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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

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

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) **CASE NO. AVU-E-04-1/
) AVU-G-04-1**
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DIRECT TESTIMONY OF DAVID SCHUNKE

IDAHO PUBLIC UTILITIES COMMISSION

JUNE 21, 2004

1 Q. Please state your name and business address
2 for the record.

3 A. My name is David Schunke and my business
4 address is 472 West Washington Street, Boise, Idaho.

5 Q. By whom are you employed and in what
6 capacity?

7 A. I am employed by the Idaho Public Utilities
8 Commission as a Public Utilities Engineer.

9 Q. What is your educational and experience
10 background?

11 A. I received my Bachelor of Science Degree in
12 Civil Engineering at Montana State University in 1972. I
13 have been licensed as a Registered Professional Engineer
14 in Idaho since 1977. I have worked in various capacities,
15 including a Cost and Materials Engineer with Morrison
16 Knudsen Co., Inc. and a consulting engineer with Stevens,
17 Thompson & Runyan (STRAAM Engineers). As a consultant, I
18 worked as Project Engineer on numerous civil engineering
19 projects in Idaho and Oregon for more than six years.

20 Since joining the Commission Staff as a
21 Utilities Engineer in 1979, I have been continuously
22 involved in rate design and regulatory matters with
23 virtually all the water, gas and electric utilities
24 regulated by the Commission. I served as the Engineering
25 Section Supervisor from 1983 to 1991, Utilities Division

1 Deputy Administrator from 1991 through 2000 and Engineer
2 Manager from 2001 to present.

3 **INTRODUCTION AND SUMMARY**

4 Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to describe
6 Staff's rate design proposal for electric and natural gas
7 tariff customers.

8 Q. How is your testimony organized?

9 A. My testimony consists of a summary of my
10 recommendations for both electric and natural gas service
11 followed by:

12 (a) A general discussion of my rate design
13 objectives for **electric** service.

14 (b) An explanation of how Staff proposes to
15 distribute the revenue requirement to the electric
16 customer classes, and

17 (c) Based on the resulting revenue
18 requirement for the various customer classes, I then
19 provide specific rate design proposals for each electric
20 customer class.

21 (d) A general discussion of my rate design
22 objectives for **natural gas** service.

23 (e) An explanation of how Staff proposes to
24 distribute the revenue requirement to the customer
25 classes, and

1 (f) Based on the resulting revenue
2 requirement for the various customer classes, I then
3 provide specific rate design proposals for each natural
4 gas customer class.

5 Q. Please summarize your testimony.

6 A. I am making recommendations for the electric
7 and natural gas tariff rates. These rate proposals are
8 based on the Staff proposed overall revenue increase in
9 Base Rates for electric service of \$23 million or 15.8%,
10 and an overall increase of \$3.1 million (6.0%) for natural
11 gas service. These rate proposals are also based on the
12 cost of service results discussed by Mr. Hessing
13 (electric) and Mr. Fuss (natural gas). The recommended
14 increases would move all customer classes closer to cost
15 of service. Recommended percentage increases for each of
16 the electric service schedules are shown in Staff Exhibit
17 No. 143. They are as follows:

18	Residential Service Schedule 1 -	18.8%
19	General Service Schedules 11 and 12 -	11.4%
20	Large General Service Schedules 21 and 22 -	12.9%
21	Extra Large General Service Schedule 25 -	20.0%
22	Potlatch (Lewiston) Schedule 25 -	14.9%
23	Pumping Service Schedules 31 and 32 -	13.5%
24	Street and Area Lighting Schedules 41-49 -	17.2%

25 I am recommending no increase in the basic

1 charge or the minimum charge for Residential Schedule 1.
2 While I am opposed to the Company's proposal for declining
3 blocks for Schedules 11, 21 and 25, I am recommending that
4 the Company's proposal be accepted for this case with the
5 requirement that additional information be gathered by the
6 next general rate case so the Company can provide a
7 proposal to:

8 (1) divide Schedule 11 into two separate
9 schedules, one demand metered and the other not demand
10 metered;

11 (2) eliminate the declining block rates in
12 Schedule 11;

13 (3) provide a proposal to eliminate the
14 declining block rates in Schedules 21 and 25, and

15 (4) implement time-of-use (TOU) rates
16 wherever they are practical.

17 Changes in revenue for the natural gas
18 service schedules are shown in Staff Exhibit No. 146. The
19 percentage increases for each schedule are as follows:

20	Residential Schedule 101 -	6.97%
21	Large General Service Schedule 111 -	2.78%
22	Large General Service High Load Factor Schedule	
23	121 -	1.86%
24	Interruptible Service Schedule 131 -	1.45%
25	Transportation Service Schedule 146 -	6.94%

0.0%

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1 It is also an objective to keep rates
2 reasonable by balancing the cost of service goals with the
3 goals for simplicity, for minimizing rate shock, and for
4 promoting conservation - especially during high cost
5 periods.

6 The Company was not able to provide the data
7 necessary to divide Schedule 11 and 21 into multiple
8 schedules. Therefore several of my recommendations are
9 directed at the Company's next rate filing when these
10 issues can be more fully addressed with adequate data.

11 **CUSTOMER CLASS REVENUE ALLOCATION - ELECTRIC**

12 Q. What cost of service study is Staff's
13 electric rate design proposal based on?

14 A. Staff witness Hessing has reviewed the
15 Company's cost of service (COS) analyses, which he
16 discusses in his testimony. This is the COS methodology
17 that Staff believes is most appropriate and is the one
18 Staff has based its electric rate design analysis on.

19 Q. Does Staff's rate design proposal strictly
20 follow the COS results?

21 A. No. Staff witness Hessing proposes only an
22 incremental move toward full cost of service in
23 recognition of the fact that cost of service results are
24 not precise and unacceptably large increases to some
25 classes would occur. Staff's proposal for the revenue

1 requirement increase for each rate class is comprised of
2 two parts. First, 20% of the increase dictated by cost of
3 service, is added to each class. The remainder of the
4 necessary revenue requirement increase is spread to each
5 rate class on a uniform percentage. These two adjustments
6 shown in Column 5 and 6 of Staff Exhibit No. 143 are added
7 to the Current Base Revenue to arrive at the Staff-
8 Proposed Base Revenue shown in Column 7 of Staff Exhibit
9 No. 143. These are the amounts that Staff used in its
10 rate design proposals and each class is moved 20% closer
11 to COS.

12 Q. Why is the Staff proposal based on a move to
13 cost of service of only 20%?

14 A. One of my objectives in rate design is to set
15 rates that are more closely aligned to the cost of
16 providing service. However, it is also an objective to
17 keep rates reasonable by balancing the cost of service
18 goals with the goals for simplicity, for minimizing rate
19 shock, and for promoting conservation. I believe that a
20 20% move to COS balances these objectives to achieve
21 reasonable rates for all customer classes.

22 In the last general rate case for Avista both
23 the Company and Staff recommended a 1/3 move to cost of
24 service for all customer classes. The Commission approved
25 a 20% move the first year and an additional 15% move the

1 following year in order to accomplish the one-third move
2 proposed by the Company. In that order, the Commission
3 found:

4 Cost-of-service, however, is only one of
5 many factors to be considered by this
Commission in tariff design;

6 Order No. 28097 at 27

7 Important interests in rate stability
8 and continuity preclude adopting the
9 extremely large double digit shifts in
10 revenues from one class to another that
11 were requested. In addition, we recognized
that the results of cost-of-service studies
are not so precise that the determination
of appropriate revenue shifts is an exact
certainty.

12 Order No. 28097 at 30

13 In the recent Idaho Power general rate case
14 the Commission approved a 13.95% increase to the
15 irrigation class, which also represented a 20% move to
16 COS. In that order the Commission stated:

17 we find that the revenue requirement
18 assigned to the irrigation class should
19 be less than indicated by the cost of
20 service study. The Commission has often
21 stated that consideration such as rate
stability and proportionality justify
limiting the amount of the rate increase
to any class of customers.

22 Order 29505 at 50

23 Staff believes that circumstances in this case also
24 justify limiting the COS adjustment, and we believe that a
25 20% move to COS is reasonable. Moving the residential

1 class to full COS would require a rate increase of 30.7%.

2 Q. Comparing the 20% Year 1 move to COS in the
3 last Avista general rate case and the 20% move being
4 proposed here, what is the magnitude of the increase
5 proposed in this case for Residential Schedule 1 and
6 Schedule 25 as compared to the increases in the last
7 Avista general rate case?

8 A. In the last Avista general rate case, a 20%
9 move to COS resulted in increases to Residential Schedule
10 1 and Schedule 25 of 9.5% and 10%, respectively. In this
11 case, a 20% move to COS results in an 18.8% increase to
12 Residential Schedule 1 and a 20% increase to Schedule 25.
13 By further comparison, in the last Idaho Power Company
14 general rate case, a 20% move to COS for the irrigation
15 Schedule 24 resulted in a 13.95% increase to irrigators.
16 The impact of a 20% move to COS in this case is
17 considerably greater than in the two cases cited.

18 Q. Are you recommending a second step adjustment
19 in COS at a later time, similar to what the Commission
20 ordered in the last rate case WWP-E-98-11 (Order No.
21 28097)?

22 A. If the Commission finds that an additional
23 step in COS is needed, I am recommending that COS be
24 reviewed when the PCA balance drops to zero, or at the
25 next general rate case. If the Commission accepts the

1 recommendation of Mr. Hessing to base the PCA adjustment
2 on ¢/kWh rather than uniform percent of revenue, that may
3 be an appropriate time to consider an additional
4 adjustment to COS. A general rate case is always an
5 appropriate time to review COS.

6 Q. Are your rate design proposals limited to the
7 base rates?

8 A Yes. My proposals are limited to base rates
9 and do not address the other rate adders including, PCA
10 rates, DSM rider, Centralia credit or the Residential
11 Exchange (BPA) credit.

12 **RATE DESIGN - RESIDENTIAL**

13 Q. What change in revenue requirement is Staff
14 recommending for Residential Schedule 1?

15 A. Staff recommends an average overall increase
16 in revenue of 18.8% to Residential Schedule 1.

17 Q. What is your recommendation for the
18 Residential Schedule 1 rate design?

19 A. I am recommending that (1) the basic charge
20 and minimum charge remain at \$4.00; (2) the energy rate
21 for the first 600 kWh increase by 21.9% to \$0.05554/kWh,
22 and (3) the rate for energy use in excess of 600 kWh/month
23 be priced 18.8% higher at \$.06302/kWh.

24 Staff Exhibit No. 144 shows the present and
25 proposed rates on page 2 along with the resulting revenue

1 for Residential Schedule 1 on page 4. The proposed
2 increase for a residential customer using an average of
3 941 kWh per month is \$9.40 per month or a 18.8% increase
4 in their electric bill. [The present bill for base rates
5 without the PCA for 941 kWh is \$49.41 compared to the
6 proposed level without the PCA of \$58.82.] Current and
7 proposed base rate bills are compared on Staff Exhibit No.
8 145.

9 Q. The Company has proposed an increase in the
10 residential basic customer charge and minimum charge from
11 \$4.00 to \$5.00. Do you agree with this proposal?

12 A. No. The Company's proposal increases the
13 customer basic charge and minimum charge 25%. This would
14 have a disproportionate affect on customers with low
15 usage. I believe the basic charge and minimum charge
16 should remain at \$4.00.

17 Q. Why do you believe there should be no
18 increase in the customer basic charge and minimum charge?

19 A. The customer basic charge should be based on
20 the direct cost of meter reading and billing and should
21 not include any fixed plant cost. I believe this is
22 consistent with the recent Commission order in an Idaho
23 Power rate case (Order No. 29505 at 53) "The Commission
24 finds that a monthly service charge should recover costs
25 that are directly attributed to the customer paying the

1 charge. Typically, those charges are related to meter
2 reading and customer billing."

3 The monthly cost associated with meter
4 reading and billing is \$2.62 for this customer class.
5 Therefore, I believe no increase can be justified. I
6 therefore believe the current rate of \$4.00 is the
7 appropriate amount for both the basic and minimum charge.

8 **RATE DESIGN SCHEDULE 11 and 12**

9 Q. What change in revenue requirement is Staff
10 recommending for General Service Schedule 11 and 12?

11 A. Staff is recommending an average overall
12 increase in revenue of 11.4% to General Service Schedule
13 11 and 12.

14 Q. The Company has proposed an additional energy
15 usage block that would provide a lower energy rate for
16 usage in excess of 3650 kWh per month. Do you support
17 this change?

18 A. I am opposed to the Company's proposal for a
19 declining block for Schedules 11. However, I am
20 recommending that the Company's proposal be accepted for
21 this case. I recommend that prior to the next general
22 rate case, the Company should gather sufficient data to
23 provide a proposal to eliminate the declining block rates
24 and divide Schedule 11 into two separate schedules, one
25 demand metered and the other not demand metered.

1 Q. The Company argues that the declining block
2 rate is needed for Schedule 11, because under the present
3 rates, customers whose demand exceeds 20 kW end up being
4 billed a higher average amount per kWh than customers
5 using less than 20 kW. Do you agree?

6 A. It is true that the present rates effectively
7 bill customers, with demand that exceeds 20 kW, a higher
8 amount per kWh than customers using less than 20 kW per
9 month. However, this is true only because the Company has
10 customers on Schedule 11 who are NOT demand-metered.
11 Schedule 11, which has a demand charge, includes both
12 demand-metered customers and non-demand metered customers.
13 The non-demand metered customers, who cannot be billed for
14 demand, are assumed to use less than 20 kW. Therefore, no
15 customer in the class is billed for the first 20 kW of
16 demand. The effect this has on demand-metered customers
17 with higher usage is that they tend to pay more per kWh.

18 Q. Do you believe there is a better more direct
19 solution to this problem than creating declining block
20 rates?

21 A. Yes. Two separate schedules should be
22 created. One for the demand metered customers and one for
23 the non-demand metered customers. Having both demand-
24 metered and non-demand metered customers on a demand
25 schedule is the real problem. The Company fix to not bill

1 the first 20 kW of demand only created a new problem which
2 is higher use customers paying effectively more per kWh.
3 The Company's proposed fix for this is a declining block
4 rate. I believe the real fix is to create two separate
5 schedules.

6 Unfortunately the Company does not have
7 sufficient data at this time to separate the schedule
8 between demand and non-demand metered customers.
9 Therefore, I am recommending that the Company's proposal
10 for a declining block be accepted until the data can be
11 made available to properly separate the schedule. The
12 Company should be directed to collect the necessary
13 customer data and the rate class should be separated as a
14 part of the next general rate case.

15 Q. What rates are you recommending for General
16 Service Schedule 11 and 12?

17 A. I am recommending no change in the basic
18 charge the minimum charge or the demand charge. The
19 energy rate for the first 3650 kWh per month should be
20 7.527 ¢/kWh and for usage above 3650 kWh per month should
21 be 6.398 ¢/kWh. Staff Exhibit No. 144, page 2, shows the
22 present and Staff-proposed rates along with the resulting
23 revenue on page 4 for Schedule 11 and 12.

24 **RATE DESIGN LARGE GENERAL SERVICE SCHEDULE 21 and 22**

25 Q. What is the overall rate change recommended

1 by Staff for the Large General Service Schedule 21 and 22?

2 A. Staff recommends an overall revenue increase
3 of 12.9%.

4 Q. What is your recommendation for the Large
5 General Service Schedule 21 and 22 rate design?

6 A. I am recommending that the Company's proposal
7 for the second block energy rate and the increases to the
8 demand charges be accepted. The first block demand charge
9 would increase from \$225 to \$250 and the second block
10 demand charge would increase from \$2.75 to \$3.00. The
11 first block energy rate would be 4.664 ¢/kWh and the
12 second block would be 3.964 ¢/kWh. These rates are shown
13 on Staff Exhibit No. 144, page 2. I also recommend that
14 the Company develop additional information before the next
15 rate case assessing the economical impact of the second
16 block to justify continual use of a declining block energy
17 charge.

18 **RATE DESIGN EXTRA LARGE GENERAL SERVICE SCHEDULE 25**

19 Q. What is Staff's recommended change in the
20 revenue requirement for Extra Large General Service
21 Schedule 25 (including Potlatch)?

22 A. Staff recommends an overall revenue increase
23 of 20% for Extra Large General Service 25, with Potlatch
24 receiving a 14.9% increase.

25 Q. What is your recommendation for Schedule 25

1 rate design?

2 A. I am recommending that the Company's proposal
3 for the second block energy rate and the increases in the
4 demand charges be accepted. The first block demand charge
5 would increase from \$7,500 to \$9,000 and the second block
6 demand charge would increase from \$2.25 to \$2.75. The
7 first block energy rate would be 3.873 ¢/kWh and the
8 second block would be 3.268 ¢/kWh. These rates are shown
9 on Staff Exhibit No. 144, page 2. The Company should be
10 prepared to demonstrate that the Schedule 21 and 22 tail
11 blocked rates exceed the Company's variable costs and
12 provide a small contribution to the Company's fixed costs.

13 **RATE DESIGN IRRIGATION SCHEDULE 31**

14 Q. What is Staff's recommended revenue
15 requirement increase for Pumping Schedule 31?

16 A. Staff recommends that Schedule 31 rates be
17 increased by 13.5%.

18 Q. What is your rate design proposal for
19 Schedule 31?

20 A. I accept the Company's recommendation that
21 all of the proposed increase for Schedule 31 be applied to
22 the energy rate. The first block energy rate would be
23 6.295 ¢/kWh and the second block energy rate would be
24 5.351 ¢/kWh. The basic charge would remain at \$6.00.
25 These rates are shown on Staff Exhibit No. 144, page 2.

1 **RATE DESIGN STREET AND AREA LIGHTS SCHEDULES 41-49**

2 Q. What is Staff's recommended revenue
3 requirement increase for Street and area lights Schedule
4 41-49?

5 A. Staff recommends that revenue for Schedules
6 41-49 be increased by 13.5%.

7 Q. What is your rate design proposal for Street
8 and Area Lights Schedules 41-49?

9 A. I am recommending a uniform increase in all
10 the Schedule 41-49 tariff rates to accomplish the 17.2%
11 increase in revenue.

12 **NATURAL GAS GENERAL**

13 Q. How did Staff calculate the revenue
14 allocation between the natural gas customer classes?

15 A. Staff balanced the objective to move each
16 class closer to cost of service with the objective of
17 achieving an equal contribution to the non-gas related
18 costs (which is referred to the margin) from Schedules
19 121, 131, and 146. Staff's proposed revenue allocation
20 between classes was achieved by starting with the cost of
21 service results provided by Mr. Fuss. Then Schedules 121,
22 131 and 146 were moved closer to an equal contribution to
23 the margin.

24 Q. What cost of service study is Staff's rate
25 design proposal based on?

1 A. Staff witness Fuss has completed a review of
2 the Company's gas cost of service (COS) analyses and has
3 made a number of adjustments, which he discusses in his
4 testimony. This is the cost of service methodology that
5 Staff believes is most appropriate and is the one Staff
6 has based its natural gas rate design analysis on.

7 Q. Why is it important to equalize the
8 contribution to the non-gas related costs (margin) for
9 Schedules 121, 131, and 146?

10 A. In order to discourage switching between
11 schedules and to protect against a revenue shortfall for
12 the Company the margin for each of these schedules should
13 be fairly close. The difference in the margin in Staff's
14 proposal is equal to the difference in the Company's rate
15 proposal.

16 The Final Revenue allocation is shown in
17 Column 'e' of Staff Exhibit No 146. This is the amount
18 that Staff used in its rate design proposals. Present and
19 proposed rates for all the natural gas schedules are
20 summarized in Staff Exhibit No. 147, pages 2, 3 and 4 and
21 again on Staff Exhibit No. 148.

22 **GENERAL SERVICE SCHEDULE 101**

23 Q. What change in revenue requirement is Staff
24 recommending for Residential Schedule 101?

25 A. Staff recommends an average overall increase

1 in revenue of 6.97% to Residential Schedule 101.

2 Q. What is your recommendation for the
3 Residential Schedule 101 rate design?

4 A. I am recommending that (1) the basic charge
5 and the minimum charge remain at \$3.28, and (2) the energy
6 rate be increased to 79.678 ¢/therm.

7 Staff Exhibit No. 147 shows the existing and
8 proposed rates along with the resulting revenue for
9 Residential Schedule 101.

10 Q. The Company has proposed an increase in the
11 residential basic charge and the minimum charge from \$3.28
12 to \$5.00. Why are you proposing no increase in these
13 charges?

14 A. The Company Exhibit No. 23, page 4, shows
15 that the cost of meter reading and billing for Schedule
16 101 is \$2.46. These are the costs that I believe are
17 appropriately recovered in the basic charge. This is
18 consistent with the recent Commission order in an Idaho
19 Power rate case (Order No. 29505, page 53) "The Commission
20 finds that a monthly service charge should recover costs
21 that are directly attributed to the customer paying the
22 charge. Typically, those charges are related to meter
23 reading and customer billing."

24 **LARGE GENERAL SERVICE SCHEDULE 111**

25 Q. What change in revenue requirement is Staff

1 recommending for Large General Service Schedule 111?

2 A. Staff recommends an average overall increase
3 in revenue of 2.78% to Schedule 111.

4 Q. What is your recommendation for the Schedule
5 111 rate design?

6 A. I am recommending that the energy rate be
7 increased to 78.190 ¢/therm in the first block, 76.379
8 ¢/therm in the second block and 66.182 ¢/therm in the
9 third block.

10 **LARGE GENERAL SERVICE-HIGH LOAD FACTOR SCHEDULE 121**

11 Q. What change in revenue requirement is Staff
12 recommending for Large General Service-High Load Factor
13 Schedule 121?

14 A. Staff recommends an average overall increase
15 in revenue of 1.86% to Schedule 121.

16 Q. What is your recommendation for the Large
17 General Service-High Load Factor Schedule 121 rate design?

18 A. I am recommending that the energy rate be
19 increased to 77.103 ¢/therm in the first block, 76.379
20 ¢/therm in the second block and 66.182 ¢/therm in the
21 third block and 64.313 ¢/therm in the fourth and final
22 block.

23 **INTERRUPTIBLE SERVICE SCHEDULE 131**

24 Q. What change in revenue requirement is Staff
25 recommending for Interruptible Service Schedule 131?

1 A. Staff recommends an average overall increase
2 in revenue of 1.45% to Interruptible Service Schedule 131.

3 Q. What is your recommendation for the
4 Interruptible Service Schedule 131 rate design?

5 A. I am recommending that the energy rate be
6 increased to 56.531 ¢/therm.

7 **TRANSPORTATION SERVICE SCHEDULE 146**

8 Q. What change in revenue requirement is Staff
9 recommending for Transportation Service Schedule 146?

10 A. Staff recommends an average overall increase
11 in revenue of 6.94% to Transportation Service Schedule
12 146.

13 Q. What is your recommendation for the
14 Transportation Service Schedule 146 rate design?

15 A. I am recommending that the Company-proposed
16 basic charge of \$200/month be approved and the energy rate
17 be increased to 10.908 ¢/therm.

18 Q. Does this conclude your direct testimony in
19 this proceeding?

20 A. Yes, it does.

Staff Case
Avista Utilities - Electric
State of Idaho

20% Cost of Service
Normalized 12-Months Ending December 31, 2002

Line No	Type of Service	(1) Rate Sch. No.	(2) Average Number of Customers	(3) Sales Normalized (MWh)	(4) Current Revenue*	(6) COS Revenue Adjustments	(5) 20% COS Revenue Adjustments	(6) Uniform % on Current Rev. Adjustment	(7) Staff Proposed Revenue	(8) Average Rate ¢/kWh	(9) Percent Change	(10) COS Index	(11) % move to COS
1	Residential	1	87,494	988,380	52,648,000	16,157,333	3,231,467	6,646,555	62,526,021	6.33	18.8%	90.9%	20%
2	General Service	11	16,051	225,328	16,212,000	(1,004,899)	(200,980)	2,046,686	18,057,707	8.01	11.4%	118.7%	20%
3	Large General Service	21	1,789	674,177	34,804,000	394,728	78,946	4,393,836	39,276,782	5.83	12.9%	111.6%	20%
4	Extra Large General Service	25	14	303,707	10,475,000	3,887,969	777,594	1,322,418	12,575,012	4.14	20.0%	87.6%	20%
6	Potlatch	25	1	870,086	27,696,000	3,100,073	620,015	3,496,486	31,812,500	3.66	14.9%	103.3%	20%
7	Pumping Service	31	1,043	48,922	2,549,000	116,637	23,327	321,799	2,894,126	5.92	13.5%	108.6%	20%
8	Street and Area Lights	41-49	-	12,983	1,864,000	427,035	85,407	235,321	2,184,728	16.83	17.2%	95.4%	20%
9	Total/Average			3,123,583	146,248,000	23,078,876	4,615,775	18,463,101	169,326,876	5.42	15.8%	100.0%	

* Excludes all adjustments to base rates.

AVIST UTILITIES
PRC FORMULA ELECTRIC REVENUE UNDER PRESENT PROPOSED RATES
STATE OF IDAHO
YEAR ENDED 12/31/02

STAFF PROPOSAL

WK PAPER REFERENCE	PRESENT BILL DETERMINANTS	TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC SCH 11 & 12	LG. GEN. SVC SCH 21 & 22	EX LG GEN SCH 25	POTLATCH	PUMPING SCH 31	S&A LTG SCH 41-49
ED1	KILOWATT HOI RS (KWHs)								
ED1	BLOCK 1	2,625,081,578	529,648,147	230,128,452	670,091,980	303,707,481	870,085,620	21,419,898	
ED1	BLOCK 2	485,428,244	457,530,578					27,897,666	
ED1	BLOCK 3								
ED10-11	STREET & AREA LIGHTS	12,983,005							12,983,005
EE1	SUBTOTAL	3,123,492,827	987,178,725	230,128,452	670,091,980	303,707,481	870,085,620	49,317,564	12,983,005
	NET SHIFTING ADJUSTMENT			<u>-3,868,694</u>	<u>3,868,694</u>				
ED1	SUBTOTAL	3,123,492,827	987,178,725	226,259,758	673,960,674	303,707,481	870,085,620	49,317,564	12,983,005
	ADJUSTMENT TO ACTUAL	<u>6,935,245</u>	<u>7,447,732</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-512,487</u>	<u>0</u>
EA3	TOTAL BEFORE ADJUSTMENT	3,130,428,072	994,626,457	226,259,758	673,960,674	303,707,481	870,085,620	48,805,077	12,983,005
	WEATHER & UNBILLED ADJ. KWHs	<u>-6,845,089</u>	<u>-6,246,906</u>	<u>-931,261</u>	<u>216,573</u>	<u>0</u>	<u>0</u>	<u>116,505</u>	<u>0</u>
	TOTAL PROFORMA KWHs	3,123,582,983	988,379,551	225,328,497	674,177,247	303,707,481	870,085,620	48,921,582	12,983,005
ED1	TOTAL BILLS		1,049,931	192,607	21,466	168	12	12,510	
ED1	MINIMUM BILLS								
ED1	EXCESS DEMAND			76,382	1,099,490	285,493	1,271,842		
PROPOSED BILL DETERMINANTS									
ED1,ED8-9, ED15	KILOWATT HOI RS (KWHs)								
	BLOCK 1	1,465,410,026	529,648,147	198,485,573	625,856,408	84,000,000	6,000,000	21,419,898	
	BLOCK 2	1,672,460,426	457,530,578	31,849,861	71,389,220	219,707,481	864,085,620	27,897,666	
	BLOCK 3	<u>0</u>					<u>0</u>		
	STREET & AREA LIGHTS	12,983,005							12,983,005
	SUBTOTAL	3,150,853,457	987,178,725	230,335,434	697,245,628	303,707,481	870,085,620	49,317,564	12,983,005
	NET SHIFTING ADJUSTMENT			<u>-3,868,694</u>	<u>3,868,694</u>				<u>0</u>
	SUBTOTAL	3,150,853,457	987,178,725	226,466,740	701,114,322	303,707,481	870,085,620	49,317,564	12,983,005
	ADJUSTMENT TO ACTUAL	<u>-20,425,385</u>	<u>7,447,732</u>	<u>-206,982</u>	<u>-27,153,648</u>	<u>0</u>	<u>0</u>	<u>-512,487</u>	<u>0</u>
	TOTAL BEFORE ADJUSTMENT	3,130,428,072	994,626,457	226,259,758	673,960,674	303,707,481	870,085,620	48,805,077	12,983,005
	WEATHER & UNBILLED ADJ. KWHs	<u>-6,845,089</u>	<u>-6,246,906</u>	<u>-931,261</u>	<u>216,573</u>	<u>0</u>	<u>0</u>	<u>116,505</u>	<u>0</u>
	TOTAL PROFORMA KWHs	3,123,582,983	988,379,551	225,328,497	674,177,247	303,707,481	870,085,620	48,921,582	12,983,005
	TOTAL BILLS		1,049,931	192,607	21,466	168	12	12,510	
	MINIMUM BILLS								
	EXCESS DEMAND			76,382	1,099,490	285,493	1,271,842		

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AVISTA UTILITIES
PRO FORMA ELECTRIC REVENUE UNDER PRESENT PROPOSED RATES
STATE OF IDAHO
YEAR ENDED 12/31/02

WK PAPER REFERENCE	TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC SCH 11 & 12	LG. GEN. SVC SCH 21 & 22	EX LG GEN SCH 25	POTLATCH	PUMPING SCH 31	S&A LTG SCH 41-49
PRESENT RATES								
BASIC CHARGE	\$4.00	\$4.00	\$6.00				\$6.00	
MONTHLY MINIMUM								
BLOCK 1 PER KWH		4.555¢	6.564¢	3.996¢	2.874¢	2.874¢	5.716¢	
BLOCK 2 PER KWH		5.303¢					4.548¢	
BLOCK 3 PER KWH								
		116.42%					79.57%	
ADJUST TO ACTUAL PER KWH		5.327¢	7.192¢	5.163¢	3.449¢	3.183¢	5.210¢	
DEMAND BLOCK 1				\$225.00	\$7,500.00	\$7,500.00		
DEMAND BLOCK 2			\$3.50	\$2.75	\$2.25	\$2.25		
PROPOSED RATES								
BASIC CHARGE	\$4.00	\$4.00	\$6.00				\$6.00	
MONTHLY MINIMUM								
BLOCK 1 PER KWH		5.554¢	7.527¢	4.664¢	3.873¢	3.873¢	6.295¢	
BLOCK 2 PER KWH		6.302¢	6.398¢	3.964¢	3.268¢	3.268¢	5.351¢	
BLOCK 3 PER KWH								
Difference between Blik 1 and Blik 2		113.47%	85.00%	85.00%	84.38%	84.38%	85.00%	
ADJUST TO ACTUAL PER KWH		6.327¢	8.012¢	5.826¢	4.141¢	3.656¢	5.915¢	
DEMAND BLOCK 1				\$250.00	\$9,000.00	\$9,000.00		
DEMAND BLOCK 2			\$3.50	\$3.00	\$2.75	\$2.75		
		\$9,878,021						
		9,878,022						

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AVISTA UTILITIES
PRC FORM ELECTRIC REVENUE UNDER PRESENT PROPOSED RATES
STATE OF IDAHO
YEAR ENDED 12/31/02

WK PAPER REFERENCE	TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC SCH 11 & 12	LG. GEN. SVC SCH 21 & 22	EX LG GEN SCH 25	POTLATCH	PUMPING SCH 31	S&A LTG SCH 41-49
PRESENT REVENUE								
BILLING REVENUE								
BASIC CHARGE	\$5,430,426	\$4,199,724	\$1,155,642				\$75,060	
MONTHLY MINIMUM	\$0							
BLOCK 1	\$100,967,155	\$24,125,473	\$15,105,632	\$26,776,876	\$8,728,553	\$25,006,261	\$1,224,361	
BLOCK 2	\$25,531,632	\$24,262,847					\$1,268,786	
BLOCK 3	\$0							
DEMAND BLOCK 1	\$6,179,850			\$4,829,850	\$1,260,000	\$90,000		
DEMAND BLOCK 2	\$6,794,938		\$267,337	\$3,023,598	\$642,359	\$2,861,645		
POWER FACTOR ADJUSTMENT	\$35,538		\$459	\$34,052			\$1,028	
PRIMARY VOLTAGE DISCOUNT	(\$447,228)			(\$29,850)	(\$155,810)	(\$261,568)		
ANNUAL MINIMUM ADJUSTMENT	\$0							
STREET & AREA LIGHT REVENUE	\$1,864,128							\$1,864,128
EG1								
SUBTOTAL	\$146,356,440	\$52,588,044	\$16,529,069	\$34,634,525	\$10,475,102	\$27,696,337	\$2,569,235	\$1,864,128
NET SHIFTING ADJUSTMENT	(\$95,256)		(\$256,294)	\$161,038				
EE1								
SUBTOTAL	\$146,261,184	\$52,588,044	\$16,272,775	\$34,795,563	\$10,475,102	\$27,696,337	\$2,569,235	\$1,864,128
ADJUST TO ACTUAL	\$370,050	\$396,748	\$0	\$0	\$0	\$0	(\$26,698)	\$0
TOTAL BILLING REVENUE	\$146,631,234	\$52,984,792	\$16,272,775	\$34,795,563	\$10,475,102	\$27,696,337	\$2,542,536	\$1,864,128
ADJUSTMENT REVENUE								
UNBILLED REVENUE ADJUSTMENT								
BASE LOAD KWHS	1,275,655	745,672	191,817	221,661		0	116,505	
BASE LOAD RATE		4,624	6,564	3,996			5,210	
BASE LOAD REVENUE	\$62,000	\$34,482	\$12,591	\$8,858	\$0		\$6,069	
WEATHER-SENSITIVE KWHS	-6,794,634	-5,968,023	-820,932	-5,679	0	0	0	0
WEATHER-SENSITIVE RATE		5,303	6,564	3,996				
WEATHER-SENSITIVE REVENUE	(\$370,597)	(\$316,484)	(\$53,886)	(\$227)	\$0		\$0	
TOTAL UNBILLED KWH ADJUST	-5,518,979	-5,222,351	-629,115	215,982	0		116,505	0
TOTAL UNBILLED REVENUE ADJ	(\$308,597)	(\$282,002)	(\$41,295)	\$8,631	\$0		\$6,069	\$0
WEATHER NORMALIZATION ADJ								
WEATHER-SENSITIVE KWHS	-1,326,110	-1,024,555	-302,146	591	0	0	0	0
WEATHER-SENSITIVE RATE		5,303	6,564	3,996				
WEATHER-SENSITIVE REVENUE	(\$74,141)	(\$54,332)	(\$19,833)	\$24				
OTHER ADJUSTMENTS								
TOTAL ADJUSTMENT REVENUE	(\$382,738)	(\$336,334)	(\$61,128)	\$8,654	\$0	\$0	\$6,069	\$0
TOTAL BILLING REVENUE	\$146,631,234	\$52,984,792	\$16,272,775	\$34,795,563	\$10,475,102	\$27,696,337	\$2,542,536	\$1,864,128
TOTAL PRESENT REVENUE	Exhibit No. 144 \$146,248,496	\$52,648,458	\$16,211,647	\$34,804,217	\$10,475,102	\$27,696,337	\$2,548,606	\$1,864,128

PR FORM ELECTRIC REVENUE UNDER PRESENT PROPOSED RATES
AVIST UTILITIES
STATE OF IDAHO
YEAR ENDED 12/31/02

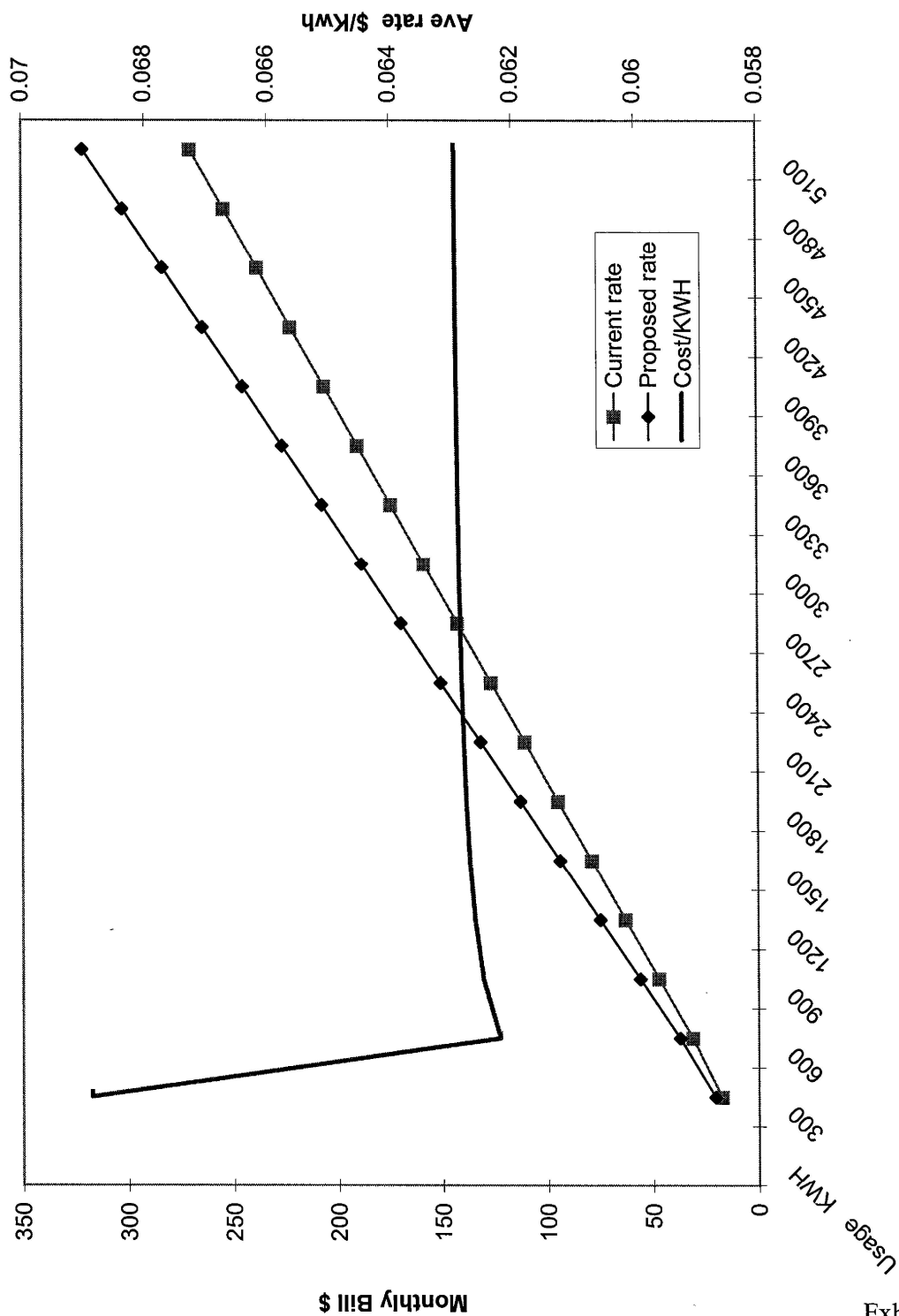
WK PAPER REFERENCE	TOTAL	RESIDENTIAL SCHEDULE 1	GENERAL SVC SCH 11 & 12	LG. GEN. SVC SCH 21 & 22	EX LG GEN SCH 25	POTLATCH	PUMPING SCH 31	S&A LTG SCH 41-49
PROPOSED R VENUE								
BILLING REVENUE	\$5,430,426	\$4,199,724	\$1,155,642				\$75,060	
BASIC CHARACTER	\$0							
MONTHLY MINIMUM								
BLOCK 1	\$78,380,974	\$29,418,860	\$14,939,251	\$29,188,705	\$3,253,437	\$232,362	\$1,348,359	
BLOCK 2	\$70,612,715	\$28,835,479	\$2,037,635	\$2,830,034	\$7,180,381	\$28,236,478	\$1,492,708	
BLOCK 3	\$0	\$0				\$0		
DEMAND BLOCK 1	\$6,986,500			\$5,366,500	\$1,512,000	\$108,000		
DEMAND BLOCK 2	\$7,848,478		\$267,337	\$3,298,470	\$785,106	\$3,497,566		
POWER FACTOR ADJUSTMENT	\$35,538		\$459				\$1,028	
PRIMARY VOLTAGE DISCOUNT	(\$447,228)			(\$29,850)	(\$155,810)	(\$261,568)		
ANNUAL MINIMUM ADJUSTMENT	\$0							
STREET & AREA LIGHT REVENUE	\$2,184,856							\$2,184,856
EG1								
SUBTOTAL	\$171,032,259	\$62,454,063	\$18,400,324	\$40,687,911	\$12,575,114	\$31,812,837	\$2,917,154	\$2,184,856
NET SHIFTING ADJUSTMENT	(\$95,256)		(\$256,294)	\$161,038				
SUBTOTAL	\$170,937,003	\$62,454,063	\$18,144,030	\$40,848,949	\$12,575,114	\$31,812,837	\$2,917,154	\$2,184,856
ADJUST TO ACTUAL	(\$1,157,765)	\$471,182	(\$16,583)	(\$1,582,050)	\$0	\$0	(\$30,314)	\$0
TOTAL BILLING REVENUE	\$169,779,239	\$62,925,246	\$18,127,447	\$39,266,899	\$12,575,114	\$31,812,837	\$2,886,840	\$2,184,856

ADJUSTMENT REVENUE								
UNBILLED REVENUE ADJUSTMENT								
BASE LOAD KWHS	1,275,655	745,672	191,817	221,661	0	0	116,505	0
BASE LOAD RATE		5,624	7,527	4,664	3,873		5,915	
BASE LOAD REVENUE	\$73,601	\$41,935	\$14,437	\$10,338	\$0		\$6,891	
WEATHER-SENSITIVE KWHS	-6,794,634	-5,968,023	-820,932	-5,679	0	0	0	0
WEATHER-SENSITIVE RATE		6,302	7,527	4,664				
WEATHER-SENSITIVE REVENUE	(\$438,183)	(\$376,130)	(\$61,786)	(\$265)	\$0		\$0	
TOTAL UNBILLED KWH ADJUST	-5,518,979	-5,222,351	-629,115	215,982	0	0	116,505	0
TOTAL UNBILLED REVENUE ADJ	(\$364,582)	(\$334,195)	(\$47,351)	\$10,073	\$0		\$6,891	\$0
WEATHER NORMALIZATION ADJ								
WEATHER-SENSITIVE KWHS	-1,326,110	-1,024,555	-302,146	591	0	0	0	0
WEATHER-SENSITIVE RATE		6,302	7,527	4,664				
WEATHER-SENSITIVE REVENUE	(\$87,286)	(\$64,572)	(\$22,741)	\$28				
OTHER ADJUSTMENTS								
TOTAL ADJUSTMENT REVENUE	(\$451,867)	(\$398,767)	(\$70,092)	\$10,101	\$0	\$0	\$6,891	\$0
TOTAL BILLING REVENUE	\$169,779,239	\$62,925,246	\$18,127,447	\$39,266,899	\$12,575,114	\$31,812,837	\$2,886,840	\$2,184,856
TOTAL PROPOSED REVENUE	\$169,327,372	\$62,526,479	\$18,057,354	\$39,276,999	\$12,575,114	\$31,812,837	\$2,893,732	\$2,184,856
TOTAL PRESENT REVENUE	\$146,248,496	\$52,648,458	\$16,211,647	\$34,804,217	\$10,475,102	\$27,696,337	\$2,548,606	\$1,864,128
EL1								
TOTAL REVENUE INCREASE	\$23,078,876	\$9,878,021	\$1,845,707	\$4,472,782	\$2,100,012	\$4,116,500	\$345,126	\$320,728
PERCENT REVENUE INCREASE	15.78%	18.76%	11.39%	12.85%	20.05%	14.86%	13.54%	17.21%

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Hirschhorn Workpapers
EA1-5 rev. model

Avista Electric Residential Rate Comparison



Usage KWH

AVISTA UTILITIES
STAFF PROPOSED REVENUE INCREASE BY SCHEDULE
IDAHO - GAS
12 MONTHS ENDING DECEMBER 31, 2002
(000s of Dollars)

Line No	Type of Service (a)	Schedule Number (b)	Revenue Under Present Rates (c)	Proposed Increase (d)	Revenue Proposed (e)	Under Rates (1) (f)	Therms (000s) (g)	Revenue Increase Per Therm (h)	Percent Increase (i)	COS Index (j)	Company Increase (k)
1	General Service	101	\$40,114	\$2,794		\$42,908	50978	\$481¢	6.97%	99.50%	10.0%
2	Large General Service	111	\$8,955	\$249		\$9,203	12930	\$1.923¢	2.78%	101.16%	6.6%
3	High Annual Load Factor LGS	121	\$1,522	\$28		\$1,550	2357	\$1.199¢	1.86%	101.43%	3.8%
4	Interruptible Service	131	\$385	\$6		\$391	691	\$1.807¢	1.45%	102.83%	3.4%
5	Transportation Service	146	\$444	\$31		\$475	4200	\$1.734¢	6.94%	119.02%	18.2%
6	Special Contracts		\$500	\$0		\$500	58852	\$1.000¢	0.00%	100.00%	0.0%
7	Total		\$51,919	\$3,107		\$55,027	130007	\$2.390¢	5.98%	100.00%	9.2%

(1) Includes Purchase Adjustment Schedule 150 / Excludes other rate adjustments

WK PPR REF		TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCH. 111&112	EX LRG GEN SVC SCH. 121&122	INTERRUPTIBLE SCH. 131&132	TRANSPORT SCHEDULE 146	TRANSPORT IMCO/LIGNETICS	TRANSPORT POTLATCH
PRES BILLING DETERMINANTS									
	THERMS								
GD1	BLOCK 1		51,684,524	1,278,657	56,500	691,030	4,199,851	2,222,189	40,926,290
GD1	BLOCK 2			3,968,140	56,500			1,813,471	13,889,580
GD1	BLOCK 3			8,297,370	918,140				
GD1	BLOCK 4				1,326,163				
	OTHER								
	SUBTOTAL	131,328,405	51,684,524	13,544,167	2,357,303	691,030	4,199,851	4,035,660	54,815,870
	NET SHIFTING ADJUSTMENT								
	SUBTOTAL	131,328,405	51,684,524	13,544,167	2,357,303	691,030	4,199,851	4,035,660	54,815,870
GD1	ADJUSTMENT TO ACTUAL	(491,471)	0	(491,471)	0	0	0	0	0
	TOTAL BEFORE ADJUSTMENT	130,836,934	51,684,524	13,052,696	2,357,303	691,030	4,199,851	4,035,660	54,815,870
GA3	WEATHER & UNBILLED REV. ADJ.	-829,751	-706,579	-123,172	0	0	0	0	0
	TOTAL PROFORMA THERMS	130,007,183	50,977,945	12,929,524	2,357,303	691,030	4,199,851	4,035,660	54,815,870
GD1	TOTAL BILLS		698,032			24	84	24	12
GD1	TOTAL/MINIMUM BILLS			6,867	120				
PROP BILLING DETERMINANT ADJUSTMENTS (Adjustment to Actual)									
	THERMS								
GD1	BLOCK 1		-706,579	-46,398	0	0	0	0	0
GD1	BLOCK 2			-143,990	0			0	0
GD1	BLOCK 3			-301,083	0				
GD1	BLOCK 4				0				
	OTHER								
		-706,579	-491,471						
PROP BILLING DETERMINANT ADJUSTMENTS (Weather & Unbilled Revenue)									
	THERMS								
GD1	BLOCK 1		0	1,637	0	0	0	0	0
GD1	BLOCK 2			-7,907	0			0	0
GD1	BLOCK 3			-116,903	0				
GD1	BLOCK 4				0				
	OTHER								
		0	-123,172						
PROP BILLING DETERMINANTS									
	THERMS								
GD1	BLOCK 1		50,977,945	1,233,896	56,500	691,030	4,199,851	2,222,189	40,926,290
GD1	BLOCK 2			3,816,243	56,500			1,813,471	13,889,580
GD1	BLOCK 3			7,879,384	918,140				
GD1	BLOCK 4				1,326,163				
	OTHER								
	SUBTOTAL	130,007,183	50,977,945	12,929,524	2,357,303	691,030	4,199,851	4,035,660	54,815,870
	NET SHIFTING ADJUSTMENT	0	0	0	0	0	0	0	0
	TOTAL PROFORMA THERMS	130,007,183	50,977,945	12,929,524	2,357,303	691,030	4,199,851	4,035,660	54,815,870
GD1	TOTAL BILLS		698,032			24	84	24	12
GD1	TOTAL/MINIMUM BILLS			6,867	120				

WK PPR REF	PRESENT RATES	TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCHEDULE 111	EX LRG GEN SVC SCHEDULE 121	INTERRUPTIBLE SCHEDULE 131	TRANSPORT SCHEDULE 146	TRANSPORT IMCO/LIGNETICS	TRANSPORT POTLATCH
								(1)	
GB1	BASIC CHARGE		\$3.28						
GB1	MONTHLY MINIMUM			\$97.30	\$238.33				
	Schedule 150								
	BLOCK 1 PER THERM		27.186¢	27.186¢	27.186¢	24.370¢	(2.993¢)		
	BLOCK 2 PER THERM			27.186¢	27.186¢				
	BLOCK 3 PER THERM			27.186¢	27.186¢				
	BLOCK 4 PER THERM				27.186¢				
GB1	BLOCK 1 PER THERM		47.011¢	48.649¢	47.666¢	31.354¢	13.567¢	2.000¢	0.750¢
GB1	BLOCK 2 PER THERM			47.011¢	47.011¢			7.426¢	0.100¢
GB1	BLOCK 3 PER THERM			37.789¢	37.789¢				
GB1	BLOCK 4 PER THERM				36.098¢				

Note: Rates include Schedule 150 - Purchased Gas Cost Adjustment

WK PPR REF	PRESENT REVENUE	TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCHEDULE 111	EX LRG GEN SVC SCHEDULE 121	INTERRUPTIBLE SCHEDULE 131	TRANSPORT SCHEDULE 146	TRANSPORT IMCO/LIGNETICS	TRANSPORT POTLATCH
	BILLING REVENUE								
	BASIC CHARGE	\$2,289,545	\$2,289,545						
	MONTHLY MINIMUM	\$696,759		\$668,159	\$28,600				
	BLOCK 1	\$39,355,466	\$37,824,106	\$335,447	\$15,360	\$385,070	\$444,092	\$44,444	\$306,947
	BLOCK 2	\$3,022,017		\$2,831,538	\$41,921			\$134,668	\$13,890
	BLOCK 3	\$5,716,191		\$5,119,630	\$596,561				
	BLOCK 4	\$839,249			\$839,249				
	ANNUAL MINIMUM ADJUSTMENT								
	SUBTOTAL	\$51,919,227	\$40,113,651	\$8,954,774	\$1,521,691	\$385,070	\$444,092	\$179,112	\$320,837
	NET SHIFTING ADJUSTMENT								
	TOTAL BILLING REVENUE	\$51,919,227	\$40,113,651	\$8,954,774	\$1,521,691	\$385,070	\$444,092	\$179,112	\$320,837

WK PPR REF	STAFF PROPOSED RATES	TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCHEDULE 111	EX LRG GEN SVC SCHEDULE 121	INTERRUPTIBLE SCHEDULE 131	TRANSPORT SCHEDULE 146	TRANSPORT IMCO/LIGNETICS	TRANSPORT POTLATCH
								(1)	
GB1	BASIC CHARGE		\$3.28				\$200.00		
GB1	MONTHLY MINIMUM			\$156.38	\$385.51				
	WACOG & transportation								
	BLOCK 1 PER THERM		53.546¢	53.546¢	53.546¢	45.223¢			
	BLOCK 2 PER THERM			53.546¢	53.546¢				
	BLOCK 3 PER THERM			53.546¢	53.546¢				
	BLOCK 4 PER THERM				53.546¢				
GB1	BLOCK 1 PER THERM		26.132¢	24.644¢	23.557¢	11.308¢	10.908¢	2.000¢	0.750¢
GB1	BLOCK 2 PER THERM			22.833¢	22.833¢			7.426¢	0.100¢
GB1	BLOCK 3 PER THERM			12.636¢	12.636¢				
GB1	BLOCK 4 PER THERM				10.767¢				

WK PPR REF	STAFF PROPOSED REVENUE	TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCHEDULE 111	EX LRG GEN SVC SCHEDULE 121	INTERRUPTIBLE SCHEDULE 131	TRANSPORT SCHEDULE 146	TRANSPORT IMCO/LIGNETICS	TRANSPORT POTLATCH
	BILLING REVENUE								
	BASIC CHARGE	\$2,306,345	\$2,289,545				\$16,800		
	MONTHLY MINIMUM	\$1,120,123		\$1,073,861	\$46,261				
	BLOCK 1	\$41,818,218	\$40,618,074	\$0	\$0	\$390,644	\$458,108	\$44,444	\$306,947
	BLOCK 2	\$3,100,913		\$2,914,501	\$43,154			\$134,888	\$13,890
	BLOCK 3	\$5,822,420		\$5,214,772	\$607,648				
	BLOCK 4	\$852,893			\$852,893				
	ANNUAL MINIMUM ADJUSTMENT								
	SUBTOTAL	\$55,026,511	\$42,907,619	\$9,203,435	\$1,549,956	\$390,644	\$474,908	\$179,112	\$320,837
	NET SHIFTING ADJUSTMENT								
	TOTAL BILLING REVENUE	\$55,026,511	\$42,907,619	\$9,203,435	\$1,549,956	\$390,644	\$474,908	\$179,112	\$320,837
	Proposed Overall Increase	5.98%	6.97%	2.78%	1.86%	1.45%	6.94%	0.00%	0.00%
	COS	\$55,026,511	\$43,121,364	\$9,098,183	\$1,528,116	\$379,886	\$399,013	\$179,112	\$320,837
	Proposed COS Index	100.00%	99.50%	101.16%	101.43%	102.83%	119.02%	100.00%	100.00%
	Current COS Index	100.00%	99.06%	102.70%	101.93%	103.45%	126.70%		
	Average Rate Per Therm	\$0.42326	\$0.84169	\$0.71182	\$0.65751	\$0.56531	\$0.11308	\$0.04438	\$0.00585
	Per therm contribution to margin		\$0.30623	\$0.17636	\$0.12205	\$0.11308	\$0.11308		

STAFF PROPOSED RATES	TOTAL	GEN SERVICE SCHEDULE 101	LRG GEN SVC SCHEDULE 111	EX LRG GEN SVC SCHEDULE 121	INTERRUPTIBLE SCHEDULE 131	TRANSPORT SCHEDULE 146	TRANSPORT IMCO/LIGNETICS (1)	TRANSPORT POTLATCH
BASIC CHARGE		\$3.28				\$200.00		
MONTHLY MINIMUM			\$156.38	\$385.51				
BLOCK 1 PER THERM		79.678¢	78.190¢	77.103¢	56.531¢	10.908¢	2.000¢	0.750¢
BLOCK 2 PER THERM			76.379¢	76.379¢			7.426¢	0.100¢
BLOCK 3 PER THERM			66.182¢	66.182¢				
BLOCK 4 PER THERM				64.313¢				

**AVISTA UTILITIES
IDAHO - GAS
COMPARISON OF PRESENT & STAFF PROPOSED GAS RATES**

General Service Schedule 101		
<u>Present Rates(1)</u> (a)	<u>Increase</u> (b)	<u>Staff Proposed Rates(1)</u> (c)
\$3.28 Basic Charge	\$0.00	\$3.28
All Therms - 74.197¢/Therm	5.481	79.678

Large General Service Schedule 111		
<u>Present Rates(1)</u>	<u>Increase</u>	<u>Proposed Rates(1)</u>
1st 200 Therms - 75.836¢/Therm*	2.354	78.190
Next 800 Therms - 74.197¢/Therm	2.182	76.379
Over 1,000 Therms - 64.975¢/Therm	1.207	66.182

*Minimum - \$97.30/Month
plus 27.186¢/Therm

*Minimum - \$156.38/Month

Large General Service Schedule 121		
<u>Present Rates(1)</u>	<u>Increase</u>	<u>Proposed Rates(1)</u>
1st 500 Therms - 74.852¢/Therm*	2.251	77.103
Next 500 Therms - 74.197¢/Therm	2.182	76.379
Next 9,000 Therms - 64.975¢/Therm	1.207	66.182
Over 10,000 Therms - 63.284¢/Therm	1.029	64.313

*Minimum - \$238.33/Month
plus 27.186¢/Therm

*Minimum - \$385.51/Month

Interruptible Service Schedule 131		
<u>Present Rates(1)</u>	<u>Increase</u>	<u>Proposed Rates(1)</u>
All Therms - 55.724¢/Therm	0.807	56.531

Transportation Service Schedule 146		
<u>Present Rates(1)</u>	<u>Increase</u>	<u>Proposed Rates(1)</u>
No Basic Charge	\$200.00/month	\$200.00 Basic Charge
All Therms - 10.574¢/Therm	0.334	10.908

(1) Rates include Purchase Gas Adjustment Schedule 150 / Exclude all other rate adjustments

Exhibit No. 148
Case No. AVU-E-04-1/
AVU-G-04-1
D. Schunke, Staff
6/21/04

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21ST DAY OF JUNE 2004, SERVED THE FOREGOING **DIRECT TESTIMONY OF DAVID SCHUNKE**, IN CASE NO. AVU-E-04-1/AVU-G-04-1, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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