

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-12\_\_\_\_\_

DOCKET NO. UG-12\_\_\_\_\_

EXHIBIT NO. \_\_\_\_ (TLK-4)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost  
Scenario: Company Base Case UE-12\_\_\_\_\_  
Load Factor Peak Credit Method  
PROPOSED METHOD

AVISTA UTILITIES  
Cost of Service Basic Summary  
For the Twelve Months Ended December 31, 2011

Washington Jurisdiction  
Electric Utility  
04-02-12

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
1 Plant In Service											
1 Production Plant					813,951,000	370,158,354	69,116,684	210,227,584	144,293,310	16,976,461	3,178,606
2 Transmission Plant					361,826,000	164,546,658	30,724,470	93,452,562	64,142,769	7,546,554	1,412,987
3 Distribution Plant					785,767,000	426,367,349	86,652,104	184,736,559	30,552,037	19,181,645	38,277,307
4 Intangible Plant					109,684,000	51,633,723	9,782,099	27,799,514	16,897,469	2,345,914	1,225,281
5 General Plant					169,189,000	91,575,730	16,716,842	36,507,438	17,588,846	3,492,493	3,307,650
6 Total Plant In Service					2,240,417,000	1,104,281,814	212,992,200	552,723,656	273,474,433	49,543,066	47,401,831
7 Accum Depreciation											
7 Production Plant					(374,422,000)	(170,274,908)	(31,794,060)	(96,705,861)	(66,375,728)	(7,809,267)	(1,462,177)
8 Transmission Plant					(123,910,000)	(56,350,225)	(10,521,823)	(32,003,524)	(21,966,168)	(2,584,373)	(483,888)
9 Distribution Plant					(245,348,000)	(132,133,938)	(26,163,743)	(55,803,592)	(9,468,282)	(5,747,191)	(16,031,253)
10 Intangible Plant					(23,657,000)	(11,505,462)	(2,207,478)	(5,882,691)	(3,113,887)	(517,920)	(429,562)
11 General Plant					(60,599,000)	(33,021,702)	(6,002,531)	(12,930,462)	(6,228,966)	(1,243,464)	(1,171,876)
12 Total Accumulated Depreciation					(827,936,000)	(403,286,234)	(76,689,636)	(203,326,130)	(107,153,030)	(17,902,215)	(19,578,755)
13 Net Plant					1,412,481,000	700,995,580	136,302,564	349,397,526	166,321,402	31,640,852	27,823,077
14 Accumulated Deferred FIT					(223,375,000)	(110,009,385)	(21,154,027)	(55,032,628)	(27,724,976)	(4,917,221)	(4,536,763)
15 Miscellaneous Rate Base					33,519,000	14,877,040	3,036,473	9,268,524	4,841,031	783,020	712,912
16 Total Rate Base					1,222,625,000	605,863,235	118,185,010	303,633,421	143,437,458	27,506,651	23,999,225
17 Revenue From Retail Rates					455,105,000	198,459,000	55,514,000	126,921,000	58,190,000	9,439,000	6,582,000
18 Other Operating Revenues					60,036,000	27,608,819	5,186,422	15,425,281	10,160,177	1,264,560	390,741
19 Total Revenues					515,141,000	226,067,819	60,700,422	142,346,281	68,350,177	10,703,560	6,972,741
20 Operating Expenses											
20 Production Expenses					210,113,000	95,552,536	17,841,754	54,268,068	37,247,820	4,382,297	820,524
21 Transmission Expenses					20,880,000	9,495,543	1,773,026	5,392,895	3,701,506	435,491	81,540
22 Distribution Expenses					20,008,000	10,628,610	2,575,219	4,303,972	737,686	526,417	1,236,096
23 Customer Accounting Expenses					10,898,000	8,436,896	1,309,778	670,492	306,647	132,299	41,888
24 Customer Information Expenses					5,220,000	2,873,268	487,334	1,041,355	705,140	95,633	17,270
25 Sales Expenses					4,000	1,725	353	1,066	747	90	19
26 Admin & General Expenses					47,165,000	24,593,461	4,676,221	10,437,879	5,641,751	983,733	831,955
27 Total O&M Expenses					314,288,000	151,582,038	28,663,686	76,115,727	48,341,297	6,555,960	3,029,292
28 Taxes Other Than Income Taxes					35,273,000	16,096,264	3,789,362	9,382,726	4,721,182	749,600	533,866
29 Other Income Related Items					(418,000)	(197,120)	(37,523)	(106,107)	(63,030)	(9,003)	(5,217)
30 Depreciation Expense											
30 Production Plant Depreciation					18,650,000	8,481,411	1,583,666	4,816,929	3,306,182	388,980	72,831
31 Transmission Plant Depreciation					6,603,000	3,002,829	560,694	1,705,425	1,170,548	137,718	25,786
32 Distribution Plant Depreciation					22,390,000	12,166,090	2,506,584	5,264,543	882,133	551,828	1,018,821
33 General Plant Depreciation					17,016,000	8,887,601	1,657,433	3,879,818	1,883,580	361,421	346,147
34 Amortization Expense					4,568,000	2,079,858	388,604	1,179,163	805,911	95,373	19,093
35 Total Depreciation Expense					69,227,000	34,617,789	6,696,980	16,845,878	8,048,354	1,535,321	1,482,678
36 Income Tax					21,347,000	2,109,557	6,382,957	10,977,375	1,074,174	372,408	430,529
37 Total Operating Expenses					439,717,000	204,208,529	45,495,461	113,215,599	62,121,978	9,204,286	5,471,148
38 Net Income					75,424,000	21,859,290	15,204,961	29,130,682	6,228,199	1,499,275	1,501,593
39 Rate of Return					6.17%	3.61%	12.87%	9.59%	4.34%	5.45%	6.26%
40 Return Ratio					1.00	0.58	2.09	1.56	0.70	0.88	1.01
41 Interest Expense					36,312,000	17,994,157	3,510,098	9,017,922	4,260,097	816,948	712,778

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
<b>Functional Cost Components at Current Return by Schedule</b>											
1 Production					240,918,278	101,913,781	24,294,181	68,235,325	40,599,139	4,931,425	944,427
2 Transmission					40,174,229	14,487,826	5,308,679	13,348,719	6,078,604	791,733	158,669
3 Distribution					102,674,620	47,730,300	17,374,694	27,567,763	3,602,094	2,248,630	4,151,138
4 Common					71,337,873	34,327,093	8,536,446	17,769,194	7,910,162	1,467,212	1,327,766
5 Total Current Rate Revenue					455,105,000	198,459,000	55,514,000	126,921,000	58,190,000	9,439,000	6,582,000
Expressed as \$/kWh											
6 Production					\$0.04322	\$0.04264	\$0.04962	\$0.04605	\$0.03818	\$0.03971	\$0.03648
7 Transmission					\$0.00721	\$0.00606	\$0.01084	\$0.00901	\$0.00572	\$0.00637	\$0.00613
8 Distribution					\$0.01842	\$0.01997	\$0.03549	\$0.01860	\$0.00339	\$0.01811	\$0.16036
9 Common					\$0.01280	\$0.01436	\$0.01744	\$0.01199	\$0.00744	\$0.01181	\$0.05129
10 Total Current Melded Rates					\$0.08164	\$0.08303	\$0.11339	\$0.08565	\$0.05473	\$0.07600	\$0.25426
<b>Functional Cost Components at Uniform Current Return</b>											
11 Production					241,252,886	109,713,940	20,485,999	62,310,890	42,768,149	5,031,777	942,130
12 Transmission					40,339,700	18,345,179	3,425,447	10,418,954	7,151,228	841,359	157,533
13 Distribution					101,908,815	58,155,388	11,736,492	21,366,279	4,142,291	2,383,823	4,124,543
14 Common					71,603,598	37,408,801	7,031,186	15,959,299	8,378,170	1,502,529	1,323,614
15 Total Uniform Current Cost					455,105,000	223,623,308	42,679,124	110,055,422	62,439,837	9,759,489	6,547,820
Expressed as \$/kWh											
16 Production					\$0.04328	\$0.04590	\$0.04184	\$0.04205	\$0.04022	\$0.04051	\$0.03639
17 Transmission					\$0.00724	\$0.00768	\$0.00700	\$0.00703	\$0.00673	\$0.00677	\$0.00609
18 Distribution					\$0.01828	\$0.02433	\$0.02397	\$0.01442	\$0.00390	\$0.01919	\$0.15933
19 Common					\$0.01284	\$0.01565	\$0.01436	\$0.01077	\$0.00788	\$0.01210	\$0.05113
20 Total Current Uniform Melded Rates					\$0.08164	\$0.09356	\$0.08718	\$0.07427	\$0.05872	\$0.07858	\$0.25294
21 Revenue to Cost Ratio at Current Rates					1.00	0.89	1.30	1.15	0.93	0.97	1.01
<b>Functional Cost Components at Proposed Return by Schedule</b>											
22 Production					254,921,997	107,445,159	25,776,089	72,247,081	43,272,167	5,197,245	984,257
23 Transmission					47,112,754	17,229,297	6,042,651	15,336,076	7,402,847	923,466	178,417
24 Distribution					117,974,416	55,138,094	19,571,881	31,774,551	4,268,920	2,607,481	4,613,490
25 Common					76,078,833	36,513,450	9,122,380	18,995,293	8,487,066	1,560,808	1,399,836
26 Total Proposed Rate Revenue					496,088,000	216,326,000	60,513,000	138,353,000	63,431,000	10,289,000	7,176,000
Expressed as \$/kWh											
27 Production					\$0.04573	\$0.04495	\$0.05265	\$0.04875	\$0.04070	\$0.04185	\$0.03802
28 Transmission					\$0.00845	\$0.00721	\$0.01234	\$0.01035	\$0.00696	\$0.00744	\$0.00689
29 Distribution					\$0.02116	\$0.02307	\$0.03998	\$0.02144	\$0.00401	\$0.02099	\$0.17822
30 Common					\$0.01365	\$0.01528	\$0.01863	\$0.01282	\$0.00798	\$0.01257	\$0.05408
31 Total Proposed Melded Rates					\$0.08899	\$0.09051	\$0.12360	\$0.09337	\$0.05966	\$0.08284	\$0.27721
<b>Functional Cost Components at Uniform Requested Return</b>											
32 Production					255,080,554	116,002,312	21,660,176	65,882,306	45,219,451	5,320,179	996,129
33 Transmission					47,191,164	21,461,001	4,007,240	12,188,552	8,365,822	984,259	184,289
34 Distribution					117,443,084	66,574,921	13,478,068	25,112,134	4,753,895	2,773,096	4,750,971
35 Common					76,373,197	39,894,233	7,495,483	17,050,875	8,907,232	1,604,073	1,421,301
36 Total Uniform Cost					496,088,000	243,932,468	46,640,967	120,233,868	67,246,400	10,681,607	7,352,690
Expressed as \$/kWh											
37 Production					\$0.04576	\$0.04853	\$0.04424	\$0.04446	\$0.04253	\$0.04284	\$0.03848
38 Transmission					\$0.00847	\$0.00898	\$0.00819	\$0.00823	\$0.00787	\$0.00792	\$0.00712
39 Distribution					\$0.02107	\$0.02785	\$0.02753	\$0.01695	\$0.00447	\$0.02233	\$0.18353
40 Common					\$0.01370	\$0.01669	\$0.01531	\$0.01151	\$0.00838	\$0.01292	\$0.05490
41 Total Uniform Melded Rates					\$0.08899	\$0.10206	\$0.09527	\$0.08114	\$0.06325	\$0.08600	\$0.28403
42 Revenue to Cost Ratio at Proposed Rates					1.00	0.89	1.30	1.15	0.94	0.96	0.98
43 Current Revenue to Proposed Cost Ratio					0.92	0.81	1.19	1.06	0.87	0.88	0.90
44 Target Revenue Increase					40,983,000	45,473,000	(8,873,000)	(6,687,000)	9,056,000	1,243,000	771,000

Sumcost  
Scenario: Company Base Case UE-12\_\_\_\_\_  
Load Factor Peak Credit Method  
PROPOSED METHOD

AVISTA UTILITIES  
Revenue to Cost By Classification Summary  
For the Twelve Months Ended December 31, 2011

Washington Jurisdiction  
Electric Utility  
04-02-12

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
<b>Cost Classifications at Current Return by Schedule</b>											
1 Energy					216,272,543	84,948,600	23,459,003	64,336,720	37,796,298	4,720,195	1,011,727
2 Demand					200,625,615	87,022,547	25,409,143	61,045,911	20,292,735	4,115,374	2,739,905
3 Customer					38,206,842	26,487,853	6,645,854	1,538,369	100,967	603,431	2,830,368
4 Total Current Rate Revenue					455,105,000	198,459,000	55,514,000	126,921,000	58,190,000	9,439,000	6,582,000
Expressed as Unit Cost											
5 Energy		\$/kWh			\$0.03879	\$0.03554	\$0.04792	\$0.04342	\$0.03555	\$0.03801	\$0.03908
6 Demand		\$/kW/mo			\$15.73	\$14.42	\$20.36	\$18.65	\$11.15	\$13.50	\$35.27
7 Customer		\$/Cust/mo			\$13.54	\$10.96	\$19.56	\$47.80	\$382.45	\$20.95	\$716.73
<b>Cost Classifications at Uniform Current Return</b>											
8 Energy					215,951,565	93,131,340	19,076,514	57,571,920	40,323,628	4,839,475	1,008,688
9 Demand					199,910,484	101,569,639	18,190,162	51,114,777	22,012,116	4,301,047	2,722,744
10 Customer					39,242,951	28,922,328	5,412,448	1,368,724	104,094	618,968	2,816,389
11 Total Uniform Current Cost					455,105,000	223,623,308	42,679,124	110,055,422	62,439,837	9,759,489	6,547,820
Expressed as Unit Cost											
12 Energy		\$/kWh			\$0.03874	\$0.03897	\$0.03897	\$0.03885	\$0.03792	\$0.03897	\$0.03897
13 Demand		\$/kW/mo			\$15.67	\$16.83	\$14.58	\$15.61	\$12.10	\$14.11	\$35.05
14 Customer		\$/Cust/mo			\$13.90	\$11.96	\$15.93	\$42.53	\$394.29	\$21.49	\$713.19
15 Revenue to Cost Ratio at Current Rates					1.00	0.89	1.30	1.15	0.93	0.97	1.01
<b>Cost Classifications at Proposed Return by Schedule</b>											
16 Energy					231,853,320	90,754,999	25,165,157	68,919,832	40,912,521	5,036,343	1,064,467
17 Demand					223,417,490	97,355,871	28,221,817	67,779,852	22,413,666	4,608,043	3,038,240
18 Customer					40,817,190	28,215,129	7,126,026	1,653,316	104,813	644,613	3,073,293
19 Total Proposed Rate Revenue					496,088,000	216,326,000	60,513,000	138,353,000	63,431,000	10,289,000	7,176,000
Expressed as Unit Cost											
20 Energy		\$/kWh			\$0.04159	\$0.03797	\$0.05140	\$0.04651	\$0.03848	\$0.04055	\$0.04112
21 Demand		\$/kW/mo			\$17.51	\$16.13	\$22.62	\$20.70	\$12.32	\$15.12	\$39.11
22 Customer		\$/Cust/mo			\$14.46	\$11.67	\$20.98	\$51.37	\$397.02	\$22.38	\$778.25
<b>Cost Classifications at Uniform Requested Return</b>											
23 Energy					231,256,760	99,731,863	20,428,529	61,652,231	43,181,495	5,182,464	1,080,177
24 Demand					222,764,534	113,314,738	20,419,486	57,110,576	23,957,285	4,835,497	3,126,953
25 Customer					42,066,706	30,885,867	5,792,951	1,471,061	107,620	663,646	3,145,560
26 Total Uniform Cost					496,088,000	243,932,468	46,640,967	120,233,868	67,246,400	10,681,607	7,352,690
Expressed as Unit Cost											
27 Energy		\$/kWh			\$0.04148	\$0.04173	\$0.04173	\$0.04160	\$0.04061	\$0.04173	\$0.04173
28 Demand		\$/kW/mo			\$17.46	\$18.78	\$16.37	\$17.44	\$13.17	\$15.87	\$40.26
29 Customer		\$/Cust/mo			\$14.91	\$12.78	\$17.05	\$45.71	\$407.65	\$23.04	\$796.55
30 Revenue to Cost Ratio at Proposed Rates					1.00	0.89	1.30	1.15	0.94	0.96	0.98
31 Current Revenue to Proposed Cost Ratio					0.92	0.81	1.19	1.06	0.87	0.88	0.90

Sumcost  
Scenario: Company Base Case UE-12\_\_\_\_\_  
Load Factor Peak Credit Method  
PROPOSED METHOD

AVISTA UTILITIES  
Customer Cost Analysis  
For the Twelve Months Ended December 31, 2011

Washington Jurisdiction  
Electric Utility

04-02-12

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
<b>Meter, Services, Meter Reading &amp; Billing Costs by Schedule at Requested Rate of Return</b>											
<b>Rate Base</b>											
1	Services				76,191,000	65,366,953	9,186,636	858,563	0	778,848	0
2	Services Accum. Depr.				(28,855,000)	(24,755,725)	(3,479,156)	(325,154)	0	(294,965)	0
3	<b>Total Services</b>				<b>47,336,000</b>	<b>40,611,228</b>	<b>5,707,480</b>	<b>533,409</b>	<b>0</b>	<b>483,883</b>	<b>0</b>
4	Meters				26,286,000	16,055,740	6,137,585	3,050,265	61,020	981,391	0
5	Meters Accum. Depr.				(4,486,000)	(2,740,092)	(1,047,447)	(520,562)	(10,414)	(167,485)	0
6	<b>Total Meters</b>				<b>21,800,000</b>	<b>13,315,648</b>	<b>5,090,137</b>	<b>2,529,703</b>	<b>50,606</b>	<b>813,906</b>	<b>0</b>
7	<b>Total Rate Base</b>				<b>69,136,000</b>	<b>53,926,876</b>	<b>10,797,617</b>	<b>3,063,112</b>	<b>50,606</b>	<b>1,297,789</b>	<b>0</b>
8	Return on Rate Base @ 8.25%				5,703,720	4,448,967	890,803	252,707	4,175	107,068	0
9	Revenue Conversion Factor				0.62082	0.62082	0.62082	0.62082	0.62082	0.62082	0.62082
10	<b>Rate Base Revenue Requirement</b>				<b>9,187,397</b>	<b>7,166,276</b>	<b>1,434,882</b>	<b>407,053</b>	<b>6,725</b>	<b>172,462</b>	<b>0</b>
<b>Expenses</b>											
11	Services Depr Exp				2,092,000	1,794,801	252,240	23,574	0	21,385	0
12	Meters Depr Exp				1,024,000	625,469	239,096	118,826	2,377	38,231	0
13	Services Operations Exp				479,000	410,951	57,755	5,398	0	4,896	0
14	Meters Operating Exp				1,717,000	1,048,760	400,907	199,243	3,986	64,104	0
15	Meters Maintenance Exp				89,000	54,362	20,781	10,328	207	3,323	0
16	Meter Reading				2,604,000	2,199,607	309,132	29,284	36,175	26,208	3,593
17	Billing				5,696,000	4,873,390	684,904	64,881	6,798	58,066	7,961
18	<b>Total Expenses</b>				<b>13,701,000</b>	<b>11,007,341</b>	<b>1,964,814</b>	<b>451,533</b>	<b>49,543</b>	<b>216,215</b>	<b>11,554</b>
19	Revenue Conversion Factor				0.9551	0.9551	0.9551	0.9551	0.9551	0.9551	0.9551
20	<b>Expense Revenue Requirement</b>				<b>14,345,095</b>	<b>11,524,804</b>	<b>2,057,182</b>	<b>472,760</b>	<b>51,872</b>	<b>226,379</b>	<b>12,098</b>
21	<b>Total Meter, Service, Meter Reading, and</b>				<b>23,532,492</b>	<b>18,691,080</b>	<b>3,492,064</b>	<b>879,813</b>	<b>58,597</b>	<b>398,841</b>	<b>12,098</b>
22	Total Customer Bills				2,822,306	2,417,371	339,736	32,183	264	28,803	3,949
23	<b>Average Unit Cost per Month</b>				<b>\$8.34</b>	<b>\$7.73</b>	<b>\$10.28</b>	<b>\$27.34</b>	<b>\$221.96</b>	<b>\$13.85</b>	<b>\$3.06</b>
<b>Distribution Fixed Costs per Customer</b>											
24	Total Customer Related Cost				42,066,706	30,885,867	5,792,951	1,471,061	107,620	663,646	3,145,560
25	Customer Related Unit Cost per Month				\$14.91	\$12.78	\$17.05	\$45.71	\$407.65	\$23.04	\$796.55
26	Total Distribution Demand Related Cost				103,997,246	53,931,760	11,116,294	28,335,578	5,062,204	2,713,285	2,838,125
27	Dist Demand Related Unit Cost per Month				\$36.85	\$22.31	\$32.72	\$880.45	\$19,175.01	\$94.20	\$718.69
28	<b>Total Distribution Unit Cost per Month</b>				<b>\$51.75</b>	<b>\$35.09</b>	<b>\$49.77</b>	<b>\$926.16</b>	<b>\$19,582.67</b>	<b>\$117.24</b>	<b>\$1,515.24</b>