

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-19_____

EXH. TLK-3

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost Scenario: Company Base Case UE-19 _____ Load Factor Peak Credit Method AS FILED METHOD		AVISTA UTILITIES Cost of Service Basic Summary For the Twelve Months Ended December 31, 2018						Washington Jurisdiction Electric Utility		04/30/19	
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1-2	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 41-48
1	Plant In Service										
1	Production Plant				924,090,000	413,757,502	101,030,985	218,372,271	166,779,893	21,909,069	2,240,281
2	Transmission Plant				513,070,000	229,724,985	56,094,068	121,243,884	92,598,946	12,164,276	1,243,841
3	Distribution Plant				1,179,546,000	637,293,009	150,828,351	268,633,586	38,151,861	35,666,860	48,972,334
4	Intangible Plant				187,386,000	89,573,297	21,513,741	43,420,975	25,554,986	4,769,113	2,553,888
5	General Plant				287,021,000	153,438,038	33,744,674	57,473,268	31,462,517	6,793,284	4,109,219
6	Total Plant In Service				3,091,113,000	1,523,786,831	363,211,818	709,143,984	354,548,202	81,302,603	59,119,562
	Accum Depreciation										
7	Production Plant				(366,301,000)	(164,009,768)	(40,047,777)	(86,560,813)	(66,110,056)	(8,684,559)	(888,027)
8	Transmission Plant				(142,967,000)	(64,012,887)	(15,630,617)	(33,784,619)	(25,802,704)	(3,389,577)	(346,596)
9	Distribution Plant				(349,611,000)	(192,616,594)	(44,504,781)	(77,193,234)	(10,982,487)	(10,317,902)	(13,996,001)
10	Intangible Plant				(49,015,000)	(23,882,958)	(5,684,671)	(11,205,658)	(6,229,345)	(1,255,372)	(756,995)
11	General Plant				(97,402,000)	(51,891,982)	(11,445,880)	(19,612,467)	(10,737,807)	(2,313,054)	(1,400,810)
12	Total Accumulated Depreciation				(1,005,296,000)	(496,414,190)	(117,313,726)	(228,356,791)	(119,862,399)	(25,960,464)	(17,388,430)
13	Net Plant				2,085,817,000	1,027,372,641	245,898,092	480,787,193	234,685,803	55,342,139	41,731,132
14	Accumulated Deferred FIT				(412,182,000)	(203,722,977)	(48,423,877)	(94,157,384)	(47,279,898)	(10,801,219)	(7,796,646)
15	Miscellaneous Rate Base				34,663,000	16,528,796	4,127,183	8,506,601	3,628,908	984,735	886,777
16	Total Rate Base				1,708,298,000	840,178,461	201,601,399	395,136,410	191,034,813	45,525,655	34,821,263
17	Revenue From Retail Rates				502,019,000	216,074,000	75,061,000	125,677,000	66,744,000	12,039,000	6,424,000
18	Other Operating Revenues				48,575,000	22,107,482	5,382,483	11,445,623	8,193,390	1,176,929	269,092
19	Total Revenues				550,594,000	238,181,482	80,443,483	137,122,623	74,937,390	13,215,929	6,693,092
	Operating Expenses										
20	Production Expenses				186,993,000	83,725,348	20,443,990	44,188,430	33,748,523	4,433,380	453,329
21	Transmission Expenses				20,552,000	9,202,074	2,246,955	4,856,656	3,709,228	487,263	49,824
22	Distribution Expenses				24,743,000	13,834,291	3,548,075	5,285,091	929,404	768,320	377,819
23	Customer Accounting Expenses				12,484,000	9,742,997	1,624,356	572,483	357,773	148,528	37,863
24	Customer Information Expenses				1,591,000	1,357,833	202,942	11,956	145	15,449	2,674
25	Sales Expenses				59,000	24,960	6,509	14,337	11,467	1,533	195
26	Admin & General Expenses				55,014,000	29,143,870	6,621,162	11,099,962	6,318,079	1,314,983	515,944
27	Total O&M Expenses				301,436,000	147,031,374	34,693,990	66,028,914	45,074,617	7,169,456	1,437,649
28	Taxes Other Than Income Taxes				48,925,000	22,442,598	6,345,211	11,764,778	6,438,659	1,228,254	705,500
29	Other Income Related Items				(758,000)	(434,314)	(429,705)	52,077	89,594	(49,421)	13,770
	Depreciation Expense										
30	Production Plant Depreciation				22,504,000	10,076,074	2,460,368	5,317,934	4,061,525	533,543	54,557
31	Transmission Plant Depreciation				10,417,000	4,664,169	1,138,893	2,461,648	1,880,062	246,975	25,254
32	Distribution Plant Depreciation				28,948,000	15,449,576	3,680,964	6,457,336	961,511	863,340	1,535,273
33	General Plant Depreciation				14,998,000	8,095,332	1,765,497	2,955,204	1,619,112	351,468	211,387
34	Amortization Expense				22,185,000	11,289,851	2,851,840	4,673,570	2,457,379	585,446	326,914
35	Total Depreciation Expense				99,052,000	49,575,001	11,897,563	21,865,692	10,979,589	2,580,771	2,153,384
36	Income Tax				8,033,000	(280,377)	3,149,654	3,772,644	1,030,543	154,590	205,945
37	Total Operating Expenses				456,688,000	218,334,282	55,656,712	103,484,106	63,613,002	11,083,649	4,516,248
38	Net Income				93,906,000	19,847,200	24,786,771	33,638,517	11,324,388	2,132,279	2,176,845
39	Rate of Return				5.50%	2.36%	12.29%	8.51%	5.93%	4.68%	6.25%
40	Return Ratio				1.00	0.43	2.24	1.55	1.08	0.85	1.14
41	Interest Expense				43,903,000	21,592,459	5,181,125	10,154,946	4,909,566	1,170,002	894,901
42	Revenue Related Expenses				23,372,000	10,059,543	3,494,540	5,851,019	3,107,334	560,488	299,076

Sumcost		AVISTA UTILITIES						Washington Jurisdiction			
Scenario: Company Base Case UE-19_____		Revenue to Cost by Functional Component Summary						Electric Utility			
Load Factor Peak Credit Method		For the Twelve Months Ended December 31, 2018						04/30/19			
AS FILED METHOD											
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1-2	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 41-48
Functional Cost Components at Current Return by Schedule											
1	Production				232,996,272	96,154,913	29,579,435	58,913,788	42,373,813	5,400,728	573,595
2	Transmission				49,397,045	16,631,691	8,158,042	14,261,527	9,131,847	1,088,315	125,623
3	Distribution				122,205,402	57,353,610	23,105,515	30,130,344	3,911,015	3,231,470	4,473,447
4	Common				97,420,280	45,933,786	14,218,008	22,371,340	11,327,325	2,318,487	1,251,334
5	Total Current Rate Revenue				502,019,000	216,074,000	75,061,000	125,677,000	66,744,000	12,039,000	6,424,000
Expressed as \$/kWh											
6	Production				\$0.04133	\$0.04049	\$0.04776	\$0.04313	\$0.03805	\$0.03704	\$0.03093
7	Transmission				\$0.00876	\$0.00700	\$0.01317	\$0.01044	\$0.00820	\$0.00746	\$0.00678
8	Distribution				\$0.02168	\$0.02415	\$0.03731	\$0.02206	\$0.00351	\$0.02216	\$0.24126
9	Common				\$0.01728	\$0.01934	\$0.02296	\$0.01638	\$0.01017	\$0.01590	\$0.06749
10	Total Current Melded Rates				\$0.08904	\$0.09099	\$0.12120	\$0.09201	\$0.05994	\$0.08256	\$0.34646
Functional Cost Components at Uniform Current Return											
11	Production				232,363,348	104,039,735	25,404,341	54,909,924	41,936,970	5,509,057	563,321
12	Transmission				48,971,984	21,927,005	5,354,119	11,572,599	8,838,471	1,161,067	118,723
13	Distribution				122,849,117	70,989,193	16,000,476	24,416,972	3,795,184	3,435,112	4,212,180
14	Common				97,834,551	51,179,746	11,619,074	20,269,838	11,171,386	2,384,525	1,209,982
15	Total Uniform Current Cost				502,019,000	248,135,678	58,378,011	111,169,333	65,742,011	12,489,761	6,104,206
Expressed as \$/kWh											
16	Production				\$0.04121	\$0.04381	\$0.04102	\$0.04020	\$0.03766	\$0.03778	\$0.03038
17	Transmission				\$0.00869	\$0.00923	\$0.00865	\$0.00847	\$0.00794	\$0.00796	\$0.00640
18	Distribution				\$0.02179	\$0.02989	\$0.02584	\$0.01788	\$0.00341	\$0.02356	\$0.22717
19	Common				\$0.01735	\$0.02155	\$0.01876	\$0.01484	\$0.01003	\$0.01635	\$0.06526
20	Total Current Uniform Melded Rates				\$0.08904	\$0.10449	\$0.09426	\$0.08139	\$0.05904	\$0.08565	\$0.32921
21	Revenue to Cost Ratio at Current Rates				1.00	0.87	1.29	1.13	1.02	0.96	1.05
Functional Cost Components at Proposed Return by Schedule											
22	Production				245,754,175	101,472,458	30,947,543	62,071,906	45,024,618	5,664,124	573,525
23	Transmission				57,985,558	20,212,052	9,079,083	16,387,315	10,915,787	1,265,694	125,626
24	Distribution				139,473,326	66,570,357	25,438,935	34,647,203	4,615,294	3,727,941	4,473,596
25	Common				104,580,942	49,475,133	15,070,439	24,030,575	12,274,301	2,479,241	1,251,254
26	Total Proposed Rate Revenue				547,794,000	237,730,000	80,536,000	137,137,000	72,830,000	13,137,000	6,424,000
Expressed as \$/kWh											
27	Production				\$0.04359	\$0.04273	\$0.04997	\$0.04544	\$0.04043	\$0.03884	\$0.03093
28	Transmission				\$0.01029	\$0.00851	\$0.01466	\$0.01200	\$0.00980	\$0.00868	\$0.00678
29	Distribution				\$0.02474	\$0.02803	\$0.04108	\$0.02537	\$0.00414	\$0.02556	\$0.24127
30	Common				\$0.01855	\$0.02083	\$0.02433	\$0.01759	\$0.01102	\$0.01700	\$0.06748
31	Total Proposed Melded Rates				\$0.09716	\$0.10011	\$0.13004	\$0.10040	\$0.06540	\$0.09009	\$0.34646
Functional Cost Components at Uniform Requested Return											
32	Production				244,710,269	109,568,018	26,754,233	57,827,633	44,165,344	5,801,788	593,254
33	Transmission				57,284,488	25,648,894	6,262,927	13,536,932	10,338,712	1,358,147	138,875
34	Distribution				140,813,501	80,570,378	18,302,897	28,590,774	4,387,453	3,986,727	4,975,271
35	Common				104,985,743	54,861,302	12,460,165	21,802,889	11,967,569	2,563,160	1,330,656
36	Total Uniform Cost				547,794,000	270,648,592	63,780,222	121,758,229	70,859,078	13,709,822	7,038,057
Expressed as \$/kWh											
37	Production				\$0.04340	\$0.04614	\$0.04320	\$0.04234	\$0.03966	\$0.03979	\$0.03200
38	Transmission				\$0.01016	\$0.01080	\$0.01011	\$0.00991	\$0.00928	\$0.00931	\$0.00749
39	Distribution				\$0.02498	\$0.03393	\$0.02955	\$0.02093	\$0.00394	\$0.02734	\$0.26832
40	Common				\$0.01862	\$0.02310	\$0.02012	\$0.01596	\$0.01075	\$0.01758	\$0.07176
41	Total Uniform Melded Rates				\$0.09716	\$0.11397	\$0.10299	\$0.08914	\$0.06363	\$0.09402	\$0.37957
42	Revenue to Cost Ratio at Proposed Rates				1.00	0.88	1.26	1.13	1.03	0.96	0.91
43	Current Revenue to Proposed Cost Ratio				0.92	0.80	1.18	1.03	0.94	0.88	0.91
44	Target Revenue Increase				45,774,000	54,574,000	(11,281,000)	(3,919,000)	4,115,000	1,671,000	614,000

Sumcost
 Scenario: Company Base Case UE-19_____
 Load Factor Peak Credit Method
 AS FILED METHOD

AVISTA UTILITIES
 Revenue to Cost By Classification Summary
 For the Twelve Months Ended December 31, 2018

Washington Jurisdiction
 Electric Utility

04/30/19

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1-2	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 41-48
Cost Classifications at Current Return by Schedule											
1 Energy					205,256,332	77,242,060	27,545,102	54,461,296	40,167,540	5,150,454	689,880
2 Demand					248,313,935	104,627,722	39,681,904	70,392,742	26,374,583	6,284,052	952,934
3 Customer					48,448,733	34,204,219	7,833,994	822,962	201,878	604,494	4,781,186
4 Total Current Rate Revenue					502,019,000	216,074,000	75,061,000	125,677,000	66,744,000	12,039,000	6,424,000
Expressed as Unit Cost											
5 Energy		\$/kWh			\$0.03641	\$0.03253	\$0.04448	\$0.03987	\$0.03607	\$0.03532	\$0.03721
6 Demand		\$/kW/mo			\$20.15	\$18.66	\$28.31	\$23.99	\$13.46	\$17.27	\$17.30
7 Customer		\$/Cust/mo			\$15.98	\$13.22	\$20.25	\$36.12	\$731.44	\$20.53	\$938.04
Cost Classifications at Uniform Current Return											
8 Energy					203,758,175	86,198,426	22,479,941	49,511,633	39,601,971	5,293,154	673,050
9 Demand					248,138,810	124,497,427	29,317,150	60,897,822	25,939,295	6,578,103	909,013
10 Customer					50,122,015	37,439,826	6,580,920	759,878	200,744	618,505	4,522,143
11 Total Uniform Current Cost					502,019,000	248,135,678	58,378,011	111,169,333	65,742,011	12,489,761	6,104,206
Expressed as Unit Cost											
12 Energy		\$/kWh			\$0.03614	\$0.03630	\$0.03630	\$0.03625	\$0.03556	\$0.03630	\$0.03630
13 Demand		\$/kW/mo			\$20.14	\$22.20	\$20.91	\$20.75	\$13.24	\$18.08	\$16.50
14 Customer		\$/Cust/mo			\$16.53	\$14.47	\$17.01	\$33.35	\$727.34	\$21.00	\$887.22
15 Revenue to Cost Ratio at Current Rates					1.00	0.87	1.29	1.13	1.02	0.96	1.05
Cost Classifications at Proposed Return by Schedule											
16 Energy					220,653,690	83,288,386	29,206,469	58,368,949	43,602,278	5,497,796	689,813
17 Demand					276,006,853	118,054,287	43,084,726	77,895,311	29,018,985	7,000,625	952,920
18 Customer					51,133,457	36,387,327	8,244,805	872,740	208,738	638,578	4,781,267
19 Total Proposed Rate Revenue					547,794,000	237,730,000	80,536,000	137,137,000	72,830,000	13,137,000	6,424,000
Expressed as Unit Cost											
20 Energy		\$/kWh			\$0.03914	\$0.03507	\$0.04716	\$0.04273	\$0.03916	\$0.03770	\$0.03720
21 Demand		\$/kW/mo			\$22.40	\$21.05	\$30.73	\$26.54	\$14.81	\$19.24	\$17.30
22 Customer		\$/Cust/mo			\$16.86	\$14.06	\$21.32	\$38.30	\$756.30	\$21.69	\$938.06
Cost Classifications at Uniform Requested Return											
23 Energy					218,616,490	92,484,129	24,119,208	53,122,087	42,489,799	5,679,137	722,130
24 Demand					275,534,401	138,455,050	32,674,751	67,830,273	28,162,770	7,374,302	1,037,254
25 Customer					53,643,110	39,709,413	6,986,264	805,869	206,508	656,383	5,278,673
26 Total Uniform Cost					547,794,000	270,648,592	63,780,222	121,758,229	70,859,078	13,709,822	7,038,057
Expressed as Unit Cost											
27 Energy		\$/kWh			\$0.03878	\$0.03895	\$0.03895	\$0.03889	\$0.03816	\$0.03895	\$0.03895
28 Demand		\$/kW/mo			\$22.36	\$24.69	\$23.31	\$23.11	\$14.37	\$20.27	\$18.83
29 Customer		\$/Cust/mo			\$17.69	\$15.34	\$18.06	\$35.37	\$748.22	\$22.29	\$1,035.64
30 Revenue to Cost Ratio at Proposed Rates					1.00	0.88	1.26	1.13	1.03	0.96	0.91
31 Current Revenue to Proposed Cost Ratio					0.92	0.80	1.18	1.03	0.94	0.88	0.91

Sumcost
 Scenario: Company Base Case UE-19_____
 Load Factor Peak Credit Method
 AS FILED METHOD

AVISTA UTILITIES
 Customer Cost Analysis
 For the Twelve Months Ended December 31, 2018

Washington Jurisdiction
 Electric Utility

04/30/19

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1-2	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 41-48
Meter, Services, Meter Reading & Billing Costs by Schedule at Requested Rate of Return											
Rate Base											
1	Services				114,114,000	97,575,444	14,583,673	844,669	0	1,110,214	0
2	Services Accum. Depr.				(45,678,000)	(39,057,882)	(5,837,610)	(338,107)	0	(444,401)	0
3	Total Services				68,436,000	58,517,562	8,746,063	506,562	0	665,813	0
4	Meters				27,053,000	18,623,436	6,095,795	1,477,446	40,517	815,806	0
5	Meters Accum. Depr.				(5,525,000)	(3,803,441)	(1,244,936)	(301,737)	(8,275)	(166,611)	0
6	Total Meters				21,528,000	14,819,995	4,850,858	1,175,709	32,242	649,195	0
7	Total Rate Base				89,964,000	73,337,557	13,596,921	1,682,271	32,242	1,315,008	0
8	Return on Rate Base @ 7.52%				6,765,293	5,514,984	1,022,488	126,507	2,425	98,889	0
9	Tax Benefit of Interest				(809,221)	(659,667)	(122,304)	(15,132)	(290)	(11,828)	0
10	Revenue Conversion Factor				0.754948	0.754948	0.754948	0.754948	0.754948	0.754948	0.754948
11	Rate Base Revenue Requirement				7,889,380	6,431,326	1,192,380	147,526	2,827	115,319	0
Expenses											
12	Services Depr Exp				2,601,000	2,224,037	332,406	19,253	0	25,305	0
13	Meters Depr Exp				991,000	682,210	223,300	54,122	1,484	29,884	0
14	Services Operations Exp				614,000	525,013	78,469	4,545	0	5,974	0
15	Meters Operating Exp				1,661,000	1,143,442	374,270	90,712	2,488	50,089	0
16	Meters Maintenance Exp				25,000	17,210	5,633	1,365	37	754	0
17	Meter Reading				2,973,000	2,464,305	368,316	21,698	90,642	28,039	0
18	Billing				7,170,000	6,116,764	914,214	53,858	3,520	69,597	12,047
19	Total Expenses				16,035,000	13,172,980	2,296,608	245,552	98,172	209,641	12,047
20	Revenue Conversion Factor				0.955631	0.955631	0.955631	0.955631	0.955631	0.955631	0.955631
21	Expense Revenue Requirement				16,779,489	13,784,588	2,403,237	256,953	102,730	219,375	12,606
22	Total Meter, Service, Meter Reading, and Billing Cost				24,668,869	20,215,915	3,595,617	404,480	105,557	334,694	12,606
23	Total Customer Bills				3,032,381	2,587,975	386,800	22,787	276	29,446	5,097
24	Average Unit Cost per Month				\$8.14	\$7.81	\$9.30	\$17.75	\$382.45	\$11.37	\$2.47
Distribution Fixed Costs per Customer											
25	Total Customer Related Cost				53,643,110	39,709,413	6,986,264	805,869	206,508	656,383	5,278,673
26	Customer Related Unit Cost per Month				\$17.69	\$15.34	\$18.06	\$35.37	\$748.22	\$22.29	\$1,035.64
27	Total Distribution Demand Related Cost				132,737,368	69,119,859	17,280,445	35,545,942	5,423,426	4,484,564	883,130
28	Dist Demand Related Unit Cost per Month				\$43.77	\$26.71	\$44.68	\$1,559.92	\$19,650.10	\$152.30	\$173.26
29	Total Distribution Unit Cost per Month				\$61.46	\$42.05	\$62.74	\$1,595.29	\$20,398.31	\$174.59	\$1,208.91