

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-14_____

EXHIBIT NO._____(JDM-3)

JOSEPH D. MILLER

REPRESENTING AVISTA CORPORATION

Sumcost
Company Base Case UG-14_____

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

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			
Plant In Service									
1 Production Plant									
2 Underground Storage Plant	25,325,000	17,073,925	6,741,209	844,172	182,012	483,682			
3 Distribution Plant	344,440,000	273,134,637	55,120,090	4,596,108	536,862	11,052,303			
4 Intangible Plant	9,031,000	7,100,815	1,499,374	130,705	16,948	283,158			
5 General Plant	69,778,000	54,764,981	11,673,787	1,026,630	135,658	2,176,945			
6 Total Plant In Service	448,574,000	352,074,358	75,034,460	6,597,615	871,480	13,996,087			
Accum Depreciation									
7 Production Plant									
8 Underground Storage Plant	(9,822,000)	-6,621,919	-2,614,498	-327,402	-70,591	-187,590			
9 Distribution Plant	(125,660,000)	-101,026,867	-19,050,594	-1,613,962	-179,082	-3,789,494			
10 Intangible Plant	(3,952,000)	-3,104,795	-658,410	-57,626	-7,537	-123,632			
11 General Plant	(21,672,000)	-17,009,181	-3,625,703	-318,856	-42,133	-676,126			
12 Total Accumulated Depreciation	(161,106,000)	(127,762,762)	(25,949,205)	(2,317,846)	(299,344)	(4,776,843)			
13 Net Plant	287,468,000	224,311,595	49,085,255	4,279,769	572,137	9,219,244			
14 Accumulated Deferred FIT	(54,737,000)	-42,961,683	-9,156,039	-805,070	-106,342	-1,707,865			
15 Miscellaneous Rate Base	10,113,000	6,583,018	2,890,539	366,755	80,018	192,670			
16 Total Rate Base	242,844,000	187,932,930	42,819,754	3,841,453	545,813	7,704,049			
17 Revenue From Retail Rates	148,485,000	107,941,457	33,798,192	3,762,197	730,100	2,253,054			
18 Other Operating Revenues	1,950,000	1,509,359	343,592	30,809	4,372	61,868			
19 Total Revenues	150,435,000	109,450,816	34,141,784	3,793,006	734,472	2,314,922			
Operating Expenses									
20 Purchased Gas Costs	80,034,000	55,195,863	21,672,187	2,600,491	531,504	33,955			
21 Underground Storage Expenses	821,000	553,512	218,540	27,367	5,901	15,680			
22 Distribution Expenses	10,291,000	8,333,749	1,507,567	116,380	17,007	316,298			
23 Customer Accounting Expenses	5,909,000	5,631,781	243,507	18,458	3,462	11,793			
24 Customer Information Expenses	1,027,000	1,009,523	17,011	192	14	260			
25 Sales Expenses	5,000	4,915	83	1	0	1			
26 Admin & General Expenses	13,040,000	9,575,241	2,239,362	240,823	46,586	937,988			
27 Total O&M Expenses	111,127,000	80,304,584	25,898,257	3,003,710	604,473	1,315,975			
28 Taxes Other Than Income Taxes	8,970,000	6,685,558	1,872,608	197,295	35,712	178,828			
29 Depreciation Expense									
30 Underground Storage Plant Depr	392,000	264,283	104,346	13,067	2,817	7,487			
31 Distribution Plant Depreciation	8,810,000	7,101,025	1,323,403	107,352	13,191	265,029			
32 General Plant Depreciation	5,081,000	3,987,802	850,046	74,756	9,878	158,518			
33 Amortization of Intangible Plant	1,395,000	1,094,860	233,382	20,524	2,712	43,521			
34 Total Depr & Amort Expense	15,678,000	12,447,971	2,511,177	215,699	28,599	474,555			
35 Income Tax	3,472,000	2,105,598	1,168,388	117,923	22,087	58,004			
36 Total Operating Expenses	139,247,000	101,543,710	31,450,430	3,534,627	690,871	2,027,362			
37 Net Income	11,188,000	7,907,106	2,691,354	258,379	43,601	287,560			
38 Rate of Return	4.61%	4.21%	6.29%	6.73%	7.99%	3.73%			
39 Return Ratio	1.00	0.91	1.36	1.46	1.73	0.81			
40 Interest Expense	6,702,000	5,186,566	1,181,738	106,016	15,063	212,616			

Sumcost
Company Base Case UG-14_____AVISTA UTILITIES
Summary by Function with Margin Analysis
For the Twelve Months Ended June 30, 2013Natural 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			
Functional Cost Components at Current Rates									
1 Production	84,243,778	58,099,158	22,812,141	2,737,276	559,461	35,741			
2 Underground Storage	2,731,029	1,645,319	894,944	118,586	29,592	42,587			
3 Distribution	39,014,446	31,446,439	6,065,210	502,762	70,775	929,259			
4 Common	22,495,748	16,750,541	4,025,897	403,572	70,271	1,245,467			
5 Total Current Rate Revenue	148,485,000	107,941,457	33,798,192	3,762,197	730,100	2,253,054			
6 Exclude Cost of Gas w / Revenue Exp.	83,322,753	57,475,690	22,570,258	2,707,403	553,058	16,344			
7 Total Margin Revenue at Current Rates	65,162,247	50,465,767	11,227,935	1,054,794	177,041	2,236,711			
Margin per Therm at Current Rates									
8 Production	\$0.00471	\$0.00543	\$0.00534	\$0.00526	\$0.00523	\$0.00067			
9 Underground Storage	\$0.01395	\$0.01434	\$0.01975	\$0.02090	\$0.02419	\$0.00148			
10 Distribution	\$0.19933	\$0.27400	\$0.13385	\$0.08860	\$0.05785	\$0.03232			
11 Common	\$0.11493	\$0.14595	\$0.08885	\$0.07112	\$0.05744	\$0.04331			
12 Total Current Margin Melded Rate per Therm	\$0.33291	\$0.43973	\$0.24779	\$0.18589	\$0.14471	\$0.07778			
Functional Cost Components at Uniform Current Return									
13 Production	84,243,778	58,099,158	22,812,141	2,737,276	559,461	35,741			
14 Underground Storage	2,617,699	1,764,833	696,800	87,257	18,814	49,995			
15 Distribution	39,110,420	32,485,800	5,139,632	406,322	52,204	1,026,462			
16 Common	22,513,104	16,994,178	3,807,765	379,345	65,160	1,266,656			
17 Total Uniform Current Cost	148,485,000	109,343,969	32,456,338	3,610,200	695,639	2,378,855			
18 Exclude Cost of Gas w / Revenue Exp.	83,322,753	57,475,690	22,570,258	2,707,403	553,058	16,344			
19 Total Uniform Current Margin	65,162,247	51,868,279	9,886,080	902,797	142,580	2,362,511			
Margin per Therm at Uniform Current Return									
20 Production	\$0.00471	\$0.00543	\$0.00534	\$0.00526	\$0.00523	\$0.00067			
21 Underground Storage	\$0.01337	\$0.01538	\$0.01538	\$0.01538	\$0.01538	\$0.00174			
22 Distribution	\$0.19982	\$0.28306	\$0.11343	\$0.07161	\$0.04267	\$0.03570			
23 Common	\$0.11502	\$0.14808	\$0.08403	\$0.06685	\$0.05326	\$0.04405			
24 Total Current Uniform Margin Melded Rate per Therm	\$0.33291	\$0.45195	\$0.21818	\$0.15910	\$0.11654	\$0.08216			
25 Margin to Cost Ratio at Current Rates	1.00	0.97	1.14	1.17	1.24	0.95			
Functional Cost Components at Proposed Rates									
26 Production	84,208,789	58,075,028	22,802,667	2,736,140	559,229	35,726			
27 Underground Storage	3,925,504	2,446,135	1,216,781	158,953	38,416	65,219			
28 Distribution	47,910,458	38,403,663	7,567,803	626,964	85,970	1,226,057			
29 Common	24,575,249	18,377,492	4,378,936	434,658	74,432	1,309,732			
30 Total Proposed Rate Revenue	160,620,000	117,302,318	35,966,187	3,956,715	758,047	2,636,733			
31 Exclude Cost of Gas w / Revenue Exp.	83,288,146	57,451,818	22,560,884	2,706,279	552,829	16,337			
32 Total Margin Revenue at Proposed Rates	77,331,854	59,850,499	13,405,304	1,250,436	205,218	2,620,396			
Margin per Therm at Proposed Rates									
33 Production	\$0.00470	\$0.00543	\$0.00534	\$0.00526	\$0.00523	\$0.00067			
34 Underground Storage	\$0.02006	\$0.02131	\$0.02685	\$0.02801	\$0.03140	\$0.00227			
35 Distribution	\$0.24478	\$0.33463	\$0.16701	\$0.11049	\$0.07027	\$0.04264			
36 Common	\$0.12556	\$0.16013	\$0.09664	\$0.07660	\$0.06084	\$0.04555			
37 Total Proposed Margin Melded Rate per Therm	\$0.39509	\$0.52150	\$0.29584	\$0.22037	\$0.16774	\$0.09112			
Functional Cost Components at Uniform Proposed Return									
38 Production	84,208,789	58,075,028	22,802,667	2,736,140	559,229	35,726			
39 Underground Storage	3,809,626	2,568,421	1,014,076	126,988	27,380	72,760			
40 Distribution	48,008,582	39,467,127	6,620,923	528,568	66,955	1,325,009			
41 Common	24,593,003	18,626,779	4,155,784	409,939	69,199	1,331,302			
42 Total Uniform Proposed Cost	160,620,000	118,737,355	34,593,450	3,801,635	722,763	2,764,797			
43 Exclude Cost of Gas w / Revenue Exp.	83,288,146	57,451,818	22,560,884	2,706,279	552,829	16,337			
44 Total Uniform Proposed Margin	77,331,854	61,285,537	12,032,566	1,095,356	169,934	2,748,460			
Margin per Therm at Uniform Proposed Return									
45 Production	\$0.00470	\$0.00543	\$0.00534	\$0.00526	\$0.00523	\$0.00067			
46 Underground Storage	\$0.01946	\$0.02238	\$0.02238	\$0.02238	\$0.02238	\$0.00253			
47 Distribution	\$0.24528	\$0.34389	\$0.14612	\$0.09315	\$0.05473	\$0.04608			
48 Common	\$0.12565	\$0.16230	\$0.09171	\$0.07225	\$0.05656	\$0.04630			
49 Total Proposed Uniform Margin Melded Rate per Therm	\$0.39509	\$0.53400	\$0.26555	\$0.19304	\$0.13890	\$0.09558			
50 Margin to Cost Ratio at Proposed Rates	1.00	0.98	1.11	1.14	1.21	0.95			
51 Current Margin to Proposed Cost Ratio	0.84	0.82	0.93	0.96	1.04	0.81			

Sumcost
Company Base Case UG-14AVISTA UTILITIES
Summary by Classification with Unit Cost Analysis
For the Twelve Months Ended June 30, 2013Natural 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
Cost by Classification at Current Return by Schedule									
1 Commodity				83,127,206	55,606,634	22,672,684	2,857,963	570,024	1,419,901
2 Demand				33,558,251	22,743,706	9,231,640	846,304	130,836	605,765
3 Customer				32,188,856	29,980,430	1,893,868	57,930	29,240	227,388
4 Total Current Rate Revenue				148,874,313	108,330,770	33,798,192	3,762,197	730,100	2,253,054
Revenue per Therm at Current Rates									
5 Commodity				\$0.42470	\$0.48452	\$0.50036	\$0.50367	\$0.46592	\$0.04938
6 Demand				\$0.17145	\$0.19817	\$0.20373	\$0.14915	\$0.10694	\$0.02107
7 Customer				\$0.16445	\$0.26123	\$0.04180	\$0.01021	\$0.02390	\$0.00791
8 Total Revenue per Therm at Current Rates				\$0.76060	\$0.94393	\$0.74589	\$0.66303	\$0.59676	\$0.07835
Cost per Unit at Current Rates									
9 Commodity Cost per Therm				\$0.42470	\$0.48452	\$0.50036	\$0.50367	\$0.46592	\$0.04938
10 Demand Cost per Peak Day Therms				\$24.92	\$26.46	\$28.46	\$35.07	\$20.78	\$4.57
11 Customer Cost per Customer per Month				\$17.89	\$16.95	\$63.56	\$172.41	\$1,218.35	\$498.66
Cost by Classification at Uniform Current Return									
12 Commodity				82,842,143	55,958,400	22,089,487	2,765,751	552,649	1,475,856
13 Demand				33,345,925	23,090,471	8,682,182	794,677	119,940	658,655
14 Customer				32,686,245	30,684,411	1,684,668	49,772	23,049	244,343
15 Total Uniform Current Cost				148,874,313	109,733,282	32,456,338	3,610,200	695,639	2,378,855
Cost per Therm at Current Return									
16 Commodity				\$0.42324	\$0.48759	\$0.48749	\$0.48742	\$0.45172	\$0.05132
17 Demand				\$0.17036	\$0.20120	\$0.19161	\$0.14005	\$0.09804	\$0.02290
18 Customer				\$0.16699	\$0.26736	\$0.03718	\$0.00877	\$0.01884	\$0.00850
19 Total Cost per Therm at Current Return				\$0.76060	\$0.95615	\$0.71628	\$0.63624	\$0.56859	\$0.08273
Cost per Unit at Uniform Current Return									
20 Commodity Cost per Therm				\$0.42324	\$0.48759	\$0.48749	\$0.48742	\$0.45172	\$0.05132
21 Demand Cost per Peak Day Therms				\$24.76	\$26.87	\$26.77	\$32.93	\$19.05	\$4.97
22 Customer Cost per Customer per Month				\$18.17	\$17.35	\$56.54	\$148.13	\$960.39	\$535.84
23 Revenue to Cost Ratio at Current Rates				1.00	0.99	1.04	1.04	1.05	0.95
Cost by Classification at Proposed Return by Schedule									
24 Commodity				86,704,361	57,942,591	23,611,623	2,975,731	584,030	1,590,385
25 Demand				37,000,555	25,059,774	10,121,298	912,554	139,713	767,217
26 Customer				37,304,235	34,689,104	2,233,266	68,429	34,303	279,131
27 Total Proposed Rate Revenue				161,009,151	117,691,469	35,966,187	3,956,715	758,047	2,636,733
Revenue per Therm at Proposed Rates									
28 Commodity				\$0.44297	\$0.50487	\$0.52108	\$0.52442	\$0.47737	\$0.05531
29 Demand				\$0.18904	\$0.21835	\$0.22337	\$0.16082	\$0.11420	\$0.02668
30 Customer				\$0.19059	\$0.30226	\$0.04929	\$0.01206	\$0.02804	\$0.00971
31 Total Revenue per Therm at Proposed Rates				\$0.82260	\$1.02549	\$0.79374	\$0.69731	\$0.61960	\$0.09169
Cost per Unit at Proposed Rates									
32 Commodity Cost per Therm				\$0.44297	\$0.50487	\$0.52108	\$0.52442	\$0.47737	\$0.05531
33 Demand Cost per Peak Day Therms				\$27.47	\$29.16	\$31.21	\$37.81	\$22.19	\$5.79
34 Customer Cost per Customer per Month				\$20.74	\$19.62	\$74.95	\$203.66	\$1,429.31	\$612.13
Cost by Classification at Uniform Proposed Return									
35 Commodity				86,412,755	58,302,514	23,015,004	2,881,649	566,241	1,647,347
36 Demand				36,783,269	25,414,580	9,559,194	859,879	128,558	821,059
37 Customer				37,813,127	35,409,412	2,019,252	60,106	27,965	296,392
38 Total Uniform Proposed Cost				161,009,151	119,126,506	34,593,450	3,801,635	722,763	2,764,797
Cost per Therm at Proposed Return									
39 Commodity				\$0.44148	\$0.50801	\$0.50792	\$0.50784	\$0.46283	\$0.05729
40 Demand				\$0.18793	\$0.22145	\$0.21096	\$0.15154	\$0.10508	\$0.02855
41 Customer				\$0.19319	\$0.30854	\$0.04456	\$0.01059	\$0.02286	\$0.01031
42 Total Cost per Therm at Proposed Return				\$0.82260	\$1.03799	\$0.76344	\$0.66998	\$0.59076	\$0.09615
Cost per Unit at Uniform Proposed Return									
43 Commodity Cost per Therm				\$0.44148	\$0.50801	\$0.50792	\$0.50784	\$0.46283	\$0.05729
44 Demand Cost per Peak Day Therms				\$27.31	\$29.57	\$29.47	\$35.63	\$20.41	\$6.20
45 Customer Cost per Customer per Month				\$21.02	\$20.02	\$67.77	\$178.89	\$1,165.19	\$649.98
46 Revenue to Cost Ratio at Proposed Rates				1.00	0.99	1.04	1.04	1.05	0.95
47 Current Revenue to Proposed Cost Ratio				0.92	0.91	0.98	0.99	1.01	0.81

Sumcost
Company Base Case UG-14_____

AVISTA UTILITIES
Customer Cost Analysis
For the Twelve Months Ended June 30, 2013

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
Meter, Services, Meter Reading & Billing Costs by Schedule at Requested Rate of Return									
Rate Base									
1	Services			103,003,000	101,065,613	1,703,053	51,840	3,703	178,791
2	Services Accum. Depr.			(44,476,000)	(43,639,450)	(735,367)	(22,384)	(1,599)	(77,201)
3	Total Services			58,527,000	57,426,164	967,686	29,456	2,104	101,590
4	Meters			43,768,000	37,622,038	5,157,083	143,898	79,100	765,881
5	Meters Accum. Depr.			(9,444,000)	(8,117,861)	(1,112,765)	(31,050)	(17,068)	(165,257)
6	Total Meters			34,324,000	29,504,177	4,044,318	112,849	62,032	600,624
7	Total Rate Base			92,851,000	86,930,341	5,012,004	142,304	64,136	702,214
8	Return on Rate Base @ 7.71%			7,158,812	6,702,329	386,426	10,972	4,945	54,141
9	Revenue Conversion Factor			0.62088	0.62088	0.62088	0.62088	0.62088	0.62088
10	Rate Base Revenue Requirement			11,530,106	10,794,887	622,384	17,671	7,964	87,200
Expenses									
11	Services Depr Exp			2,782,000	\$ 2,729,673	\$ 45,998	\$ 1,400	\$ 100	\$ 4,829
12	Meters Depr Exp			1,441,000	\$ 1,238,653	\$ 169,790	\$ 4,738	\$ 2,604	\$ 25,216
13	Services Maintenance Exp			1,069,000	\$ 1,048,893	\$ 17,675	\$ 538	\$ 38	\$ 1,856
14	Meters Maintenance Exp			1,053,000	\$ 905,136	\$ 124,073	\$ 3,462	\$ 1,903	\$ 18,426
15	Meter Reading			1,578,000	\$ 1,551,146	\$ 26,138	\$ 295	\$ 21	\$ 400
16	Billing			3,380,000	\$ 3,322,480	\$ 55,987	\$ 631	\$ 45	\$ 857
17	Total Expenses			11,303,000	10,795,981	439,660	11,064	4,712	51,583
18	Revenue Conversion Factor			0.95520	0.95520	0.95520	0.95520	0.95520	0.95520
19	Expense Revenue Requirement			11,833,099	11,302,302	460,280	11,583	4,933	54,002
20	Total Meter, Service, Meter Reading, and Billing Cost			23,363,205	22,097,189	1,082,663	29,254	12,897	141,202
21	Total Customer Bills			1,798,880	1,768,267	29,797	336	24	456
22	Average Unit Cost per Month			\$12.99	\$12.50	\$36.33	\$87.07	\$537.38	\$309.65
Fixed Costs per Customer									
23	Total Customer Related Cost			37,813,127	35,409,412	2,019,252	60,106	27,965	296,392
24	Customer Related Unit Cost per Month			\$21.02	\$20.02	\$67.77	\$178.89	\$1,165.19	\$649.98
25	Other Non-Gas Costs			39,518,726	25,876,125	10,013,314	1,035,250	141,969	2,452,069
26	Other Non-Gas Unit Cost per Month			\$21.97	\$14.63	\$336.05	\$3,081.10	\$5,915.39	\$5,377.34
27	Total Fixed Unit Cost per Month			\$42.99	\$34.66	\$403.82	\$3,259.99	\$7,080.58	\$6,027.33