

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-15\_\_\_\_\_

EXHIBIT NO.\_\_\_\_\_(TLK-3)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost  
Scenario: Company Base Case UE-15 \_\_\_\_\_  
Load Factor Peak Credit Method  
AS FILED METHOD

AVISTA UTILITIES  
Cost of Service Basic Summary  
For the Twelve Months Ended September 30, 2014

Washington Jurisdiction  
Electric Utility  
02-09-15

	(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					918,649,000	408,850,410	96,632,836	225,511,029	163,919,928	20,517,469	3,217,327
2 Transmission Plant					418,924,000	186,444,713	44,066,683	102,837,953	74,751,066	9,356,414	1,467,171
3 Distribution Plant					907,131,000	490,665,727	107,314,036	207,716,781	30,427,938	24,108,078	46,898,441
4 Intangible Plant					173,692,000	82,054,003	18,866,405	41,558,859	24,494,794	4,042,444	2,675,495
5 General Plant					235,197,000	127,160,290	26,548,031	47,754,005	23,993,112	5,145,500	4,596,062
6 Total Plant In Service					2,653,593,000	1,295,175,143	293,427,992	625,378,627	317,586,837	63,169,904	58,854,497
7 Accum Depreciation											
7 Production Plant					(420,975,000)	(187,357,523)	(44,282,428)	(103,341,435)	(75,117,038)	(9,402,221)	(1,474,355)
8 Transmission Plant					(128,112,000)	(57,017,037)	(13,476,122)	(31,449,083)	(22,859,775)	(2,861,304)	(448,679)
9 Distribution Plant					(288,052,000)	(154,838,169)	(33,211,202)	(64,107,222)	(9,605,382)	(7,410,874)	(18,879,153)
10 Intangible Plant					(40,268,000)	(19,411,840)	(4,420,164)	(9,531,468)	(5,185,347)	(947,938)	(771,243)
11 General Plant					(80,983,000)	(43,879,603)	(9,145,052)	(16,382,467)	(8,231,007)	(1,768,054)	(1,576,817)
12 Total Accumulated Depreciation					(958,390,000)	(462,504,172)	(104,534,968)	(224,811,674)	(120,998,548)	(22,390,392)	(23,150,246)
13 Net Plant					1,695,203,000	832,670,971	188,893,024	400,566,953	196,588,288	40,779,512	35,704,251
14 Accumulated Deferred FIT					(289,735,000)	(143,793,616)	(32,168,567)	(66,933,046)	(33,543,359)	(6,832,960)	(6,463,452)
15 Miscellaneous Rate Base					58,828,000	31,718,572	8,829,235	10,844,318	4,930,097	1,576,528	929,249
16 Total Rate Base					1,464,296,000	720,595,926	165,553,693	344,478,226	167,975,026	35,523,080	30,170,048
17 Revenue From Retail Rates					499,982,000	214,841,000	71,304,000	130,152,000	65,195,000	11,470,000	7,020,000
18 Other Operating Revenues					60,314,000	27,221,120	6,396,146	14,740,879	10,190,723	1,363,806	401,325
19 Total Revenues					560,296,000	242,062,120	77,700,146	144,892,879	75,385,723	12,833,806	7,421,325
20 Operating Expenses											
20 Production Expenses					211,348,000	94,061,733	22,231,730	51,881,954	37,712,063	4,720,329	740,191
21 Transmission Expenses					19,847,000	8,833,030	2,087,709	4,872,065	3,541,417	443,271	69,509
22 Distribution Expenses					21,463,000	11,703,686	2,910,861	4,366,895	732,412	587,529	1,161,617
23 Customer Accounting Expenses					12,298,000	9,234,937	1,596,935	834,677	418,904	161,434	51,112
24 Customer Information Expenses					1,488,000	1,269,965	188,040	12,436	130	15,070	2,358
25 Sales Expenses					0	0	0	0	0	0	0
26 Admin & General Expenses					48,080,000	25,001,810	5,506,163	10,054,109	5,649,681	1,063,778	804,459
27 Total O&M Expenses					314,524,000	150,105,160	34,521,439	72,022,136	48,054,606	6,991,412	2,829,247
28 Taxes Other Than Income Taxes					43,075,000	19,576,118	5,373,273	10,746,945	5,654,858	1,005,595	718,211
29 Other Income Related Items					1,941,000	1,342,413	450,401	93,484	(778)	59,685	(4,205)
30 Depreciation Expense											
30 Production Plant Depreciation					20,773,000	9,245,152	2,185,115	5,099,380	3,706,648	463,952	72,752
31 Transmission Plant Depreciation					7,573,000	3,370,410	796,605	1,859,029	1,351,295	169,138	26,522
32 Distribution Plant Depreciation					26,152,000	14,204,612	3,143,772	5,935,296	879,279	697,939	1,291,103
33 General Plant Depreciation					27,734,000	14,293,842	3,101,094	6,071,931	3,049,210	633,512	584,411
34 Amortization Expense					3,369,000	1,514,028	356,248	823,834	580,790	75,771	18,329
35 Total Depreciation Expense					85,601,000	42,628,044	9,582,834	19,789,470	9,567,222	2,040,313	1,993,117
36 Income Tax					26,521,000	3,121,265	8,182,544	11,562,930	2,655,769	623,426	375,066
37 Total Operating Expenses					471,662,000	216,773,001	58,110,492	114,214,964	65,931,676	10,720,432	5,911,436
38 Net Income					88,634,000	25,289,119	19,589,655	30,677,915	9,454,047	2,113,375	1,509,889
39 Rate of Return					6.05%	3.51%	11.83%	8.91%	5.63%	5.95%	5.00%
40 Return Ratio					1.00	0.58	1.95	1.47	0.93	0.98	0.83
41 Interest Expense					39,682,000	19,527,942	4,486,457	9,335,261	4,552,075	962,665	817,600
42 Revenue Related Expenses					23,854,000	10,250,003	3,401,894	6,209,515	3,110,435	547,230	334,922

Sumcost  
 Scenario: Company Base Case UE-15 \_\_\_\_\_  
 Load Factor Peak Credit Method  
 AS FILED METHOD

AVISTA UTILITIES  
 Revenue to Cost by Functional Component Summary  
 For the Twelve Months Ended September 30, 2014

Washington Jurisdiction  
 Electric Utility  
 02-09-15

	(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				252,144,937	103,494,396	30,967,184	66,928,147	44,303,262	5,598,618	853,329
2	Transmission				44,785,205	15,091,984	7,176,364	13,785,139	7,609,363	982,006	140,348
3	Distribution				114,485,609	54,518,394	20,985,526	28,363,553	3,287,086	2,899,883	4,431,169
4	Common				88,566,250	41,736,226	12,174,926	21,075,161	9,995,288	1,989,493	1,595,154
5	Total Current Rate Revenue				499,982,000	214,841,000	71,304,000	130,152,000	65,195,000	11,470,000	7,020,000
Expressed as \$/kWh											
6	Production				\$0.04460	\$0.04351	\$0.05263	\$0.04716	\$0.04008	\$0.04080	\$0.03396
7	Transmission				\$0.00792	\$0.00635	\$0.01220	\$0.00971	\$0.00688	\$0.00716	\$0.00559
8	Distribution				\$0.02025	\$0.02292	\$0.03567	\$0.01999	\$0.00297	\$0.02113	\$0.17635
9	Common				\$0.01566	\$0.01755	\$0.02069	\$0.01485	\$0.00904	\$0.01450	\$0.06348
10	Total Current Melded Rates				\$0.08843	\$0.09033	\$0.12118	\$0.09171	\$0.05898	\$0.08358	\$0.27937
<b>Functional Cost Components at Uniform Current Return</b>											
11	Production				251,443,157	111,906,330	26,449,346	61,724,560	44,866,477	5,615,831	880,614
12	Transmission				44,395,880	19,758,660	4,670,010	10,898,352	7,921,817	991,555	155,485
13	Distribution				115,276,137	66,811,816	14,656,615	22,647,007	3,409,374	2,924,843	4,826,483
14	Common				88,866,826	46,038,590	10,036,173	18,972,618	10,152,501	1,997,418	1,669,525
15	Total Uniform Current Cost				499,982,000	244,515,396	55,812,144	114,242,537	66,350,169	11,529,647	7,532,107
Expressed as \$/kWh											
16	Production				\$0.04447	\$0.04705	\$0.04495	\$0.04349	\$0.04059	\$0.04092	\$0.03505
17	Transmission				\$0.00785	\$0.00831	\$0.00794	\$0.00768	\$0.00717	\$0.00723	\$0.00619
18	Distribution				\$0.02039	\$0.02809	\$0.02491	\$0.01596	\$0.00308	\$0.02131	\$0.19208
19	Common				\$0.01572	\$0.01936	\$0.01706	\$0.01337	\$0.00918	\$0.01456	\$0.06644
20	Total Current Uniform Melded Rates				\$0.08843	\$0.10280	\$0.09485	\$0.08050	\$0.06003	\$0.08402	\$0.29975
21	Revenue to Cost Ratio at Current Rates				1.00	0.88	1.28	1.14	0.98	0.99	0.93
<b>Functional Cost Components at Proposed Return by Schedule</b>											
22	Production				262,818,328	108,035,802	31,563,095	69,755,489	46,727,585	5,848,286	888,071
23	Transmission				50,716,269	17,615,776	7,507,988	15,356,066	8,956,050	1,120,733	159,656
24	Distribution				126,474,124	61,165,296	21,822,629	31,474,263	3,814,119	3,262,472	4,935,345
25	Common				93,202,279	44,060,126	12,457,288	22,218,182	10,672,246	2,104,510	1,689,927
26	Total Proposed Rate Revenue				533,211,000	230,877,000	73,351,000	138,804,000	70,170,000	12,336,000	7,673,000
Expressed as \$/kWh											
27	Production				\$0.04648	\$0.04542	\$0.05364	\$0.04915	\$0.04227	\$0.04262	\$0.03534
28	Transmission				\$0.00897	\$0.00741	\$0.01276	\$0.01082	\$0.00810	\$0.00817	\$0.00635
29	Distribution				\$0.02237	\$0.02572	\$0.03709	\$0.02218	\$0.00345	\$0.02377	\$0.19641
30	Common				\$0.01648	\$0.01852	\$0.02117	\$0.01566	\$0.00965	\$0.01534	\$0.06725
31	Total Proposed Melded Rates				\$0.09431	\$0.09707	\$0.12466	\$0.09780	\$0.06348	\$0.08989	\$0.30536
<b>Functional Cost Components at Uniform Requested Return</b>											
32	Production				261,848,874	116,537,458	27,543,925	64,278,967	46,723,230	5,848,236	917,057
33	Transmission				50,178,446	22,332,227	5,278,279	12,317,864	8,953,634	1,120,705	175,737
34	Distribution				127,670,886	73,589,840	16,192,288	25,457,877	3,813,174	3,262,399	5,355,307
35	Common				93,512,794	48,408,379	10,554,605	20,005,358	10,671,030	2,104,487	1,768,935
36	Total Uniform Cost				533,211,000	260,867,905	59,569,097	122,060,066	70,161,068	12,335,827	8,217,036
Expressed as \$/kWh											
37	Production				\$0.04631	\$0.04900	\$0.04681	\$0.04529	\$0.04227	\$0.04262	\$0.03650
38	Transmission				\$0.00888	\$0.00939	\$0.00897	\$0.00868	\$0.00810	\$0.00817	\$0.00699
39	Distribution				\$0.02258	\$0.03094	\$0.02752	\$0.01794	\$0.00345	\$0.02377	\$0.21312
40	Common				\$0.01654	\$0.02035	\$0.01794	\$0.01410	\$0.00965	\$0.01534	\$0.07040
41	Total Uniform Melded Rates				\$0.09431	\$0.10968	\$0.10124	\$0.08600	\$0.06347	\$0.08989	\$0.32701
42	Revenue to Cost Ratio at Proposed Rates				1.00	0.89	1.23	1.14	1.00	1.00	0.93
43	Current Revenue to Proposed Cost Ratio				0.94	0.82	1.20	1.07	0.93	0.93	0.85
44	Target Revenue Increase				33,229,000	46,027,000	(11,735,000)	(8,092,000)	4,966,000	866,000	1,197,000

Sumcost  
Scenario: Company Base Case UE-15\_\_\_\_  
Load Factor Peak Credit Method  
AS FILED METHOD

AVISTA UTILITIES  
Revenue to Cost By Classification Summary  
For the Twelve Months Ended September 30, 2014

Washington Jurisdiction  
Electric Utility  
02-09-15

	(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					227,659,929	86,387,635	28,976,386	63,304,718	42,516,100	5,504,093	970,996
2 Demand					227,857,080	97,092,025	34,401,348	65,861,118	22,586,540	5,308,488	2,607,560
3 Customer					44,464,992	31,361,339	7,926,266	986,164	92,360	657,419	3,441,444
4 Total Current Rate Revenue					499,982,000	214,841,000	71,304,000	130,152,000	65,195,000	11,470,000	7,020,000
Expressed as Unit Cost											
5 Energy		\$/kWh			\$0.04027	\$0.03632	\$0.04925	\$0.04461	\$0.03846	\$0.04011	\$0.03864
6 Demand		\$/kW/mo			\$18.24	\$16.63	\$25.59	\$21.78	\$12.03	\$16.19	\$31.60
7 Customer		\$/Cust/mo			\$15.41	\$12.74	\$21.74	\$40.90	\$366.51	\$22.50	\$752.72
<b>Cost Classifications at Uniform Current Return</b>											
8 Energy					226,270,899	95,782,365	23,695,179	57,031,151	43,224,104	5,526,194	1,011,906
9 Demand					227,345,250	114,205,885	25,601,208	56,326,245	23,033,026	5,343,396	2,835,489
10 Customer					46,365,851	34,527,146	6,515,758	885,140	93,039	660,057	3,684,712
11 Total Uniform Current Cost					499,982,000	244,515,396	55,812,144	114,242,537	66,350,169	11,529,647	7,532,107
Expressed as Unit Cost											
12 Energy		\$/kWh			\$0.04002	\$0.04027	\$0.04027	\$0.04018	\$0.03910	\$0.04027	\$0.04027
13 Demand		\$/kW/mo			\$18.20	\$19.56	\$19.04	\$18.62	\$12.27	\$16.30	\$34.36
14 Customer		\$/Cust/mo			\$16.07	\$14.02	\$17.87	\$36.71	\$369.20	\$22.59	\$805.93
15 Revenue to Cost Ratio at Current Rates					1.00	0.88	1.28	1.14	0.98	0.99	0.93
<b>Cost Classifications at Proposed Return by Schedule</b>											
16 Energy					240,264,570	91,462,640	29,673,731	66,715,220	45,565,016	5,824,843	1,023,119
17 Demand					246,178,983	106,343,094	35,564,775	71,047,693	24,509,706	5,815,465	2,898,251
18 Customer					46,767,447	33,071,266	8,112,494	1,041,087	95,278	695,692	3,751,630
19 Total Proposed Rate Revenue					533,211,000	230,877,000	73,351,000	138,804,000	70,170,000	12,336,000	7,673,000
Expressed as Unit Cost											
20 Energy		\$/kWh			\$0.04250	\$0.03845	\$0.05043	\$0.04701	\$0.04122	\$0.04245	\$0.04072
21 Demand		\$/kW/mo			\$19.70	\$18.22	\$26.45	\$23.49	\$13.06	\$17.74	\$35.12
22 Customer		\$/Cust/mo			\$16.21	\$13.43	\$22.25	\$43.18	\$378.09	\$23.81	\$820.57
<b>Cost Classifications at Uniform Requested Return</b>											
23 Energy					238,496,524	100,957,574	24,975,451	60,112,597	45,559,542	5,824,779	1,066,580
24 Demand					245,850,176	123,639,491	27,735,972	61,012,705	24,506,254	5,815,364	3,140,390
25 Customer					48,864,300	36,270,840	6,857,674	934,765	95,273	695,684	4,010,065
26 Total Uniform Cost					533,211,000	260,867,905	59,569,097	122,060,066	70,161,068	12,335,827	8,217,036
Expressed as Unit Cost											
27 Energy		\$/kWh			\$0.04218	\$0.04245	\$0.04245	\$0.04236	\$0.04122	\$0.04245	\$0.04245
28 Demand		\$/kW/mo			\$19.68	\$21.18	\$20.63	\$20.17	\$13.06	\$17.74	\$38.05
29 Customer		\$/Cust/mo			\$16.94	\$14.73	\$18.81	\$38.77	\$378.07	\$23.81	\$877.09
30 Revenue to Cost Ratio at Proposed Rates					1.00	0.89	1.23	1.14	1.00	1.00	0.93
31 Current Revenue to Proposed Cost Ratio					0.94	0.82	1.20	1.07	0.93	0.93	0.85

Sumcost  
 Scenario: Company Base Case UE-15 \_\_\_\_\_  
 Load Factor Peak Credit Method  
 AS FILED METHOD

AVISTA UTILITIES  
 Customer Cost Analysis  
 For the Twelve Months Ended September 30, 2014

Washington Jurisdiction  
 Electric Utility

02-09-15

	(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				89,307,000	76,360,708	11,306,536	733,626	0	906,131	0
2	Services Accum. Depr.				(34,095,000)	(29,152,455)	(4,316,530)	(280,079)	0	(345,936)	0
3	Total Services				55,212,000	47,208,252	6,990,006	453,547	0	560,194	0
4	Meters				8,453,000	5,790,122	1,920,416	472,313	11,805	258,343	0
5	Meters Accum. Depr.				758,000	519,214	172,208	42,353	1,059	23,166	0
6	Total Meters				9,211,000	6,309,336	2,092,624	514,667	12,864	281,509	0
7	Total Rate Base				64,423,000	53,517,588	9,082,630	968,214	12,864	841,704	0
8	Return on Rate Base @ 7.46%				4,805,956	3,992,412	677,564	72,229	960	62,791	0
9	Tax Benefit of Interest				(611,046)	(507,609)	(86,148)	(9,183)	(122)	(7,983)	0
10	Revenue Conversion Factor				0.62000	0.62000	0.62000	0.62000	0.62000	0.62000	0.62000
11	<b>Rate Base Revenue Requirement</b>				<b>6,765,984</b>	<b>5,620,650</b>	<b>953,897</b>	<b>101,686</b>	<b>1,351</b>	<b>88,399</b>	<b>0</b>
<b>Expenses</b>											
12	Services Depr Exp				2,493,000	2,131,605	315,621	20,479	0	25,295	0
13	Meters Depr Exp				685,000	469,210	155,623	38,275	957	20,935	0
14	Services Operations Exp				421,000	359,970	53,300	3,458	0	4,272	0
15	Meters Operating Exp				1,742,000	1,193,232	395,761	97,335	2,433	53,239	0
16	Meters Maintenance Exp				16,000	10,960	3,635	894	22	489	0
17	Meter Reading				2,803,000	2,368,762	350,737	23,196	32,197	28,109	0
18	Billing				6,159,000	5,251,272	777,542	51,424	6,696	62,314	9,751
19	Total Expenses				14,319,000	11,785,011	2,052,219	235,060	42,305	194,653	9,751
20	Revenue Conversion Factor				0.953853	0.953853	0.953853	0.953853	0.953853	0.953853	0.953853
21	<b>Expense Revenue Requirement</b>				<b>15,011,747</b>	<b>12,355,165</b>	<b>2,151,505</b>	<b>246,433</b>	<b>44,352</b>	<b>204,070</b>	<b>10,223</b>
22	<b>Billing Cost</b>				<b>21,777,731</b>	<b>17,975,815</b>	<b>3,105,402</b>	<b>348,119</b>	<b>45,703</b>	<b>292,469</b>	<b>10,223</b>
23	Total Customer Bills				2,884,769	2,462,067	364,552	24,110	252	29,216	4,572
24	<b>Average Unit Cost per Month</b>				<b>\$7.55</b>	<b>\$7.30</b>	<b>\$8.52</b>	<b>\$14.44</b>	<b>\$181.36</b>	<b>\$10.01</b>	<b>\$2.24</b>
<b>Distribution Fixed Costs per Customer</b>											
25	Total Customer Related Cost				48,864,300	36,270,840	6,857,674	934,765	95,273	695,684	4,010,065
26	Customer Related Unit Cost per Month				\$16.94	\$14.73	\$18.81	\$38.77	\$378.07	\$23.81	\$877.09
27	Total Distribution Demand Related Cost				118,386,098	61,724,040	14,215,969	31,288,866	4,765,300	3,466,635	2,925,290
28	Dist Demand Related Unit Cost per Month				\$41.04	\$25.07	\$39.00	\$1,297.75	\$18,909.92	\$118.66	\$639.83
29	<b>Total Distribution Unit Cost per Month</b>				<b>\$57.98</b>	<b>\$39.80</b>	<b>\$57.81</b>	<b>\$1,336.53</b>	<b>\$19,287.98</b>	<b>\$142.47</b>	<b>\$1,516.92</b>