$0.00361	\$0.00409	\$0.00259				
18 Distribution	\$0.01217	\$0.01885	\$0.02027	\$0.01309	\$0.00405	\$0.00066	\$0.01490	\$0.14390				
19 Common	\$0.00726	\$0.01164	\$0.01033	\$0.00547	\$0.00371	\$0.00286	\$0.00672	\$0.03042				
20 Total Current Uniform Merged Rates	\$0.06316	\$0.07755	\$0.07766	\$0.06198	\$0.04969	\$0.04290	\$0.06336	\$0.21063				
21 Revenue to Cost Ratio at Current Rates	1.00	0.96	1.11	1.06	0.93	0.97	1.11	0.98				
<b>Functional Cost Components at Proposed Return by Schedule</b>												
22 Production	148,164,040	50,908,969	15,254,709	30,821,909	12,515,418	35,654,308	2,528,603	480,123				
23 Transmission	21,345,730	7,630,875	2,698,760	4,591,717	1,635,406	4,483,246	364,529	41,197				
24 Distribution	55,171,601	26,040,675	9,811,431	13,512,311	1,529,266	707,195	1,368,991	2,201,730				
25 Common	26,803,629	14,056,481	3,651,100	4,214,062	1,214,909	2,790,252	436,877	429,950				
26 Total Proposed Rate Revenue	251,485,000	98,637,000	31,326,000	53,140,000	16,695,000	43,635,000	4,699,000	3,153,000				
<b>Expressed as \$/kWh</b>												
27 Production	\$0.04248	\$0.04383	\$0.04718	\$0.04353	\$0.03984	\$0.03927	\$0.04301	\$0.03493				
28 Transmission	\$0.00612	\$0.00657	\$0.00804	\$0.00649	\$0.00521	\$0.00494	\$0.00620	\$0.00300				
29 Distribution	\$0.01582	\$0.02242	\$0.03034	\$0.01908	\$0.00487	\$0.00078	\$0.02329	\$0.16016				
30 Common	\$0.00769	\$0.01210	\$0.01132	\$0.00695	\$0.00387	\$0.00307	\$0.00743	\$0.03128				
31 Total Proposed Merged Rates	\$0.07211	\$0.08492	\$0.09688	\$0.07505	\$0.05378	\$0.04806	\$0.07993	\$0.22936				
<b>Functional Cost Components at Uniform Requested Return</b>												
32 Production	147,899,815	52,478,421	14,610,528	29,883,209	12,833,571	35,192,047	2,401,403	500,637				
33 Transmission	21,280,678	8,319,611	2,316,686	4,206,575	1,764,316	4,311,013	314,439	48,099				
34 Distribution	55,407,201	28,447,276	8,666,992	12,308,195	1,646,165	691,720	1,169,879	2,476,973				
35 Common	26,897,306	14,365,889	3,548,453	4,118,200	1,237,800	2,762,458	420,116	444,392				
36 Total Uniform Cost	251,485,000	103,611,196	29,147,659	50,516,179	17,481,852	42,967,238	4,306,837	3,470,039				
<b>Expressed as \$/kWh</b>												
37 Production	\$0.04241	\$0.04518	\$0.04519	\$0.04221	\$0.04085	\$0.03876	\$0.04085	\$0.03642				
38 Transmission	\$0.00610	\$0.00716	\$0.00716	\$0.00594	\$0.00562	\$0.00475	\$0.00535	\$0.00349				
39 Distribution	\$0.01589	\$0.02449	\$0.02680	\$0.01738	\$0.00624	\$0.00076	\$0.01990	\$0.16018				
40 Common	\$0.00771	\$0.01237	\$0.01097	\$0.00582	\$0.00394	\$0.00304	\$0.00715	\$0.03233				
41 Total Uniform Merged Rates	\$0.07211	\$0.08920	\$0.09013	\$0.07135	\$0.05564	\$0.04732	\$0.07324	\$0.25242				
42 Revenue to Cost Ratio at Proposed Rates	1.00	0.95	1.07	1.05	0.97	1.02	1.09	0.91				
43 Current Revenue to Proposed Cost Ratio	0.88	0.83	0.96	0.92	0.83	0.88	0.98	0.82				

Sumcost Scenario: Transmission 100% Demand AVU-E-04-01 Method	AVISTA UTILITIES Revenue to Cost By Classification Summary For the Twelve Months Ended September 30, 2008								Idaho Jurisdiction Electric Utility	01/14/05	
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Description				System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Extra Large Service Pollack Sch 25P	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
<b>Cost Classifications at Current Return by Schedule</b>											
1 Energy				112,619,088	37,069,369	11,224,127	23,980,616	9,505,279	28,356,736	2,046,987	445,974
2 Demand				87,954,690	35,277,354	12,524,638	22,121,441	5,051,009	10,229,506	1,764,021	986,722
3 Customer				19,660,941	13,365,060	3,876,285	621,938	5,661	950	389,541	1,430,507
4 Total Current Rate Revenue				220,234,719	85,701,762	27,625,049	46,723,995	14,562,950	38,587,192	4,170,549	2,863,203
<b>Expressed as Unit Cost</b>											
5 Energy	\$/kWh			\$0.03229	\$0.03191	\$0.03471	\$0.03387	\$0.03026	\$0.03123	\$0.03462	\$0.03244
6 Demand	\$/kW/mo			\$10.86	\$11.35	\$13.01	\$11.71	\$8.69	\$7.45	\$12.40	\$23.79
7 Customer	\$/Cust/mo			\$13.62	\$11.30	\$17.09	\$36.01	\$46.26	\$79.13	\$23.29	\$958.14
<b>Cost Classifications at Uniform Current Return</b>											
8 Energy				113,127,008	37,999,770	10,578,351	23,116,841	10,045,287	29,013,641	1,923,372	449,747
9 Demand				87,455,196	37,427,884	10,942,956	20,305,813	5,631,907	10,609,724	1,526,950	1,009,993
10 Customer				19,669,795	13,956,195	3,396,945	547,099	8,663	1,057	302,539	1,457,296
11 Total Uniform Current Cost				220,252,000	89,383,849	24,918,252	43,969,753	15,685,857	39,624,422	3,752,841	2,917,025
<b>Expressed as Unit Cost</b>											
12 Energy	\$/kWh			\$0.03244	\$0.03272	\$0.03272	\$0.03265	\$0.03197	\$0.03196	\$0.03272	\$0.03272
13 Demand	\$/kW/mo			\$10.80	\$12.04	\$11.37	\$10.75	\$9.69	\$7.73	\$10.74	\$24.36
14 Customer	\$/Cust/mo			\$13.62	\$11.80	\$14.98	\$31.67	\$60.16	\$88.11	\$19.59	\$976.09
15 Revenue to Cost Ratio at Current Rates				1.00	0.96	1.11	1.06	0.93	0.97	1.11	0.98
<b>Cost Classifications at Proposed Return by Schedule</b>											
16 Energy				123,663,296	40,166,818	12,048,488	26,025,548	10,666,672	32,073,719	2,214,133	467,919
17 Demand				105,235,676	42,383,872	14,543,826	26,420,009	6,300,378	12,380,942	2,084,617	1,122,033
18 Customer				22,641,292	15,318,467	4,488,212	799,123	10,967	1,569	436,621	1,686,243
19 Total Proposed Rate Revenue				251,540,265	97,869,156	31,080,525	53,244,680	16,978,016	44,456,220	4,735,371	3,176,296
<b>Expressed as Unit Cost</b>											
20 Energy	\$/kWh			\$0.03646	\$0.03468	\$0.03726	\$0.03676	\$0.03396	\$0.03533	\$0.03766	\$0.03404
21 Demand	\$/kW/mo			\$12.99	\$13.63	\$15.11	\$13.99	\$10.83	\$9.02	\$14.66	\$27.06
22 Customer	\$/Cust/mo			\$15.68	\$12.95	\$19.79	\$46.26	\$76.16	\$129.95	\$28.28	\$1,062.52
<b>Cost Classifications at Uniform Requested Return</b>											
23 Energy				123,325,286	41,425,408	11,531,978	25,200,799	10,950,859	31,629,189	2,096,762	490,291
24 Demand				105,076,407	45,262,045	13,278,750	24,686,413	6,606,083	12,123,648	1,859,503	1,259,964
25 Customer				23,083,307	16,109,616	4,194,823	727,666	12,021	1,466	382,498	1,745,198
26 Total Uniform Cost				251,485,000	102,797,068	28,915,551	50,614,878	17,568,953	43,754,324	4,338,763	3,495,453
<b>Expressed as Unit Cost</b>											
27 Energy	\$/kWh			\$0.03536	\$0.03567	\$0.03567	\$0.03569	\$0.03486	\$0.03484	\$0.03567	\$0.03567
28 Demand	\$/kW/mo			\$12.97	\$14.56	\$13.79	\$13.07	\$11.36	\$8.83	\$13.08	\$30.37
29 Customer	\$/Cust/mo			\$15.99	\$13.62	\$18.10	\$42.13	\$83.48	\$123.87	\$24.77	\$1,168.92
30 Revenue to Cost Ratio at Proposed Rates				1.00	0.95	1.07	1.05	0.97	1.02	1.09	0.91
31 Current Revenue to Proposed Cost Ratio				0.88	0.83	0.96	0.92	0.83	0.88	0.96	0.82

# EXHIBIT 303

Exhibit 303  
Dennis Peseau

Sumcost		AVISTA UTILITIES					Idaho Jurisdiction			01/14/05	
Scenario: Trans 100% Dem - 7 CP Dem		Cost of Service Basic Summary					Electric Utility				
AVU-E-04-01 Method		For the Twelve Months Ended September 30, 2008									
	(b)	(c) (d) (e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
			System	Residential	General	Large Gen	Extra Large	Extra Large	Pumping	Street &	
Description	Total		Sch 1	Sch 11-12	Sch 21-22	Sch 25	Sch 25P	Sch 31-32	Sch 41-49	Area Lights	
1	Production Plant		373,731,000	137,814,008	38,598,476	73,505,547	31,298,339	85,147,907	6,049,140	1,316,583	
2	Transmission Plant		160,359,000	66,055,264	18,620,680	29,924,369	12,365,909	30,499,726	2,423,558	469,484	
3	Distribution Plant		391,018,000	197,358,427	61,571,178	91,364,302	10,733,997	2,156,602	8,513,186	19,320,328	
4	Intangible Plant		39,805,000	16,029,277	4,330,141	7,997,106	2,979,703	7,967,726	639,895	261,152	
5	General Plant		61,178,000	32,914,434	8,160,777	9,213,195	2,737,457	6,165,961	963,327	1,022,849	
6	Total Plant In Service		1,025,891,000	450,171,410	131,281,252	211,404,519	60,116,404	131,937,923	18,589,086	22,390,407	
7	Accum Depreciation		(146,687,000)	(53,813,954)	(15,067,218)	(28,915,114)	(12,327,382)	(33,661,628)	(2,381,134)	(520,571)	
8	Transmission Plant		(55,770,000)	(22,972,843)	(6,475,940)	(10,407,162)	(4,300,643)	(10,607,261)	(842,870)	(163,282)	
9	Distribution Plant		(121,422,000)	(60,622,702)	(17,696,227)	(28,258,437)	(3,147,094)	(689,459)	(2,423,039)	(8,585,042)	
10	Intangible Plant		(6,504,000)	(3,258,995)	(824,887)	(1,044,898)	(346,405)	(835,799)	(103,031)	(69,996)	
11	General Plant		(26,764,000)	(14,399,325)	(3,670,196)	(4,039,566)	(1,197,576)	(2,687,469)	(421,434)	(447,474)	
12	Total Accumulated Depreciation		(357,147,000)	(155,067,819)	(43,634,429)	(72,650,175)	(21,319,099)	(48,491,610)	(6,171,507)	(9,806,354)	
13	Net Plant		668,744,000	295,103,590	87,646,823	138,748,344	38,797,305	83,446,306	12,417,578	12,584,054	
14	Accumulated Deferred F/T		(94,277,000)	(41,094,774)	(11,866,557)	(19,117,537)	(5,718,648)	(12,958,680)	(1,677,864)	(1,851,559)	
15	Miscellaneous Rate Base		2,967,000	639,422	247,300	761,762	334,339	920,471	53,290	10,416	
16	Total Rate Base		577,434,000	254,646,238	76,033,566	120,397,569	33,412,986	71,410,717	10,793,004	10,742,910	
17	Revenue from Retail Rates		220,252,000	86,358,000	27,841,000	46,634,000	14,497,000	37,941,000	4,139,000	2,842,000	
18	Other Operating Revenues		32,908,000	12,477,617	3,620,643	6,492,425	2,651,776	7,047,613	537,180	180,746	
19	Total Revenues		253,160,000	98,835,617	31,361,643	53,126,425	17,148,776	44,988,613	4,676,180	3,022,746	
20	Operating Expenses		132,634,000	47,592,856	13,306,801	26,393,578	11,310,148	31,365,742	2,179,488	485,387	
21	Production Expenses		8,348,000	3,438,718	969,359	1,657,809	643,747	1,587,761	126,166	24,441	
22	Transmission Expenses		9,626,000	4,628,565	1,334,788	2,266,359	325,069	68,906	183,439	818,875	
23	Customer Accounting Expenses		3,484,000	2,571,225	556,133	159,263	37,127	96,155	44,220	9,878	
24	Customer Information Expenses		1,537,000	682,508	172,575	254,826	107,223	291,627	23,466	4,775	
25	Sales Expenses		235,000	78,937	21,975	48,021	20,867	60,270	3,985	934	
26	Admin & General Expenses		21,605,000	11,314,882	2,864,081	3,420,128	1,006,230	2,276,905	348,493	374,281	
27	Total O&M Expenses		177,469,000	70,307,691	19,235,710	34,099,983	13,450,411	35,747,368	2,909,267	1,718,570	
28	Taxes Other Than Income Taxes		8,751,000	3,668,372	1,066,611	1,788,546	575,038	1,352,992	153,531	145,910	
29	Other Income Related Items		(106,000)	(43,520)	(12,266)	(19,814)	(8,196)	(20,286)	(1,606)	(312)	
30	Depreciation Expense		9,335,000	3,467,477	971,596	1,830,137	777,921	2,104,862	150,469	32,538	
31	Production Plant Depreciation		3,232,000	1,331,329	375,296	603,119	249,232	614,715	48,846	9,463	
32	Distribution Plant Depreciation		10,048,000	4,955,162	1,601,384	2,459,029	306,220	51,900	226,182	438,121	
33	General Plant Depreciation		4,867,000	2,618,499	649,229	737,953	217,778	490,531	76,637	81,373	
34	Amortization Expense		2,256,000	833,441	233,454	443,352	188,700	512,649	36,477	2,926	
35	Total Depreciation Expense		29,738,000	13,215,909	3,830,958	6,068,591	1,739,851	3,774,658	538,612	569,471	
36	Income Tax		6,445,000	1,159,527	1,670,680	2,547,959	102,086	627,575	254,302	82,852	
37	Total Operating Expenses		222,297,000	88,307,978	26,791,695	44,485,304	15,858,170	41,482,307	3,854,106	2,516,441	
38	Net Income		30,863,000	10,527,639	5,569,949	8,641,122	1,289,606	3,506,306	822,073	506,304	
39	Rate of Return		5.34%	4.13%	7.33%	7.18%	3.86%	4.91%	7.62%	4.71%	
40	Return Ratio		1.90	0.77	1.37	1.34	0.72	0.92	1.43	0.88	
41	Interest Expense		19,055,000	8,403,250	2,509,065	3,972,888	1,102,610	2,356,514	356,163	354,510	

Sumcost AVISTA UTILITIES Idaho Jurisdiction  
Scenario: Trans 100% Dem - 7 CP Dem Revenue to Cost by Functional Component Summary Electric Utility 01/14/05  
AVU-E-04-01 Method For the Twelve Months Ended September 30, 2008

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Description	System Total	Residential Sch 1	General Service Sch 11-12	Largo Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Extra Large Service Pollatch Sch 25P	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49				
<b>Functional Cost Components at Current Return by Schedule</b>												
1 Production	135,850,617	47,358,891	14,360,253	28,300,355	11,179,927	31,802,900	2,358,732	489,558				
2 Transmission	16,257,155	6,028,295	2,198,679	3,589,547	1,103,820	3,023,268	297,829	45,628				
3 Distribution	42,915,004	19,642,909	7,784,650	10,836,833	1,110,792	583,892	1,067,540	1,886,398				
4 Common	25,229,214	13,327,905	3,497,418	3,937,266	1,102,461	2,530,950	414,789	418,416				
5 Total Current Rate Revenue	220,252,000	86,358,000	27,841,000	46,634,000	14,497,000	37,941,000	4,139,000	2,842,000				
Expressed as \$/kWh												
6 Production	\$0.03895	\$0.04077	\$0.04441	\$0.03997	\$0.03658	\$0.03503	\$0.04012	\$0.03561				
7 Transmission	\$0.00466	\$0.00519	\$0.00680	\$0.00503	\$0.00351	\$0.00333	\$0.00507	\$0.00332				
8 Distribution	\$0.01231	\$0.01691	\$0.02408	\$0.01531	\$0.00354	\$0.00664	\$0.01816	\$0.13737				
9 Common	\$0.00723	\$0.01147	\$0.01062	\$0.00556	\$0.00351	\$0.00279	\$0.00706	\$0.03044				
10 Total Current Merged Rates	\$0.06316	\$0.07435	\$0.08510	\$0.06587	\$0.04614	\$0.04179	\$0.07040	\$0.20674				
<b>Functional Cost Components at Uniform Current Return</b>												
11 Production	136,108,108	48,853,433	13,658,312	27,088,878	11,607,260	32,168,219	2,235,223	496,784				
12 Transmission	16,382,662	6,693,384	1,885,570	3,072,466	1,272,819	3,161,473	248,616	48,335				
13 Distribution	42,444,209	21,906,159	6,567,405	9,259,277	1,270,515	596,193	876,038	1,978,623				
14 Common	25,317,020	13,620,229	3,375,804	3,813,021	1,133,193	2,552,994	398,892	423,166				
15 Total Uniform Current Cost	220,252,000	91,073,205	25,477,091	43,233,642	15,283,788	38,478,879	3,758,468	2,946,928				
Expressed as \$/kWh												
16 Production	\$0.03903	\$0.04206	\$0.04224	\$0.03826	\$0.03695	\$0.03543	\$0.03802	\$0.03614				
17 Transmission	\$0.00470	\$0.00576	\$0.00583	\$0.00434	\$0.00405	\$0.00348	\$0.00423	\$0.00352				
18 Distribution	\$0.01217	\$0.01886	\$0.02028	\$0.01308	\$0.00404	\$0.00665	\$0.01490	\$0.14393				
19 Common	\$0.00726	\$0.01173	\$0.01044	\$0.00539	\$0.00361	\$0.00281	\$0.00678	\$0.03078				
20 Total Current Uniform Merged Rates	\$0.06316	\$0.07841	\$0.07879	\$0.06106	\$0.04665	\$0.04238	\$0.06393	\$0.21437				
21 Revenue to Cost Ratio at Current Rates	1.00	0.95	1.09	1.08	0.95	0.99	1.10	0.96				
<b>Functional Cost Components at Proposed Return by Schedule</b>												
22 Production	148,481,238	51,261,137	15,395,053	30,618,308	12,482,518	35,682,809	2,540,459	510,954				
23 Transmission	21,425,662	7,757,584	2,660,252	4,492,147	1,618,553	4,472,950	370,536	53,660				
24 Distribution	54,805,356	25,539,063	9,594,000	13,854,577	1,697,800	714,725	1,349,358	2,155,833				
25 Common	26,772,744	14,089,236	3,676,895	4,174,958	1,196,129	2,764,516	438,647	432,553				
26 Total Proposed Rate Revenue	251,485,000	98,637,000	31,326,000	53,140,000	16,895,000	43,635,000	4,699,000	3,153,000				
Expressed as \$/kWh												
27 Production	\$0.04258	\$0.04412	\$0.04761	\$0.04325	\$0.03973	\$0.03930	\$0.04321	\$0.03717				
28 Transmission	\$0.00614	\$0.00668	\$0.00823	\$0.00634	\$0.00515	\$0.00493	\$0.00630	\$0.00390				
29 Distribution	\$0.01572	\$0.02199	\$0.02967	\$0.01957	\$0.00509	\$0.00679	\$0.02295	\$0.15682				
30 Common	\$0.00768	\$0.01213	\$0.01137	\$0.00690	\$0.00381	\$0.00305	\$0.00746	\$0.03147				
31 Total Proposed Merged Rates	\$0.07211	\$0.08492	\$0.09688	\$0.07505	\$0.05378	\$0.04806	\$0.07993	\$0.22936				
<b>Functional Cost Components at Uniform Requested Return</b>												
32 Production	147,899,815	53,178,441	14,867,187	29,425,961	12,603,557	34,863,043	2,424,922	536,704				
33 Transmission	21,280,678	8,616,085	2,425,387	4,012,920	1,666,900	4,171,672	324,400	63,314				
34 Distribution	55,407,201	28,457,201	8,670,631	12,301,712	1,642,904	687,056	1,170,213	2,477,484				
35 Common	26,897,306	14,465,190	3,585,228	4,052,683	1,204,843	2,715,317	423,486	449,559				
36 Total Uniform Cost	251,485,000	104,717,918	29,548,433	49,793,277	17,118,204	42,437,088	4,343,020	3,527,061				
Expressed as \$/kWh												
37 Production	\$0.04241	\$0.04578	\$0.04598	\$0.04156	\$0.04012	\$0.03840	\$0.04125	\$0.03904				
38 Transmission	\$0.00610	\$0.00742	\$0.00750	\$0.00567	\$0.00531	\$0.00460	\$0.00552	\$0.00461				
39 Distribution	\$0.01589	\$0.02450	\$0.02682	\$0.01737	\$0.00523	\$0.00676	\$0.01990	\$0.18022				
40 Common	\$0.00771	\$0.01245	\$0.01109	\$0.00572	\$0.00383	\$0.00269	\$0.00720	\$0.03270				
41 Total Uniform Merged Rates	\$0.07211	\$0.09016	\$0.09138	\$0.07033	\$0.05449	\$0.04674	\$0.07387	\$0.25657				
42 Revenue to Cost Ratio at Proposed Rates	1.00	0.94	1.06	1.07	0.99	1.03	1.08	0.89				
43 Current Revenue to Proposed Cost Ratio	0.88	0.82	0.94	0.94	0.85	0.89	0.95	0.81				

Suncoast Scenario: Trans 100% Dem - 7 CP Dem AVU-E-04-01 Method		AVISTA UTILITIES Revenue to Cost By Classification Summary For the Twelve Months Ended September 30, 2008							Idaho Jurisdiction Electric Utility		01/14/05
(b)	(c) (d) (e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
Description		System Total	Residential Service Sch 1	General Service Sch 11-12	Large Con Service Sch 21-22	Extra Large Gen Service Sch 25	Extra Large Service Pollatch Sch 25P	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49		
<b>Cost Classifications at Current Return by Schedule</b>											
1	Energy	112,940,711	36,816,222	11,132,195	24,197,470	9,656,854	28,659,305	2,036,262	442,413		
2	Demand	87,974,947	34,721,320	12,299,471	22,577,259	5,214,061	10,404,633	1,743,431	964,770		
3	Customer	19,429,029	13,212,218	3,808,046	640,726	7,223	999	354,591	1,405,225		
4	<b>Total Current Rate Revenue</b>	<b>220,294,687</b>	<b>84,749,758</b>	<b>27,239,713</b>	<b>47,415,456</b>	<b>14,878,139</b>	<b>39,064,937</b>	<b>4,134,274</b>	<b>2,812,409</b>		
<b>Expressed as Unit Cost</b>											
5	Energy	\$/kWh	\$0.03238	\$0.03170	\$0.03443	\$0.03418	\$0.03074	\$0.03157	\$0.03464	\$0.03218	
6	Demand	\$/kWmo	\$10.86	\$11.17	\$12.78	\$11.95	\$8.97	\$7.58	\$12.26	\$23.26	
7	Customer	\$/Cust/mo	\$13.46	\$11.17	\$16.79	\$37.09	\$50.16	\$83.26	\$22.97	\$941.21	
<b>Cost Classifications at Uniform Current Return</b>											
8	Energy	113,127,008	37,999,770	10,578,351	23,116,841	10,045,287	29,013,641	1,923,372	449,747		
9	Demand	87,455,196	37,427,884	10,942,955	20,305,813	5,631,807	10,609,724	1,526,930	1,009,983		
10	Customer	19,669,795	13,856,195	3,386,945	547,099	8,663	1,057	302,539	1,457,296		
11	<b>Total Uniform Current Cost</b>	<b>220,252,000</b>	<b>89,383,849</b>	<b>24,918,252</b>	<b>43,969,753</b>	<b>15,685,857</b>	<b>39,624,422</b>	<b>3,752,841</b>	<b>2,917,026</b>		
<b>Expressed as Unit Cost</b>											
12	Energy	\$/kWh	\$0.03244	\$0.03272	\$0.03212	\$0.03265	\$0.03197	\$0.03196	\$0.03272	\$0.03272	
13	Demand	\$/kWmo	\$10.80	\$12.04	\$11.37	\$10.75	\$9.69	\$7.73	\$10.74	\$24.25	
14	Customer	\$/Cust/mo	\$13.62	\$11.80	\$14.98	\$31.67	\$60.16	\$88.11	\$19.59	\$976.09	
15	<b>Revenue to Cost Ratio at Current Rates</b>		1.00	0.95	1.09	1.08	0.95	0.99	1.10	0.96	
<b>Cost Classifications at Proposed Return by Schedule</b>											
16	Energy	124,046,222	39,899,393	11,948,686	26,264,515	10,841,177	32,425,944	2,202,358	464,148		
17	Demand	105,227,736	41,772,318	14,299,394	26,922,309	6,488,096	12,584,811	2,067,034	1,098,783		
18	Customer	22,388,312	15,150,363	4,414,132	819,827	11,614	1,617	431,191	1,559,566		
19	<b>Total Proposed Rate Revenue</b>	<b>251,662,270</b>	<b>96,822,074</b>	<b>30,662,203</b>	<b>54,006,652</b>	<b>17,340,888</b>	<b>45,012,372</b>	<b>4,695,583</b>	<b>3,122,497</b>		
<b>Expressed as Unit Cost</b>											
20	Energy	\$/kWh	\$0.03557	\$0.03435	\$0.03695	\$0.03710	\$0.03451	\$0.03572	\$0.03746	\$0.03376	
21	Demand	\$/kWmo	\$12.99	\$13.44	\$14.85	\$14.25	\$11.16	\$9.17	\$14.50	\$26.49	
22	Customer	\$/Cust/mo	\$15.51	\$12.81	\$19.46	\$47.46	\$80.65	\$134.77	\$27.93	\$1,044.59	
<b>Cost Classifications at Uniform Requested Return</b>											
23	Energy	123,325,286	41,425,408	11,531,978	25,200,799	10,950,859	31,629,189	2,096,767	490,291		
24	Demand	105,076,407	45,262,045	13,278,750	24,686,413	6,606,083	12,123,648	1,859,503	1,259,964		
25	Customer	23,083,307	16,109,616	4,104,823	727,666	12,021	1,486	382,498	1,745,196		
26	<b>Total Uniform Cost</b>	<b>251,485,000</b>	<b>102,797,068</b>	<b>28,915,551</b>	<b>50,614,878</b>	<b>17,568,963</b>	<b>43,754,324</b>	<b>4,338,763</b>	<b>3,495,453</b>		
<b>Expressed as Unit Cost</b>											
27	Energy	\$/kWh	\$0.03636	\$0.03567	\$0.03567	\$0.03559	\$0.03486	\$0.03484	\$0.03667	\$0.03567	
28	Demand	\$/kWmo	\$12.97	\$14.56	\$13.79	\$13.07	\$11.36	\$8.83	\$13.08	\$30.37	
29	Customer	\$/Cust/mo	\$15.99	\$13.62	\$18.10	\$42.13	\$83.48	\$123.87	\$24.77	\$1,168.92	
30	<b>Revenue to Cost Ratio at Proposed Rates</b>		1.00	0.94	1.06	1.07	0.99	1.03	1.08	0.89	
31	<b>Current Revenue to Proposed Cost Ratio</b>		0.88	0.82	0.94	0.94	0.85	0.89	0.95	0.80	