

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-15\_\_\_\_\_

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

JOSEPH D. MILLER

REPRESENTING AVISTA CORPORATION

Sumcost  
Company Base Case UG-15\_\_\_\_\_

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

Natural Gas Utility  
Washington Jurisdiction

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Description	System	General	Large	High	Interruptible	Transportation			
	Total	Sch 101	Sch 111/112	Lg. Gen. Service	Sch 131/132	Sch 146			
<b>Plant In Service</b>									
1 Production Plant									
2 Underground Storage Plant	26,321,000	17,795,142	7,007,301	845,381	164,462	508,714			
3 Distribution Plant	372,002,000	290,409,017	56,131,352	5,062,712	893,923	19,504,996			
4 Intangible Plant	11,586,000	9,854,044	1,242,756	107,279	19,776	362,145			
5 General Plant	78,856,000	68,116,675	7,803,418	664,852	124,145	2,146,910			
6 Total Plant In Service	488,765,000	386,174,879	72,184,827	6,680,225	1,202,305	22,522,764			
<b>Accum Depreciation</b>									
7 Production Plant									
8 Underground Storage Plant	(10,268,000)	-6,942,005	-2,733,596	-329,789	-64,158	-198,453			
9 Distribution Plant	(126,984,000)	-100,641,233	-18,076,140	-1,650,892	-286,847	-6,328,888			
10 Intangible Plant	(4,439,000)	-3,821,237	-447,531	-38,249	-7,120	-124,863			
11 General Plant	(20,944,000)	-18,091,656	-2,072,573	-176,583	-32,973	-570,215			
12 Total Accumulated Depreciation	(162,635,000)	(129,496,131)	(23,329,839)	(2,195,513)	(391,097)	(7,222,419)			
13 Net Plant	326,130,000	256,678,748	48,854,987	4,484,711	811,208	15,300,346			
14 Accumulated Deferred FIT	(70,703,000)	-55,862,679	-10,441,999	-966,337	-173,921	-3,258,063			
15 Miscellaneous Rate Base	30,659,000	22,674,350	6,108,569	661,069	124,966	1,090,045			
16 Total Rate Base	286,086,000	223,490,418	44,521,558	4,179,443	762,253	13,132,328			
17 Revenue From Retail Rates	169,307,000	123,589,925	38,270,137	4,136,332	733,817	2,576,790			
18 Other Operating Revenues	1,884,000	1,471,775	293,137	27,511	5,017	86,560			
19 Total Revenues	171,191,000	125,061,700	38,563,274	4,163,843	738,834	2,663,350			
<b>Operating Expenses</b>									
20 Purchased Gas Costs	88,734,000	61,342,453	24,044,894	2,795,834	512,778	38,042			
21 Underground Storage Expenses	858,000	580,078	228,421	27,557	5,361	16,583			
22 Distribution Expenses	11,992,000	9,593,648	1,691,634	137,053	26,792	542,873			
23 Customer Accounting Expenses	6,794,000	6,424,129	323,375	25,452	4,402	16,642			
24 Customer Information Expenses	966,000	949,269	16,298	178	13	242			
25 Sales Expenses	1,000	983	17	0	0	0			
26 Admin & General Expenses	13,722,000	11,777,015	1,421,047	123,510	22,954	377,474			
27 Total O&M Expenses	123,067,000	90,667,574	27,725,686	3,109,585	572,299	991,857			
28 Taxes Other Than Income Taxes	10,146,000	7,536,602	2,089,582	219,038	38,974	261,803			
29 Depreciation Expense									
30 Underground Storage Plant Depr	423,000	285,982	112,613	13,586	2,643	8,175			
31 Distribution Plant Depreciation	9,579,000	7,515,476	1,426,058	126,273	22,588	488,604			
32 General Plant Depreciation	5,841,000	5,045,520	578,013	49,247	9,196	159,025			
33 Amortization of Intangible Plant	2,936,000	2,536,149	290,540	24,754	4,622	79,935			
34 Total Depr & Amort Expense	18,779,000	15,383,127	2,407,224	213,860	39,049	735,740			
35 Income Tax	5,312,000	2,514,337	2,382,760	235,804	31,490	147,609			
36 Total Operating Expenses	157,304,000	116,101,640	34,605,251	3,778,286	681,813	2,137,009			
37 Net Income	13,887,000	8,960,060	3,958,022	385,557	57,021	526,340			
38 Rate of Return	4.85%	4.01%	8.89%	9.23%	7.48%	4.01%			
39 Return Ratio	1.00	0.83	1.83	1.90	1.54	0.83			
40 Interest Expense	7,753,000	6,056,645	1,206,545	113,264	20,657	355,889			

Sumcost  
Company Base Case UG-15\_\_\_\_\_AVISTA UTILITIES  
Summary by Function with Margin Analysis  
For the Twelve Months Ended September 30, 2014Natural Gas Utility  
Washington Jurisdiction

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Description	System Total	General Service Sch 101	Large General Service Sch 111/112	High Load Factor Lg. Gen. Service Sch 121/122	Interruptible Service Sch 131/132	Transportation Service Sch 146			
<b>Functional Cost Components at Current Rates</b>									
1 Production	93,359,893	64,540,366	25,298,406	2,941,586	539,510	40,026			
2 Underground Storage	3,543,529	1,900,819	1,387,470	172,679	28,233	54,328			
3 Distribution	45,077,045	34,335,349	8,167,802	723,206	114,785	1,735,903			
4 Common	27,326,533	22,813,390	3,416,459	298,861	51,289	746,533			
5 <b>Total Current Rate Revenue</b>	<b>169,307,000</b>	<b>123,589,925</b>	<b>38,270,137</b>	<b>4,136,332</b>	<b>733,817</b>	<b>2,576,790</b>			
6 Exclude Cost of Gas w / Revenue Exp.	92,447,695	63,923,179	25,059,880	2,913,233	534,029	17,375			
7 <b>Total Margin Revenue at Current Rates</b>	<b>76,859,305</b>	<b>59,666,746</b>	<b>13,210,257</b>	<b>1,223,099</b>	<b>199,788</b>	<b>2,559,415</b>			
Margin per Therm at Current Rates									
8 Production	\$0.00443	\$0.00511	\$0.00502	\$0.00494	\$0.00491	\$0.00074			
9 Underground Storage	\$0.01569	\$0.01807	\$0.01807	\$0.01807	\$0.01807	\$0.00204			
10 Distribution	\$0.21910	\$0.30485	\$0.12149	\$0.08567	\$0.08061	\$0.06244			
11 Common	\$0.13444	\$0.19693	\$0.05910	\$0.04205	\$0.04024	\$0.02561			
12 <b>Total Current Margin Melded Rate per Therm</b>	<b>\$0.37367</b>	<b>\$0.52496</b>	<b>\$0.20368</b>	<b>\$0.15073</b>	<b>\$0.14384</b>	<b>\$0.09083</b>			
<b>Functional Cost Components at Uniform Current Return</b>									
13 Production	93,359,893	64,540,366	25,298,406	2,941,586	539,510	40,026			
14 Underground Storage	3,227,030	2,181,735	859,115	103,646	20,164	62,370			
15 Distribution	45,067,574	36,801,408	5,775,540	491,293	89,940	1,909,393			
16 Common	27,652,503	23,773,987	2,809,302	241,154	44,899	783,161			
17 <b>Total Uniform Current Cost</b>	<b>169,307,000</b>	<b>127,297,496</b>	<b>34,742,362</b>	<b>3,777,679</b>	<b>694,513</b>	<b>2,794,949</b>			
18 Exclude Cost of Gas w / Revenue Exp.	92,447,695	63,923,179	25,059,880	2,913,233	534,029	17,375			
19 <b>Total Uniform Current Margin</b>	<b>76,859,305</b>	<b>63,374,317</b>	<b>9,682,483</b>	<b>864,446</b>	<b>160,484</b>	<b>2,777,575</b>			
Margin per Therm at Uniform Current Return									
20 Production	\$0.00443	\$0.00511	\$0.00502	\$0.00494	\$0.00491	\$0.00074			
21 Underground Storage	\$0.01569	\$0.01807	\$0.01807	\$0.01807	\$0.01807	\$0.00204			
22 Distribution	\$0.21910	\$0.30485	\$0.12149	\$0.08567	\$0.08061	\$0.06244			
23 Common	\$0.13444	\$0.19693	\$0.05910	\$0.04205	\$0.04024	\$0.02561			
24 <b>Total Current Uniform Margin Melded Rate per Therm</b>	<b>\$0.37367</b>	<b>\$0.52496</b>	<b>\$0.20368</b>	<b>\$0.15073</b>	<b>\$0.14384</b>	<b>\$0.09083</b>			
25 <b>Margin to Cost Ratio at Current Rates</b>	<b>1.00</b>	<b>0.94</b>	<b>1.36</b>	<b>1.41</b>	<b>1.24</b>	<b>0.92</b>			
<b>Functional Cost Components at Proposed Rates</b>									
26 Production	93,336,265	64,524,032	25,292,003	2,940,842	539,373	40,015			
27 Underground Storage	4,557,255	2,649,446	1,604,034	194,078	33,591	76,105			
28 Distribution	53,182,586	40,902,799	9,147,873	795,061	131,276	2,205,577			
29 Common	30,251,894	25,369,201	3,664,862	316,711	55,524	845,596			
30 <b>Total Proposed Rate Revenue</b>	<b>181,328,000</b>	<b>133,445,478</b>	<b>39,708,772</b>	<b>4,246,692</b>	<b>759,765</b>	<b>3,167,294</b>			
31 Exclude Cost of Gas w / Revenue Exp.	92,424,298	63,907,001	25,053,537	2,912,496	533,894	17,370			
32 <b>Total Margin Revenue at Proposed Rates</b>	<b>88,903,702</b>	<b>69,538,477</b>	<b>14,655,234</b>	<b>1,334,196</b>	<b>225,871</b>	<b>3,149,923</b>			
Margin per Therm at Proposed Rates									
33 Production	\$0.00443	\$0.00511	\$0.00502	\$0.00494	\$0.00491	\$0.00074			
34 Underground Storage	\$0.02216	\$0.02195	\$0.03374	\$0.03384	\$0.03011	\$0.00249			
35 Distribution	\$0.25856	\$0.33882	\$0.19244	\$0.13863	\$0.11766	\$0.07212			
36 Common	\$0.14708	\$0.21015	\$0.07709	\$0.05522	\$0.04977	\$0.02765			
37 <b>Total Proposed Margin Melded Rate per Therm</b>	<b>\$0.43222</b>	<b>\$0.57602</b>	<b>\$0.30829</b>	<b>\$0.23264</b>	<b>\$0.20245</b>	<b>\$0.10301</b>			
<b>Functional Cost Components at Uniform Proposed Return</b>									
38 Production	93,336,265	64,524,032	25,292,003	2,940,842	539,373	40,015			
39 Underground Storage	4,282,389	2,895,244	1,140,078	137,542	26,758	82,767			
40 Distribution	53,172,425	43,060,572	7,047,193	605,130	110,236	2,349,294			
41 Common	30,536,921	26,209,712	3,131,708	269,450	50,113	875,938			
42 <b>Total Uniform Proposed Cost</b>	<b>181,328,000</b>	<b>136,689,560</b>	<b>36,610,982</b>	<b>3,952,965</b>	<b>726,480</b>	<b>3,348,014</b>			
43 Exclude Cost of Gas w / Revenue Exp.	92,424,298	63,907,001	25,053,537	2,912,496	533,894	17,370			
44 <b>Total Uniform Proposed Margin</b>	<b>88,903,702</b>	<b>72,782,559</b>	<b>11,557,445</b>	<b>1,040,469</b>	<b>192,586</b>	<b>3,330,644</b>			
Margin per Therm at Uniform Proposed Return									
45 Production	\$0.00443	\$0.00511	\$0.00502	\$0.00494	\$0.00491	\$0.00074			
46 Underground Storage	\$0.02082	\$0.02398	\$0.02398	\$0.02398	\$0.02398	\$0.00271			
47 Distribution	\$0.25851	\$0.35669	\$0.14825	\$0.10551	\$0.09880	\$0.07682			
48 Common	\$0.14846	\$0.21711	\$0.06588	\$0.04698	\$0.04492	\$0.02864			
49 <b>Total Proposed Uniform Margin Melded Rate per Therm</b>	<b>\$0.43222</b>	<b>\$0.60290</b>	<b>\$0.24312</b>	<b>\$0.18142</b>	<b>\$0.17261</b>	<b>\$0.10892</b>			
50 <b>Margin to Cost Ratio at Proposed Rates</b>	<b>1.00</b>	<b>0.96</b>	<b>1.27</b>	<b>1.28</b>	<b>1.17</b>	<b>0.95</b>			
51 <b>Current Margin to Proposed Cost Ratio</b>	<b>0.86</b>	<b>0.82</b>	<b>1.14</b>	<b>1.18</b>	<b>1.04</b>	<b>0.77</b>			

Sumcost  
Company Base Case UG-15AVISTA UTILITIES  
Summary by Classification with Unit Cost Analysis  
For the Twelve Months Ended September 30, 2014Natural Gas Utility  
Washington Jurisdiction

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Description	System Total	General Service Sch 101	Large General Service Sch 111/112	High Load Factor Lg. Gen. Service Sch 121/122	Interruptible Service Sch 131/132	Transportation Service Sch 146			
<b>Cost by Classification at Current Return by Schedule</b>									
1 Commodity	87,622,834	58,286,181	24,856,394	3,014,131	536,728	929,400			
2 Demand	37,767,941	24,540,576	10,603,849	1,045,267	168,949	1,409,300			
3 Customer	44,248,783	41,095,726	2,809,894	76,933	28,139	238,090			
4 Total Current Rate Revenue	169,639,557	123,922,483	38,270,137	4,136,332	733,817	2,576,790			
Revenue per Therm at Current Rates									
5 Commodity	\$0.42599	\$0.48281	\$0.52288	\$0.52556	\$0.48107	\$0.03039			
6 Demand	\$0.18362	\$0.20328	\$0.22306	\$0.18226	\$0.15143	\$0.04609			
7 Customer	\$0.21512	\$0.34042	\$0.05911	\$0.01341	\$0.02522	\$0.00779			
8 Total Revenue per Therm at Current Rates	\$0.82473	\$1.02651	\$0.80506	\$0.72124	\$0.65772	\$0.08426			
Cost per Unit at Current Rates									
9 Commodity Cost per Therm	\$0.42599	\$0.48281	\$0.52288	\$0.52556	\$0.48107	\$0.03039			
10 Demand Cost per Peak Day Therms	\$26.67	\$26.65	\$33.15	\$35.26	\$26.37	\$10.09			
11 Customer Cost per Customer per Month	\$24.32	\$22.98	\$91.54	\$228.97	\$1,172.47	\$522.13			
<b>Cost by Classification at Uniform Current Return</b>									
12 Commodity	86,739,973	59,125,534	23,277,713	2,807,868	519,414	1,009,443			
13 Demand	37,210,227	25,342,775	9,273,060	911,696	151,599	1,531,097			
14 Customer	45,689,358	43,161,745	2,191,589	58,115	23,500	254,409			
15 Total Uniform Current Cost	169,639,557	127,630,054	34,742,362	3,777,679	694,513	2,794,949			
Cost per Therm at Current Return									
16 Commodity	\$0.42170	\$0.48977	\$0.48967	\$0.48960	\$0.46555	\$0.03301			
17 Demand	\$0.18090	\$0.20993	\$0.19507	\$0.15897	\$0.13588	\$0.05007			
18 Customer	\$0.22213	\$0.35753	\$0.04610	\$0.01013	\$0.02106	\$0.00832			
19 Total Cost per Therm at Current Return	\$0.82473	\$1.05723	\$0.73084	\$0.65870	\$0.62249	\$0.09140			
Cost per Unit at Uniform Current Return									
20 Commodity Cost per Therm	\$0.42170	\$0.48977	\$0.48967	\$0.48960	\$0.46555	\$0.03301			
21 Demand Cost per Peak Day Therms	\$26.27	\$27.52	\$28.99	\$30.76	\$23.66	\$10.97			
22 Customer Cost per Customer per Month	\$25.11	\$24.14	\$71.39	\$172.96	\$979.18	\$557.91			
23 Revenue to Cost Ratio at Current Rates	1.00	0.97	1.10	1.09	1.06	0.92			
<b>Cost by Classification at Proposed Return by Schedule</b>									
24 Commodity	90,779,533	60,509,700	25,498,227	3,077,439	548,105	1,146,061			
25 Demand	40,826,992	26,673,556	11,147,518	1,086,493	180,443	1,738,982			
26 Customer	50,053,949	46,594,695	3,063,027	82,760	31,217	282,250			
27 Total Proposed Rate Revenue	181,660,473	133,777,951	39,708,772	4,246,692	759,765	3,167,294			
Revenue per Therm at Proposed Rates									
28 Commodity	\$0.44134	\$0.50123	\$0.53638	\$0.53660	\$0.49126	\$0.03748			
29 Demand	\$0.19849	\$0.22095	\$0.23450	\$0.18945	\$0.16173	\$0.05687			
30 Customer	\$0.24335	\$0.38597	\$0.06443	\$0.01443	\$0.02798	\$0.00923			
31 Total Revenue per Therm at Proposed Rates	\$0.88318	\$1.10815	\$0.83532	\$0.74048	\$0.68097	\$0.10357			
Cost per Unit at Proposed Rates									
32 Commodity Cost per Therm	\$0.44134	\$0.50123	\$0.53638	\$0.53660	\$0.49126	\$0.03748			
33 Demand Cost per Peak Day Therms	\$28.83	\$28.97	\$34.85	\$36.65	\$28.16	\$12.46			
34 Customer Cost per Customer per Month	\$27.51	\$26.06	\$99.78	\$246.31	\$1,300.70	\$618.97			
<b>Cost by Classification at Uniform Proposed Return</b>									
35 Commodity	90,010,415	61,244,125	24,111,965	2,908,515	533,442	1,212,368			
36 Demand	40,337,132	27,375,471	9,978,933	977,102	165,750	1,839,877			
37 Customer	51,312,926	48,402,437	2,520,084	67,348	27,288	295,769			
38 Total Uniform Proposed Cost	181,660,473	137,022,033	36,610,982	3,952,965	726,480	3,348,014			
Cost per Therm at Proposed Return									
39 Commodity	\$0.43760	\$0.50732	\$0.50722	\$0.50715	\$0.47812	\$0.03965			
40 Demand	\$0.19611	\$0.22677	\$0.20992	\$0.17037	\$0.14856	\$0.06017			
41 Customer	\$0.24947	\$0.40094	\$0.05301	\$0.01174	\$0.02446	\$0.00967			
42 Total Cost per Therm at Proposed Return	\$0.88318	\$1.13502	\$0.77015	\$0.68927	\$0.65114	\$0.10948			
Cost per Unit at Uniform Proposed Return									
43 Commodity Cost per Therm	\$0.43760	\$0.50732	\$0.50722	\$0.50715	\$0.47812	\$0.03965			
44 Demand Cost per Peak Day Therms	\$28.48	\$29.73	\$31.20	\$32.96	\$25.87	\$13.18			
45 Customer Cost per Customer per Month	\$28.20	\$27.07	\$82.10	\$200.44	\$1,137.01	\$648.62			
46 Revenue to Cost Ratio at Proposed Rates	1.00	0.98	1.08	1.07	1.05	0.95			
47 Current Revenue to Proposed Cost Ratio	0.93	0.90	1.05	1.05	1.01	0.77			

Sumcost  
Company Base Case UG-15 \_\_\_\_

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

Natural Gas Utility  
Washington Jurisdiction

(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Description				System	General	Large General	High Load Factor	Interruptible	Transportation
				Total	Service	Service	Lg. Gen. Service	Service	Service
<b>Meter, Services, Meter Reading &amp; Billing Costs by Schedule at Requested Rate of Return</b>									
<b>Rate Base</b>									
1	Services			112,525,000	\$ 110,141,997	\$ 2,123,082	\$ 62,758	\$ 4,483	\$ 192,680
2	Services Accum. Depr.			(46,500,000)	\$ (45,515,244)	\$ (877,346)	\$ (25,934)	\$ (1,852)	\$ (79,624)
3	<b>Total Services</b>			66,025,000	64,626,753	1,245,736	36,824	2,630	113,057
4	Meters			44,243,000	\$ 37,902,911	\$ 5,438,130	\$ 141,914	\$ 69,937	\$ 690,108
5	Meters Accum. Depr.			(9,621,000)	\$ (8,242,296)	\$ (1,182,565)	\$ (30,860)	\$ (15,208)	\$ (150,070)
6	<b>Total Meters</b>			34,622,000	29,660,615	4,255,564	111,054	54,729	540,038
7	<b>Total Rate Base</b>			100,647,000	94,287,368	5,501,301	147,877	57,359	653,095
8	Return on Rate Base @ 7.46%			7,508,266	7,033,838	410,397	11,032	4,279	48,721
9	Tax Benefit of Interest Expense			(954,637)	(894,316)	(52,180)	(1,403)	(544)	(6,195)
10	Revenue Conversion Factor			0.62014	0.62014	0.62014	0.62014	0.62014	0.62014
11	<b>Rate Base Revenue Requirement</b>			<b>10,567,933</b>	<b>9,900,171</b>	<b>577,636</b>	<b>15,527</b>	<b>6,023</b>	<b>68,575</b>
<b>Expenses</b>									
12	Services Depr Exp			2,723,000	\$ 2,665,334	\$ 51,377	\$ 1,519	\$ 108	\$ 4,663
13	Meters Depr Exp			1,434,000	\$ 1,228,506	\$ 176,260	\$ 4,600	\$ 2,267	\$ 22,368
14	Services Maintenance Exp			1,060,000	\$ 1,037,552	\$ 20,000	\$ 591	\$ 42	\$ 1,815
15	Meters Maintenance Exp			1,122,000	\$ 961,216	\$ 137,911	\$ 3,599	\$ 1,774	\$ 17,501
16	Meter Reading			1,735,000	\$ 1,704,950	\$ 29,272	\$ 320	\$ 23	\$ 435
17	Billing			3,790,000	\$ 3,724,357	\$ 63,943	\$ 700	\$ 50	\$ 950
18	<b>Total Expenses</b>			11,864,000	11,321,914	478,762	11,329	4,264	47,731
19	Revenue Conversion Factor			0.954066	0.954066	0.954066	0.954066	0.954066	0.954066
20	<b>Expense Revenue Requirement</b>			<b>12,435,198</b>	<b>11,867,013</b>	<b>501,813</b>	<b>11,874</b>	<b>4,469</b>	<b>50,029</b>
21	<b>Total Meter, Service, Meter Reading, and Billing Cost</b>			<b>23,003,131</b>	<b>21,767,184</b>	<b>1,079,449</b>	<b>27,401</b>	<b>10,492</b>	<b>118,604</b>
22	Total Customer Bills			1,819,456	1,787,943	30,697	336	24	456
23	<b>Average Unit Cost per Month</b>			<b>\$12.64</b>	<b>\$12.17</b>	<b>\$35.16</b>	<b>\$81.55</b>	<b>\$437.16</b>	<b>\$260.10</b>
<b>Fixed Costs per Customer</b>									
24	Total Customer Related Cost			51,312,926	48,402,437	2,520,084	67,348	27,288	295,769
25	Customer Related Unit Cost per Month			\$28.20	\$27.07	\$82.10	\$200.44	\$1,137.01	\$648.62
26	Other Non-Gas Costs			37,590,776	24,380,122	9,037,360	973,121	165,298	3,034,875
27	Other Non-Gas Unit Cost per Month			\$20.66	\$13.64	\$294.41	\$2,896.19	\$6,887.42	\$6,655.43
28	<b>Total Fixed Unit Cost per Month</b>			<b>\$48.86</b>	<b>\$40.71</b>	<b>\$376.50</b>	<b>\$3,096.63</b>	<b>\$8,024.43</b>	<b>\$7,304.04</b>