

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-14\_\_\_\_\_

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

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost  
Scenario: Company Base Case UE-14 \_\_\_\_\_  
Load Factor Peak Credit Method  
PROPOSED METHOD

AVISTA UTILITIES  
Cost of Service Basic Summary  
For the Twelve Months Ended June 30, 2013

Washington Jurisdiction  
Electric Utility  
02/03/14

|                                    | (b) | (c) | (d) | (e) | (f)             | (g)                             | (h)                             | (i)                               | (j)                                  | (k)                             | (l)                                  |
|------------------------------------|-----|-----|-----|-----|-----------------|---------------------------------|---------------------------------|-----------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Description                        |     |     |     |     | System<br>Total | Residential<br>Service<br>Sch 1 | General<br>Service<br>Sch 11-12 | Large Gen<br>Service<br>Sch 21-22 | Extra Large<br>Gen Service<br>Sch 25 | Pumping<br>Service<br>Sch 31-32 | Street &<br>Area Lights<br>Sch 41-49 |
| 1 Plant In Service                 |     |     |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 1 Production Plant                 |     |     |     |     | 873,562,000     | 388,266,830                     | 83,375,245                      | 220,833,853                       | 157,910,565                          | 19,656,785                      | 3,518,721                            |
| 2 Transmission Plant               |     |     |     |     | 395,440,000     | 175,758,830                     | 37,741,920                      | 99,966,046                        | 71,482,223                           | 8,898,143                       | 1,592,838                            |
| 3 Distribution Plant               |     |     |     |     | 880,490,000     | 470,326,849                     | 109,703,168                     | 205,910,947                       | 30,242,386                           | 22,985,233                      | 41,321,418                           |
| 4 Intangible Plant                 |     |     |     |     | 157,250,000     | 73,761,032                      | 16,140,503                      | 38,746,757                        | 22,694,040                           | 3,659,529                       | 2,248,138                            |
| 5 General Plant                    |     |     |     |     | 210,390,000     | 112,562,080                     | 23,041,717                      | 44,296,424                        | 21,995,928                           | 4,614,693                       | 3,879,158                            |
| 6 Total Plant In Service           |     |     |     |     | 2,517,132,000   | 1,220,675,622                   | 270,002,553                     | 609,754,027                       | 304,325,142                          | 59,814,383                      | 52,560,273                           |
| 7 Accum Depreciation               |     |     |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 7 Production Plant                 |     |     |     |     | (406,383,000)   | (180,622,599)                   | (38,786,351)                    | (102,732,403)                     | (73,460,349)                         | (9,144,381)                     | (1,636,917)                          |
| 8 Transmission Plant               |     |     |     |     | (135,393,000)   | (60,177,310)                    | (12,922,293)                    | (34,226,944)                      | (24,474,491)                         | (3,046,597)                     | (545,365)                            |
| 9 Distribution Plant               |     |     |     |     | (283,800,000)   | (150,896,940)                   | (34,369,418)                    | (64,748,810)                      | (9,843,772)                          | (7,172,024)                     | (16,769,036)                         |
| 10 Intangible Plant                |     |     |     |     | (39,136,000)    | (18,783,273)                    | (4,136,781)                     | (9,524,459)                       | (5,041,370)                          | (922,719)                       | (727,397)                            |
| 11 General Plant                   |     |     |     |     | (82,604,000)    | (44,557,117)                    | (9,062,131)                     | (17,160,878)                      | (8,521,872)                          | (1,798,343)                     | (1,503,658)                          |
| 12 Total Accumulated Depreciation  |     |     |     |     | (947,316,000)   | (455,037,239)                   | (99,276,974)                    | (228,393,495)                     | (121,341,854)                        | (22,084,064)                    | (21,182,373)                         |
| 13 Net Plant                       |     |     |     |     | 1,569,816,000   | 765,638,382                     | 170,725,578                     | 381,360,532                       | 182,983,289                          | 37,730,319                      | 31,377,900                           |
| 14 Accumulated Deferred FIT        |     |     |     |     | (241,622,000)   | (117,667,807)                   | (25,900,194)                    | (58,158,143)                      | (29,236,976)                         | (5,712,684)                     | (4,946,197)                          |
| 15 Miscellaneous Rate Base         |     |     |     |     | 37,250,000      | 17,489,493                      | 3,963,206                       | 9,372,475                         | 4,722,705                            | 904,134                         | 797,987                              |
| 16 Total Rate Base                 |     |     |     |     | 1,365,444,000   | 665,460,068                     | 148,788,591                     | 332,574,864                       | 158,469,017                          | 32,921,769                      | 27,229,691                           |
| 17 Revenue From Retail Rates       |     |     |     |     | 480,926,000     | 207,184,000                     | 66,064,000                      | 127,734,000                       | 62,262,000                           | 10,811,000                      | 6,871,000                            |
| 18 Other Operating Revenues        |     |     |     |     | 58,007,000      | 26,152,217                      | 5,656,657                       | 14,585,841                        | 9,881,439                            | 1,320,137                       | 410,710                              |
| 19 Total Revenues                  |     |     |     |     | 538,933,000     | 233,336,217                     | 71,720,657                      | 142,319,841                       | 72,143,439                           | 12,131,137                      | 7,281,710                            |
| 20 Operating Expenses              |     |     |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 20 Production Expenses             |     |     |     |     | 193,250,000     | 85,892,661                      | 18,444,330                      | 48,853,020                        | 34,933,086                           | 4,348,488                       | 778,414                              |
| 21 Transmission Expenses           |     |     |     |     | 18,491,000      | 8,218,583                       | 1,764,834                       | 4,674,469                         | 3,342,550                            | 416,082                         | 74,482                               |
| 22 Distribution Expenses           |     |     |     |     | 20,883,000      | 10,898,964                      | 3,031,729                       | 4,533,426                         | 732,059                              | 589,174                         | 1,097,649                            |
| 23 Customer Accounting Expenses    |     |     |     |     | 10,669,000      | 8,152,199                       | 1,343,762                       | 663,142                           | 329,355                              | 135,610                         | 44,932                               |
| 24 Customer Information Expenses   |     |     |     |     | 6,717,000       | 3,645,380                       | 686,240                         | 1,306,626                         | 924,219                              | 131,406                         | 23,129                               |
| 25 Sales Expenses                  |     |     |     |     | 8,000           | 3,400                           | 806                             | 2,055                             | 1,512                                | 190                             | 37                                   |
| 26 Admin & General Expenses        |     |     |     |     | 45,151,000      | 23,138,206                      | 4,989,368                       | 9,840,754                         | 5,428,234                            | 1,011,782                       | 742,656                              |
| 27 Total O&M Expenses              |     |     |     |     | 295,169,000     | 139,949,394                     | 30,261,068                      | 69,873,492                        | 45,691,016                           | 6,632,732                       | 2,761,298                            |
| 28 Taxes Other Than Income Taxes   |     |     |     |     | 38,600,000      | 17,373,633                      | 4,637,326                       | 9,900,899                         | 5,221,722                            | 887,324                         | 579,096                              |
| 29 Other Income Related Items      |     |     |     |     | 1,059,000       | 463,960                         | 98,888                          | 269,132                           | 202,413                              | 23,559                          | 1,048                                |
| 30 Depreciation Expense            |     |     |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 30 Production Plant Depreciation   |     |     |     |     | 19,777,000      | 8,790,164                       | 1,887,573                       | 4,999,566                         | 3,575,015                            | 445,020                         | 79,662                               |
| 31 Transmission Plant Depreciation |     |     |     |     | 7,173,000       | 3,188,140                       | 684,612                         | 1,813,313                         | 1,296,637                            | 161,406                         | 28,893                               |
| 32 Distribution Plant Depreciation |     |     |     |     | 24,911,000      | 13,356,935                      | 3,132,752                       | 5,824,213                         | 867,313                              | 653,555                         | 1,076,232                            |
| 33 General Plant Depreciation      |     |     |     |     | 23,855,000      | 12,245,038                      | 2,592,327                       | 5,354,918                         | 2,648,890                            | 542,984                         | 470,842                              |
| 34 Amortization Expense            |     |     |     |     | 3,775,000       | 1,686,255                       | 362,831                         | 952,237                           | 669,594                              | 85,228                          | 18,854                               |
| 35 Total Depreciation Expense      |     |     |     |     | 79,491,000      | 39,266,532                      | 8,660,094                       | 18,944,248                        | 9,057,449                            | 1,888,193                       | 1,674,484                            |
| 36 Income Tax                      |     |     |     |     | 30,636,000      | 6,314,172                       | 8,443,066                       | 12,036,551                        | 2,677,451                            | 631,094                         | 533,666                              |
| 37 Total Operating Expenses        |     |     |     |     | 444,955,000     | 203,367,691                     | 52,100,442                      | 111,024,322                       | 62,850,051                           | 10,062,901                      | 5,549,593                            |
| 38 Net Income                      |     |     |     |     | 93,978,000      | 29,968,526                      | 19,620,216                      | 31,295,518                        | 9,293,388                            | 2,068,235                       | 1,732,117                            |
| 39 Rate of Return                  |     |     |     |     | 6.88%           | 4.50%                           | 13.19%                          | 9.41%                             | 5.86%                                | 6.28%                           | 6.36%                                |
| 40 Return Ratio                    |     |     |     |     | 1.00            | 0.65                            | 1.92                            | 1.37                              | 0.85                                 | 0.91                            | 0.92                                 |
| 41 Interest Expense                |     |     |     |     | 37,686,000      | 18,366,574                      | 4,106,537                       | 9,179,004                         | 4,373,715                            | 908,635                         | 751,534                              |

| Sumcost  |   | AVISTA UTILITIES                                |     |     |                 |                                 |                                 | Washington Jurisdiction           |                                      |                                 |                                      |
|--|---|---|-----|-----|-----------------|---------------------------------|---------------------------------|-----------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Scenario: Company Base Case UE-14 _____                          |   | Revenue to Cost by Functional Component Summary |     |     |                 |                                 |                                 | Electric Utility                  |                                      |                                 |                                      |
| Load Factor Peak Credit Method                                   |   | For the Twelve Months Ended June 30, 2013       |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| PROPOSED METHOD  |   |   |     |     |                 |                                 |                                 | 02/03/14                          |                                      |                                 |                                      |
|  | (b)                                     | (c)   | (d) | (e) | (f)             | (g)                             | (h)                             | (i)                               | (j)                                  | (k)                             | (l)                                  |
| Description  |   |   |     |     | System<br>Total | Residential<br>Service<br>Sch 1 | General<br>Service<br>Sch 11-12 | Large Gen<br>Service<br>Sch 21-22 | Extra Large<br>Gen Service<br>Sch 25 | Pumping<br>Service<br>Sch 31-32 | Street &<br>Area Lights<br>Sch 41-49 |
| <b>Functional Cost Components at Current Return by Schedule</b>  |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 1  | Production                              |   |     |     | 236,826,375     | 97,848,918                      | 26,861,174                      | 64,408,095                        | 41,532,290                           | 5,236,314                       | 939,584                              |
| 2  | Transmission                            |   |     |     | 43,481,257      | 15,513,290                      | 6,340,122                       | 13,326,779                        | 7,202,594                            | 930,714                         | 167,758                              |
| 3  | Distribution                            |   |     |     | 117,417,592     | 54,670,561                      | 21,609,110                      | 29,832,673                        | 4,208,818                            | 2,802,429                       | 4,294,001                            |
| 4  | Common                                  |   |     |     | 83,200,776      | 39,151,231                      | 11,253,594                      | 20,166,453                        | 9,318,297                            | 1,841,544                       | 1,469,657                            |
| 5  | Total Current Rate Revenue              |   |     |     | 480,926,000     | 207,184,000                     | 66,064,000                      | 127,734,000                       | 62,262,000                           | 10,811,000                      | 6,871,000                            |
| Expressed as \$/kWh  |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 6  | Production                              |   |     |     | \$0.04251       | \$0.04160                       | \$0.04819                       | \$0.04522                         | \$0.03844                            | \$0.03978                       | \$0.03664                            |
| 7  | Transmission                            |   |     |     | \$0.00780       | \$0.00660                       | \$0.01138                       | \$0.00936                         | \$0.00667                            | \$0.00707                       | \$0.00654                            |
| 8  | Distribution                            |   |     |     | \$0.02107       | \$0.02324                       | \$0.03877                       | \$0.02094                         | \$0.00390                            | \$0.02129                       | \$0.16743                            |
| 9  | Common                                  |   |     |     | \$0.01493       | \$0.01665                       | \$0.02019                       | \$0.01416                         | \$0.00862                            | \$0.01399                       | \$0.05730                            |
| 10   | Total Current Melded Rates              |   |     |     | \$0.08632       | \$0.08809                       | \$0.11853                       | \$0.08968                         | \$0.05763                            | \$0.08213                       | \$0.26791                            |
| <b>Functional Cost Components at Uniform Current Return</b>      |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 11   | Production                              |   |     |     | 236,942,766     | 105,312,521                     | 22,614,492                      | 59,898,421                        | 42,831,266                           | 5,331,657                       | 954,409                              |
| 12   | Transmission                            |   |     |     | 43,541,128      | 19,352,462                      | 4,155,689                       | 11,007,066                        | 7,870,768                            | 979,757                         | 175,384                              |
| 13   | Distribution                            |   |     |     | 116,954,335     | 65,243,897                      | 14,974,753                      | 24,831,890                        | 4,499,213                            | 2,935,383                       | 4,469,201                            |
| 14   | Common                                  |   |     |     | 83,487,771      | 42,909,995                      | 9,132,026                       | 18,386,569                        | 9,673,065                            | 1,884,205                       | 1,501,912                            |
| 15   | Total Uniform Current Cost              |   |     |     | 480,926,000     | 232,818,875                     | 50,876,960                      | 114,123,945                       | 64,874,312                           | 11,131,002                      | 7,100,906                            |
| Expressed as \$/kWh  |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 16   | Production                              |   |     |     | \$0.04253       | \$0.04478                       | \$0.04057                       | \$0.04205                         | \$0.03964                            | \$0.04050                       | \$0.03721                            |
| 17   | Transmission                            |   |     |     | \$0.00782       | \$0.00823                       | \$0.00746                       | \$0.00773                         | \$0.00728                            | \$0.00744                       | \$0.00684                            |
| 18   | Distribution                            |   |     |     | \$0.02099       | \$0.02774                       | \$0.02687                       | \$0.01743                         | \$0.00416                            | \$0.02230                       | \$0.17426                            |
| 19   | Common                                  |   |     |     | \$0.01498       | \$0.01824                       | \$0.01638                       | \$0.01291                         | \$0.00895                            | \$0.01431                       | \$0.05856                            |
| 20   | Total Current Uniform Melded Rates      |   |     |     | \$0.08632       | \$0.09899                       | \$0.09128                       | \$0.08012                         | \$0.06004                            | \$0.08456                       | \$0.27688                            |
| 21   | Revenue to Cost Ratio at Current Rates  |   |     |     | 1.00            | 0.89                            | 1.30                            | 1.12                              | 0.96                                 | 0.97                            | 0.97                                 |
| <b>Functional Cost Components at Proposed Return by Schedule</b> |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 22   | Production                              |   |     |     | 242,716,858     | 100,130,886                     | 27,559,832                      | 66,007,441                        | 42,704,298                           | 5,358,076                       | 956,326                              |
| 23   | Transmission                            |   |     |     | 46,515,028      | 16,688,787                      | 6,699,863                       | 14,150,418                        | 7,806,143                            | 993,432                         | 176,385                              |
| 24   | Distribution                            |   |     |     | 124,152,845     | 57,907,379                      | 22,701,569                      | 31,608,202                        | 4,471,074                            | 2,972,442                       | 4,492,180                            |
| 25   | Common                                  |   |     |     | 85,742,269      | 40,300,948                      | 11,602,736                      | 20,797,939                        | 9,638,486                            | 1,896,050                       | 1,506,109                            |
| 26   | Total Proposed Rate Revenue             |   |     |     | 499,127,000     | 215,028,000                     | 68,564,000                      | 132,564,000                       | 64,620,000                           | 11,220,000                      | 7,131,000                            |
| Expressed as \$/kWh  |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 27   | Production                              |   |     |     | \$0.04356       | \$0.04257                       | \$0.04945                       | \$0.04634                         | \$0.03952                            | \$0.04070                       | \$0.03729                            |
| 28   | Transmission                            |   |     |     | \$0.00835       | \$0.00710                       | \$0.01202                       | \$0.00993                         | \$0.00722                            | \$0.00755                       | \$0.00688                            |
| 29   | Distribution                            |   |     |     | \$0.02228       | \$0.02462                       | \$0.04073                       | \$0.02219                         | \$0.00414                            | \$0.02258                       | \$0.17516                            |
| 30   | Common                                  |   |     |     | \$0.01539       | \$0.01713                       | \$0.02082                       | \$0.01460                         | \$0.00892                            | \$0.01440                       | \$0.05873                            |
| 31   | Total Proposed Melded Rates             |   |     |     | \$0.08959       | \$0.09142                       | \$0.12302                       | \$0.09307                         | \$0.05981                            | \$0.08523                       | \$0.27805                            |
| <b>Functional Cost Components at Uniform Requested Return</b>    |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 32   | Production                              |   |     |     | 242,749,374     | 107,893,349                     | 23,168,692                      | 61,366,314                        | 43,880,905                           | 5,462,317                       | 977,798                              |
| 33   | Transmission                            |   |     |     | 46,531,754      | 20,681,688                      | 4,441,123                       | 11,763,088                        | 8,411,373                            | 1,047,052                       | 187,431                              |
| 34   | Distribution                            |   |     |     | 123,805,126     | 68,904,095                      | 15,841,532                      | 26,461,650                        | 4,734,112                            | 3,117,802                       | 4,745,935                            |
| 35   | Common                                  |   |     |     | 86,040,746      | 44,210,222                      | 9,408,999                       | 18,966,173                        | 9,959,834                            | 1,942,692                       | 1,552,827                            |
| 36   | Total Uniform Cost                      |   |     |     | 499,127,000     | 241,689,354                     | 52,860,346                      | 118,557,224                       | 66,986,223                           | 11,569,863                      | 7,463,991                            |
| Expressed as \$/kWh  |   |   |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 37   | Production                              |   |     |     | \$0.04357       | \$0.04587                       | \$0.04157                       | \$0.04308                         | \$0.04061                            | \$0.04149                       | \$0.03813                            |
| 38   | Transmission                            |   |     |     | \$0.00835       | \$0.00879                       | \$0.00797                       | \$0.00826                         | \$0.00779                            | \$0.00795                       | \$0.00731                            |
| 39   | Distribution                            |   |     |     | \$0.02222       | \$0.02930                       | \$0.02842                       | \$0.01858                         | \$0.00438                            | \$0.02368                       | \$0.18505                            |
| 40   | Common                                  |   |     |     | \$0.01544       | \$0.01880                       | \$0.01688                       | \$0.01332                         | \$0.00922                            | \$0.01476                       | \$0.06055                            |
| 41   | Total Uniform Melded Rates              |   |     |     | \$0.08959       | \$0.10276                       | \$0.09484                       | \$0.08323                         | \$0.06200                            | \$0.08789                       | \$0.29104                            |
| 42   | Revenue to Cost Ratio at Proposed Rates |   |     |     | 1.00            | 0.89                            | 1.30                            | 1.12                              | 0.96                                 | 0.97                            | 0.96                                 |
| 43   | Current Revenue to Proposed Cost Ratio  |   |     |     | 0.96            | 0.86                            | 1.25                            | 1.08                              | 0.93                                 | 0.93                            | 0.92                                 |
| 44   | Target Revenue Increase                 |   |     |     | 18,200,000      | 34,505,000                      | (13,204,000)                    | (9,177,000)                       | 4,724,000                            | 759,000                         | 593,000                              |

Sumcost  
 Scenario: Company Base Case UE-14 \_\_\_\_\_  
 Load Factor Peak Credit Method  
 PROPOSED METHOD

AVISTA UTILITIES  
 Revenue to Cost By Classification Summary  
 For the Twelve Months Ended June 30, 2013

Washington Jurisdiction  
 Electric Utility  
 02/03/14

|  | (b) | (c)        | (d) | (e) | (f)             | (g)                             | (h)                             | (i)                               | (j)                                  | (k)                             | (l)                                  |
|--|-----|------------|-----|-----|-----------------|---------------------------------|---------------------------------|-----------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Description  |     |            |     |     | System<br>Total | Residential<br>Service<br>Sch 1 | General<br>Service<br>Sch 11-12 | Large Gen<br>Service<br>Sch 21-22 | Extra Large<br>Gen Service<br>Sch 25 | Pumping<br>Service<br>Sch 31-32 | Street &<br>Area Lights<br>Sch 41-49 |
| <b>Cost Classifications at Current Return by Schedule</b>  |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 1 Energy   |     |            |     |     | 230,138,732     | 88,979,701                      | 28,532,823                      | 64,490,990                        | 41,751,255                           | 5,340,412                       | 1,043,550                            |
| 2 Demand   |     |            |     |     | 210,991,277     | 90,470,540                      | 30,203,423                      | 62,244,573                        | 20,410,631                           | 4,855,922                       | 2,806,190                            |
| 3 Customer   |     |            |     |     | 39,795,991      | 27,733,759                      | 7,327,754                       | 998,437                           | 100,114                              | 614,666                         | 3,021,260                            |
| 4 Total Current Rate Revenue                               |     |            |     |     | 480,926,000     | 207,184,000                     | 66,064,000                      | 127,734,000                       | 62,262,000                           | 10,811,000                      | 6,871,000                            |
| Expressed as Unit Cost                                     |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 5 Energy   |     | \$/kWh     |     |     | \$0.04131       | \$0.03783                       | \$0.05119                       | \$0.04528                         | \$0.03864                            | \$0.04057                       | \$0.04069                            |
| 6 Demand   |     | \$/kW/mo   |     |     | \$16.53         | \$15.28                         | \$21.14                         | \$19.41                           | \$11.32                              | \$14.85                         | \$36.26                              |
| 7 Customer   |     | \$/Cust/mo |     |     | \$13.97         | \$11.38                         | \$20.82                         | \$39.27                           | \$397.28                             | \$21.15                         | \$670.94                             |
| <b>Cost Classifications at Uniform Current Return</b>      |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 8 Energy   |     |            |     |     | 229,596,427     | 97,590,808                      | 23,125,973                      | 58,963,889                        | 43,389,607                           | 5,462,021                       | 1,064,130                            |
| 9 Demand   |     |            |     |     | 210,285,925     | 104,906,744                     | 21,795,418                      | 54,248,021                        | 21,382,745                           | 5,040,368                       | 2,912,629                            |
| 10 Customer  |     |            |     |     | 41,043,648      | 30,321,324                      | 5,955,569                       | 912,035                           | 101,959                              | 628,613                         | 3,124,147                            |
| 11 Total Uniform Current Cost                              |     |            |     |     | 480,926,000     | 232,818,875                     | 50,876,960                      | 114,123,945                       | 64,874,312                           | 11,131,002                      | 7,100,906                            |
| Expressed as Unit Cost                                     |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 12 Energy  |     | \$/kWh     |     |     | \$0.04121       | \$0.04149                       | \$0.04149                       | \$0.04140                         | \$0.04016                            | \$0.04149                       | \$0.04149                            |
| 13 Demand  |     | \$/kW/mo   |     |     | \$16.48         | \$17.72                         | \$15.26                         | \$16.92                           | \$11.86                              | \$15.41                         | \$37.64                              |
| 14 Customer  |     | \$/Cust/mo |     |     | \$14.41         | \$12.44                         | \$16.92                         | \$35.87                           | \$404.60                             | \$21.63                         | \$693.79                             |
| 15 Revenue to Cost Ratio at Current Rates                  |     |            |     |     | 1.00            | 0.89                            | 1.30                            | 1.12                              | 0.96                                 | 0.97                            | 0.97                                 |
| <b>Cost Classifications at Proposed Return by Schedule</b> |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 16 Energy  |     |            |     |     | 237,280,725     | 91,613,670                      | 29,422,624                      | 66,451,863                        | 43,229,981                           | 5,495,783                       | 1,066,803                            |
| 17 Demand  |     |            |     |     | 220,866,538     | 94,889,133                      | 31,587,806                      | 65,083,046                        | 21,288,242                           | 5,091,732                       | 2,926,579                            |
| 18 Customer  |     |            |     |     | 40,979,737      | 28,525,197                      | 7,553,569                       | 1,029,091                         | 101,777                              | 632,485                         | 3,137,618                            |
| 19 Total Proposed Rate Revenue                             |     |            |     |     | 499,127,000     | 215,028,000                     | 68,564,000                      | 132,564,000                       | 64,620,000                           | 11,220,000                      | 7,131,000                            |
| Expressed as Unit Cost                                     |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 20 Energy  |     | \$/kWh     |     |     | \$0.04259       | \$0.03895                       | \$0.05279                       | \$0.04665                         | \$0.04001                            | \$0.04175                       | \$0.04160                            |
| 21 Demand  |     | \$/kW/mo   |     |     | \$17.31         | \$16.03                         | \$22.11                         | \$20.30                           | \$11.81                              | \$15.57                         | \$37.82                              |
| 22 Customer  |     | \$/Cust/mo |     |     | \$14.39         | \$11.70                         | \$21.46                         | \$40.47                           | \$403.88                             | \$21.76                         | \$696.78                             |
| <b>Cost Classifications at Uniform Requested Return</b>    |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 23 Energy  |     |            |     |     | 236,604,431     | 100,569,586                     | 23,831,850                      | 60,763,652                        | 44,713,994                           | 5,628,739                       | 1,096,610                            |
| 24 Demand  |     |            |     |     | 220,193,499     | 109,903,395                     | 22,893,789                      | 56,853,402                        | 22,168,780                           | 5,293,390                       | 3,080,743                            |
| 25 Customer  |     |            |     |     | 42,329,070      | 31,216,373                      | 6,134,707                       | 940,170                           | 103,449                              | 647,734                         | 3,286,637                            |
| 26 Total Uniform Cost                                      |     |            |     |     | 499,127,000     | 241,689,354                     | 52,860,346                      | 118,557,224                       | 66,986,223                           | 11,569,863                      | 7,463,991                            |
| Expressed as Unit Cost                                     |     |            |     |     |                 |                                 |                                 |                                   |                                      |                                 |                                      |
| 27 Energy  |     | \$/kWh     |     |     | \$0.04247       | \$0.04276                       | \$0.04276                       | \$0.04266                         | \$0.04138                            | \$0.04276                       | \$0.04276                            |
| 28 Demand  |     | \$/kW/mo   |     |     | \$17.25         | \$18.57                         | \$16.03                         | \$17.73                           | \$12.30                              | \$16.18                         | \$39.81                              |
| 29 Customer  |     | \$/Cust/mo |     |     | \$14.86         | \$12.81                         | \$17.43                         | \$36.98                           | \$410.51                             | \$22.29                         | \$729.88                             |
| 30 Revenue to Cost Ratio at Proposed Rates                 |     |            |     |     | 1.00            | 0.89                            | 1.30                            | 1.12                              | 0.96                                 | 0.97                            | 0.96                                 |
| 31 Current Revenue to Proposed Cost Ratio                  |     |            |     |     | 0.96            | 0.86                            | 1.25                            | 1.08                              | 0.93                                 | 0.93                            | 0.92                                 |

Sumcost AVISTA UTILITIES Washington Jurisdiction  
 Scenario: Company Base Case UE-14 Customer Cost Analysis Electric Utility 02/03/14  
 Load Factor Peak Credit Method For the Twelve Months Ended June 30, 2013  
 PROPOSED METHOD

|   | (b)   | (c) | (d) | (e) | (f)               | (g)                             | (h)                             | (i)                               | (j)                                  | (k)                             | (l)                                  |
|---|---|-----|-----|-----|-------------------|---------------------------------|---------------------------------|-----------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Description   |   |     |     |     | System<br>Total   | Residential<br>Service<br>Sch 1 | General<br>Service<br>Sch 11-12 | Large Gen<br>Service<br>Sch 21-22 | Extra Large<br>Gen Service<br>Sch 25 | Pumping<br>Service<br>Sch 31-32 | Street &<br>Area Lights<br>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  |     |     |     | 82,799,000        | 70,973,371                      | 10,250,317                      | 728,960                           | 0                                    | 846,352                         | 0                                    |
| 2   | Services Accum. Depr.                           |     |     |     | (31,775,000)      | (27,236,789)                    | (3,933,668)                     | (279,746)                         | 0                                    | (324,797)                       | 0                                    |
| 3   | Total Services                                  |     |     |     | 51,024,000        | 43,736,583                      | 6,316,648                       | 449,214                           | 0                                    | 521,555                         | 0                                    |
| 4   | Meters  |     |     |     | 26,875,000        | 16,756,219                      | 7,114,841                       | 1,952,785                         | 56,068                               | 995,087                         | 0                                    |
| 5   | Meters Accum. Depr.                             |     |     |     | (5,172,000)       | (3,224,676)                     | (1,369,226)                     | (375,807)                         | (10,790)                             | (191,501)                       | 0                                    |
| 6   | Total Meters                                    |     |     |     | 21,703,000        | 13,531,543                      | 5,745,615                       | 1,576,978                         | 45,278                               | 803,586                         | 0                                    |
| 7   | Total Rate Base                                 |     |     |     | 72,727,000        | 57,268,126                      | 12,062,263                      | 2,026,192                         | 45,278                               | 1,325,141                       | 0                                    |
| 8   | Return on Rate Base @ 7.71%                     |     |     |     | 5,607,252         | 4,415,373                       | 930,000                         | 156,219                           | 3,491                                | 102,168                         | 0                                    |
| 9   | Revenue Conversion Factor                       |     |     |     | 0.62074           | 0.62074                         | 0.62074                         | 0.62074                           | 0.62074                              | 0.62074                         | 0.62074                              |
| 10  | <b>Rate Base Revenue Requirement</b>            |     |     |     | <b>9,033,173</b>  | <b>7,113,079</b>                | <b>1,498,213</b>                | <b>251,666</b>                    | <b>5,624</b>                         | <b>164,591</b>                  | <b>0</b>                             |
| <b>Expenses</b>   |   |     |     |     |                   |                                 |                                 |                                   |                                      |                                 |                                      |
| 11  | Services Depr Exp                               |     |     |     | 2,340,000         | 2,005,793                       | 289,686                         | 20,601                            | 0                                    | 23,919                          | 0                                    |
| 12  | Meters Depr Exp                                 |     |     |     | 906,000           | 564,879                         | 239,853                         | 65,832                            | 1,890                                | 33,546                          | 0                                    |
| 13  | Services Operations Exp                         |     |     |     | 297,000           | 254,581                         | 36,768                          | 2,615                             | 0                                    | 3,036                           | 0                                    |
| 14  | Meters Operating Exp                            |     |     |     | 1,863,000         | 1,161,557                       | 493,207                         | 135,369                           | 3,887                                | 68,980                          | 0                                    |
| 15  | Meters Maintenance Exp                          |     |     |     | 23,000            | 14,340                          | 6,089                           | 1,671                             | 48                                   | 852                             | 0                                    |
| 16  | Meter Reading                                   |     |     |     | 2,601,000         | 2,195,886                       | 317,140                         | 22,911                            | 34,820                               | 26,186                          | 4,057                                |
| 17  | Billing   |     |     |     | 5,438,000         | 4,647,779                       | 671,255                         | 48,492                            | 6,462                                | 55,424                          | 8,588                                |
| 18  | Total Expenses                                  |     |     |     | 13,468,000        | 10,844,816                      | 2,053,999                       | 297,490                           | 47,108                               | 211,943                         | 12,645                               |
| 19  | Revenue Conversion Factor                       |     |     |     | 0.954989          | 0.954989                        | 0.954989                        | 0.954989                          | 0.954989                             | 0.954989                        | 0.954989                             |
| 20  | <b>Expense Revenue Requirement</b>              |     |     |     | <b>14,102,780</b> | <b>11,355,959</b>               | <b>2,150,809</b>                | <b>311,512</b>                    | <b>49,328</b>                        | <b>221,932</b>                  | <b>13,241</b>                        |
| 21  | <b>Total Meter, Service, Meter Reading, and</b> |     |     |     | <b>23,135,953</b> | <b>18,469,037</b>               | <b>3,649,021</b>                | <b>563,178</b>                    | <b>54,952</b>                        | <b>386,524</b>                  | <b>13,241</b>                        |
| 22  | Total Customer Bills                            |     |     |     | 2,848,300         | 2,437,081                       | 351,975                         | 25,427                            | 252                                  | 29,062                          | 4,503                                |
| 23  | <b>Average Unit Cost per Month</b>              |     |     |     | <b>\$8.12</b>     | <b>\$7.58</b>                   | <b>\$10.37</b>                  | <b>\$22.15</b>                    | <b>\$218.06</b>                      | <b>\$13.30</b>                  | <b>\$2.94</b>                        |
| <b>Distribution Fixed Costs per Customer</b>  |   |     |     |     |                   |                                 |                                 |                                   |                                      |                                 |                                      |
| 24  | Total Customer Related Cost                     |     |     |     | 42,329,070        | 31,216,373                      | 6,134,707                       | 940,170                           | 103,449                              | 647,734                         | 3,286,637                            |
| 25  | Customer Related Unit Cost per Month            |     |     |     | \$14.86           | \$12.81                         | \$17.43                         | \$36.98                           | \$410.51                             | \$22.29                         | \$729.88                             |
| 26  | Total Distribution Demand Related Cost          |     |     |     | 114,229,481       | 58,285,477                      | 14,010,386                      | 31,001,907                        | 4,927,543                            | 3,208,930                       | 2,795,237                            |
| 27  | Dist Demand Related Unit Cost per Month         |     |     |     | \$40.10           | \$23.92                         | \$39.81                         | \$1,219.25                        | \$19,553.74                          | \$110.42                        | \$620.75                             |
| 28  | <b>Total Distribution Unit Cost per Month</b>   |     |     |     | <b>\$54.97</b>    | <b>\$36.73</b>                  | <b>\$57.23</b>                  | <b>\$1,256.23</b>                 | <b>\$19,964.25</b>                   | <b>\$132.70</b>                 | <b>\$1,350.63</b>                    |