

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UG-16_____

EXHIBIT NO._____(JDM-3)

JOSEPH D. MILLER

REPRESENTING AVISTA CORPORATION

Sumcost
Company Base Case UG-16_____

AVISTA UTILITIES
Cost of Service General Summary
For the Twelve Months Ended September 30, 2015

Natural 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
Plant In Service										
1 Production Plant										
2 Underground Storage Plant					27,352,000	18,527,787	7,353,898	803,366	144,610	522,339
3 Distribution Plant					410,015,000	322,410,076	60,544,905	5,337,953	889,487	20,832,579
4 Intangible Plant					19,752,000	16,980,251	2,010,138	165,661	28,928	567,021
5 General Plant					74,485,000	64,744,810	7,134,590	579,731	102,244	1,923,625
6 Total Plant In Service					531,604,000	422,662,924	77,043,531	6,886,711	1,165,269	23,845,565
Accum Depreciation										
7 Production Plant										
8 Underground Storage Plant					(10,795,000)	-7,312,352	-2,902,359	-317,064	-57,073	-206,151
9 Distribution Plant					(136,187,000)	-108,365,807	-19,148,487	-1,714,997	-280,611	-6,677,097
10 Intangible Plant					(5,186,000)	-4,486,703	-509,973	-41,699	-7,322	-140,303
11 General Plant					(22,429,000)	-19,496,024	-2,148,375	-174,569	-30,788	-579,244
12 Total Accumulated Depreciation					(174,597,000)	(139,660,887)	(24,709,195)	(2,248,329)	(375,794)	(7,602,795)
13 Net Plant					357,007,000	283,002,038	52,334,337	4,638,381	789,475	16,242,769
14 Accumulated Deferred FIT					(78,431,000)	-62,358,214	-11,366,734	-1,016,041	-171,920	-3,518,091
15 Miscellaneous Rate Base					19,739,000	13,807,452	4,811,219	510,904	91,251	518,174
16 Total Rate Base					298,315,000	234,451,276	45,778,821	4,133,244	708,806	13,242,852
17 Revenue From Retail Rates					86,886,000	67,353,651	15,223,638	1,284,360	195,654	2,828,697
18 Other Operating Revenues					1,870,000	1,469,671	286,920	25,903	4,442	83,065
19 Total Revenues					88,756,000	68,823,322	15,510,559	1,310,262	200,096	2,911,761
Operating Expenses										
20 Purchased Gas Costs					817,000	552,788	215,142	23,140	4,137	21,792
21 Underground Storage Expenses					833,000	564,260	223,962	24,466	4,404	15,908
22 Distribution Expenses					12,151,000	9,915,080	1,589,484	124,136	23,105	499,196
23 Customer Accounting Expenses					6,075,000	5,854,427	190,835	9,118	1,313	19,308
24 Customer Information Expenses					889,000	873,437	15,175	157	12	220
25 Sales Expenses					0	0	0	0	0	0
26 Admin & General Expenses					12,751,000	11,049,348	1,247,096	101,687	17,847	335,023
27 Total O&M Expenses					33,516,000	28,809,339	3,481,693	282,704	50,817	891,447
28 Taxes Other Than Income Taxes					6,561,000	5,087,484	1,099,814	96,482	15,485	261,734
29 Depreciation Expense										
30 Underground Storage Plant Depr					451,000	305,500	121,257	13,246	2,384	8,613
31 Distribution Plant Depreciation					10,671,000	8,435,784	1,552,938	134,035	22,705	525,539
32 General Plant Depreciation					6,250,000	5,432,705	598,660	48,645	8,579	161,410
33 Amortization of Intangible Plant					3,625,000	3,150,969	347,223	28,214	4,976	93,618
34 Total Depr & Amort Expense					20,997,000	17,324,958	2,620,077	224,140	38,644	789,181
35 Income Tax					7,617,000	4,339,128	2,779,106	233,765	29,746	235,254
36 Total Operating Expenses					68,691,000	55,560,910	9,980,690	837,092	134,692	2,177,616
37 Net Income					20,065,000	13,262,412	5,529,868	473,171	65,403	734,145
38 Rate of Return					6.73%	5.66%	12.08%	11.45%	9.23%	5.54%
39 Return Ratio					1.00	0.84	1.80	1.70	1.37	0.82
40 Interest Expense					8,472,000	6,658,302	1,300,096	117,382	20,130	376,091

Sumcost
Company Base Case UG-16AVISTA UTILITIES
Summary by Function with Margin Analysis
For the Twelve Months Ended September 30, 2015Natural 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	857,690	580,319	225,857	24,293	4,344	22,878			
2 Underground Storage	4,595,704	2,489,234	1,819,030	189,790	28,513	69,138			
3 Distribution	53,174,015	40,347,109	9,884,925	806,369	119,460	2,016,152			
4 Common	28,258,590	23,936,989	3,293,826	263,908	43,338	720,530			
5 Total Current Rate Revenue	86,886,000	67,353,651	15,223,638	1,284,360	195,654	2,828,697			
6 Exclude Cost of Gas w / Revenue Exp.	0	0	0	0	0	0			
7 Total Margin Revenue at Current Rates	86,886,000	67,353,651	15,223,638	1,284,360	195,654	2,828,697			
Margin per Therm at Current Rates									
8 Production	\$0.00423	\$0.00486	\$0.00477	\$0.00469	\$0.00466	\$0.00077			
9 Underground Storage	\$0.02268	\$0.02085	\$0.03840	\$0.03667	\$0.03061	\$0.00232			
10 Distribution	\$0.26245	\$0.33803	\$0.20865	\$0.15580	\$0.12823	\$0.06774			
11 Common	\$0.13947	\$0.20054	\$0.06953	\$0.05099	\$0.04652	\$0.02421			
12 Total Current Margin Melded Rate per Therm	\$0.42884	\$0.56428	\$0.32134	\$0.24816	\$0.21002	\$0.09504			
Functional Cost Components at Uniform Current Return									
13 Production	857,690	580,319	225,857	24,293	4,344	22,878			
14 Underground Storage	4,189,383	2,837,818	1,126,364	123,048	22,149	80,004			
15 Distribution	53,213,838	43,463,960	6,833,876	571,309	98,487	2,246,205			
16 Common	28,625,089	24,832,709	2,774,339	226,210	39,835	751,996			
17 Total Uniform Current Cost	86,886,000	71,714,806	10,960,435	944,860	164,815	3,101,084			
18 Exclude Cost of Gas w / Revenue Exp.	0	0	0	0	0	0			
19 Total Uniform Current Margin	86,886,000	71,714,806	10,960,435	944,860	164,815	3,101,084			
Margin per Therm at Uniform Current Return									
20 Production	\$0.00423	\$0.00486	\$0.00477	\$0.00469	\$0.00466	\$0.00077			
21 Underground Storage	\$0.02068	\$0.02378	\$0.02378	\$0.02378	\$0.02378	\$0.00269			
22 Distribution	\$0.26265	\$0.36414	\$0.14425	\$0.11039	\$0.10572	\$0.07547			
23 Common	\$0.14128	\$0.20805	\$0.05856	\$0.04371	\$0.04276	\$0.02527			
24 Total Current Uniform Margin Melded Rate per Therm	\$0.42884	\$0.60082	\$0.23135	\$0.18256	\$0.17691	\$0.10419			
25 Margin to Cost Ratio at Current Rates	1.00	0.94	1.39	1.36	1.19	0.91			
Functional Cost Components at Proposed Rates									
26 Production	857,635	580,281	225,843	24,291	4,343	22,876			
27 Underground Storage	4,939,096	2,822,475	1,819,072	189,794	29,654	78,101			
28 Distribution	56,346,066	43,325,611	9,884,990	806,375	123,220	2,205,869			
29 Common	29,140,203	24,792,155	3,293,733	263,900	43,964	746,450			
30 Total Proposed Rate Revenue	91,283,000	71,520,523	15,223,638	1,284,360	201,182	3,053,297			
31 Exclude Cost of Gas w / Revenue Exp.	0	0	0	0	0	0			
32 Total Margin Revenue at Proposed Rates	91,283,000	71,520,523	15,223,638	1,284,360	201,182	3,053,297			
Margin per Therm at Proposed Rates									
33 Production	\$0.00423	\$0.00486	\$0.00477	\$0.00469	\$0.00466	\$0.00077			
34 Underground Storage	\$0.02438	\$0.02365	\$0.03840	\$0.03667	\$0.03183	\$0.00262			
35 Distribution	\$0.27811	\$0.36298	\$0.20865	\$0.15581	\$0.13226	\$0.07411			
36 Common	\$0.14383	\$0.20771	\$0.06952	\$0.05099	\$0.04719	\$0.02508			
37 Total Proposed Margin Melded Rate per Therm	\$0.45054	\$0.59919	\$0.32134	\$0.24816	\$0.21595	\$0.10259			
Functional Cost Components at Uniform Proposed Return									
38 Production	857,635	580,281	225,843	24,291	4,343	22,876			
39 Underground Storage	4,597,393	3,114,197	1,236,062	135,032	24,306	87,796			
40 Distribution	56,381,210	45,934,029	7,316,953	613,506	105,595	2,411,127			
41 Common	29,446,763	25,541,762	2,856,486	232,969	41,021	774,526			
42 Total Uniform Proposed Cost	91,283,000	75,170,269	11,635,343	1,005,798	175,265	3,296,325			
43 Exclude Cost of Gas w / Revenue Exp.	0	0	0	0	0	0			
44 Total Uniform Proposed Margin	91,283,000	75,170,269	11,635,343	1,005,798	175,265	3,296,325			
Margin per Therm at Uniform Proposed Return									
45 Production	\$0.00423	\$0.00486	\$0.00477	\$0.00469	\$0.00466	\$0.00077			
46 Underground Storage	\$0.02269	\$0.02609	\$0.02609	\$0.02609	\$0.02609	\$0.00295			
47 Distribution	\$0.27828	\$0.38483	\$0.15444	\$0.11854	\$0.11335	\$0.08101			
48 Common	\$0.14534	\$0.21399	\$0.06029	\$0.04501	\$0.04403	\$0.02602			
49 Total Proposed Uniform Margin Melded Rate per Therm	\$0.45054	\$0.62977	\$0.24560	\$0.19434	\$0.18813	\$0.11075			
50 Margin to Cost Ratio at Proposed Rates	1.00	0.95	1.31	1.28	1.15	0.93			
51 Current Margin to Proposed Cost Ratio	0.95	0.90	1.31	1.28	1.12	0.86			

Sumcost
Company Base Case UG-16AVISTA UTILITIES
Summary by Classification with Unit Cost Analysis
For the Twelve Months Ended September 30, 2015Natural 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	19,111,880	10,732,320	6,583,192	693,783	78,070	1,024,515			
2 Demand	18,078,209	10,478,689	5,470,005	511,700	87,885	1,529,929			
3 Customer	49,695,912	46,142,642	3,170,441	78,877	29,699	274,253			
4 Total Current Rate Revenue	86,886,000	67,353,651	15,223,638	1,284,360	195,654	2,828,697			
Revenue per Therm at Current Rates									
5 Commodity	\$0.09433	\$0.08991	\$0.13896	\$0.13405	\$0.08380	\$0.03442			
6 Demand	\$0.08923	\$0.08779	\$0.11546	\$0.09887	\$0.09434	\$0.05140			
7 Customer	\$0.24528	\$0.38658	\$0.06692	\$0.01524	\$0.03188	\$0.00921			
8 Total Revenue per Therm at Current Rates	\$0.42884	\$0.56428	\$0.32134	\$0.24816	\$0.21002	\$0.09504			
Cost per Unit at Current Rates									
9 Commodity Cost per Therm	\$0.09433	\$0.08991	\$0.13896	\$0.13405	\$0.08380	\$0.03442			
10 Demand Cost per Peak Day Therms	\$12.95	\$11.48	\$17.55	\$16.95	\$14.85	\$11.37			
11 Customer Cost per Customer per Month	\$27.01	\$25.53	\$100.95	\$243.45	\$1,237.45	\$601.43			
Cost by Classification at Uniform Current Return									
12 Commodity	18,047,782	11,708,783	4,642,876	506,824	65,248	1,124,050			
13 Demand	17,425,307	11,402,289	3,891,796	376,894	73,886	1,680,441			
14 Customer	51,412,911	48,603,734	2,425,763	61,142	25,680	296,593			
15 Total Uniform Current Cost	86,886,000	71,714,806	10,960,435	944,860	164,815	3,101,084			
Cost per Therm at Current Return									
16 Commodity	\$0.08908	\$0.09810	\$0.09800	\$0.09793	\$0.07004	\$0.03777			
17 Demand	\$0.08601	\$0.09553	\$0.08215	\$0.07282	\$0.07931	\$0.05646			
18 Customer	\$0.25376	\$0.40720	\$0.05120	\$0.01181	\$0.02757	\$0.00997			
19 Total Cost per Therm at Current Return	\$0.42884	\$0.60082	\$0.23135	\$0.18256	\$0.17691	\$0.10419			
Cost per Unit at Uniform Current Return									
20 Commodity Cost per Therm	\$0.08908	\$0.09810	\$0.09800	\$0.09793	\$0.07004	\$0.03777			
21 Demand Cost per Peak Day Therms	\$12.49	\$12.49	\$12.49	\$12.49	\$12.49	\$12.49			
22 Customer Cost per Customer per Month	\$27.94	\$26.89	\$77.24	\$188.71	\$1,070.01	\$650.42			
23 Margin to Cost Ratio at Current Rates	1.00	0.94	1.39	1.36	1.19	0.91			
Cost by Classification at Proposed Return by Schedule									
24 Commodity	20,129,518	11,665,563	6,583,214	693,783	80,369	1,106,589			
25 Demand	19,087,536	11,361,388	5,470,016	511,700	90,394	1,654,037			
26 Customer	52,065,946	48,493,572	3,170,409	78,876	30,419	292,671			
27 Total Proposed Rate Revenue	91,283,000	71,520,523	15,223,638	1,284,360	201,182	3,053,297			
Revenue per Therm at Proposed Rates									
28 Commodity	\$0.09935	\$0.09773	\$0.13896	\$0.13405	\$0.08627	\$0.03718			
29 Demand	\$0.09421	\$0.09518	\$0.11546	\$0.09887	\$0.09703	\$0.05557			
30 Customer	\$0.25698	\$0.40628	\$0.06692	\$0.01524	\$0.03265	\$0.00983			
31 Total Revenue per Therm at Proposed Rates	\$0.45054	\$0.59919	\$0.32134	\$0.24816	\$0.21595	\$0.10259			
Cost per Unit at Proposed Rates									
32 Commodity Cost per Therm	\$0.09935	\$0.09773	\$0.13896	\$0.13405	\$0.08627	\$0.03718			
33 Demand Cost per Peak Day Therms	\$13.68	\$12.44	\$17.55	\$16.95	\$15.28	\$12.29			
34 Customer Cost per Customer per Month	\$28.30	\$26.83	\$100.95	\$243.44	\$1,267.46	\$641.82			
Cost by Classification at Uniform Proposed Return									
35 Commodity	19,238,183	12,482,741	4,950,070	540,383	69,593	1,195,395			
36 Demand	18,544,028	12,134,327	4,141,653	401,091	78,630	1,788,326			
37 Customer	53,500,790	50,553,201	2,543,620	64,324	27,042	312,603			
38 Total Uniform Proposed Cost	91,283,000	75,170,269	11,635,343	1,005,798	175,265	3,296,325			
Cost per Therm at Proposed Return									
39 Commodity	\$0.09495	\$0.10458	\$0.10449	\$0.10441	\$0.07470	\$0.04016			
40 Demand	\$0.09153	\$0.10166	\$0.08742	\$0.07750	\$0.08440	\$0.06009			
41 Customer	\$0.26406	\$0.42353	\$0.05369	\$0.01243	\$0.02903	\$0.01050			
42 Total Cost per Therm at Proposed Return	\$0.45054	\$0.62977	\$0.24560	\$0.19434	\$0.18813	\$0.11075			
Cost per Unit at Uniform Proposed Return									
43 Commodity Cost per Therm	\$0.09495	\$0.10458	\$0.10449	\$0.10441	\$0.07470	\$0.04016			
44 Demand Cost per Peak Day Therms	\$13.29	\$13.29	\$13.29	\$13.29	\$13.29	\$13.29			
45 Customer Cost per Customer per Month	\$29.08	\$27.97	\$80.99	\$198.53	\$1,126.74	\$685.53			
46 Margin to Cost Ratio at Proposed Rates	1.00	0.95	1.31	1.28	1.15	0.93			
47 Current Revenue to Proposed Cost Ratio	0.95	0.90	1.31	1.28	1.12	0.86			

Sumcost
Company Base Case UG-16 ____

AVISTA UTILITIES
Customer Cost Analysis
For the Twelve Months Ended September 30, 2015

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			143,809,000	\$ 140,844,881	\$ 2,446,994	\$ 68,343	\$ 5,062	\$ 443,720
2	Services Accum. Depr.			(55,639,000)	\$ (54,492,197)	\$ (946,730)	\$ (26,441)	\$ (1,959)	\$ (171,673)
3	Total Services			88,170,000	86,352,684	1,500,264	41,901	3,104	272,047
4	Meters			53,631,000	\$ 45,981,742	\$ 6,597,469	\$ 166,689	\$ 84,844	\$ 800,255
5	Meters Accum. Depr.			(11,831,000)	\$ (10,143,573)	\$ (1,455,402)	\$ (36,772)	\$ (18,717)	\$ (176,536)
6	Total Meters			41,800,000	35,838,169	5,142,067	129,918	66,127	623,719
7	Total Rate Base			129,970,000	122,190,853	6,642,331	171,819	69,231	895,766
8	Return on Rate Base @ 7.64%			9,929,708	9,335,381	507,474	13,127	5,289	68,437
9	Tax Benefit of Interest Expense			(1,291,902)	(1,214,577)	(66,025)	(1,708)	(688)	(8,904)
10	Revenue Conversion Factor			0.62000	0.62000	0.62000	0.62000	0.62000	0.62000
11	Rate Base Revenue Requirement			13,931,878	13,098,008	712,012	18,418	7,421	96,020
Expenses									
12	Services Depr Exp			3,594,000	\$ 3,519,922	\$ 61,154	\$ 1,708	\$ 127	\$ 11,089
13	Meters Depr Exp			1,794,000	\$ 1,538,126	\$ 220,691	\$ 5,576	\$ 2,838	\$ 26,769
14	Services Maintenance Exp			1,006,000	\$ 985,265	\$ 17,118	\$ 478	\$ 35	\$ 3,104
15	Meters Maintenance Exp			1,394,000	\$ 1,195,177	\$ 171,484	\$ 4,333	\$ 2,205	\$ 20,801
16	Meter Reading			1,746,000	\$ 1,715,434	\$ 29,803	\$ 307	\$ 23	\$ 433
17	Billing			3,638,000	\$ 3,574,311	\$ 62,099	\$ 641	\$ 47	\$ 902
18	Total Expenses			13,172,000	12,528,235	562,349	13,043	5,276	63,097
19	Revenue Conversion Factor			0.953851	0.953851	0.953851	0.953851	0.953851	0.953851
20	Expense Revenue Requirement			13,809,285	13,134,374	589,556	13,674	5,531	66,150
21	Total Meter, Service, Meter Reading, and Billing Cost			27,741,163	26,232,381	1,301,568	32,092	12,952	162,170
22	Total Customer Bills			1,839,887	1,807,677	31,406	324	24	456
23	Average Unit Cost per Month			\$15.08	\$14.51	\$41.44	\$99.05	\$539.66	\$355.64
Fixed Costs per Customer									
24	Total Customer Related Cost			53,500,790	50,553,201	2,543,620	64,324	27,042	312,603
25	Customer Related Unit Cost per Month			\$29.08	\$27.97	\$80.99	\$198.53	\$1,126.74	\$685.53
26	Other Non-Gas Costs			37,782,210	24,617,068	9,091,723	941,474	148,223	2,983,722
27	Other Non-Gas Unit Cost per Month			\$20.54	\$13.62	\$289.49	\$2,905.78	\$6,175.97	\$6,543.25
28	Total Fixed Unit Cost per Month			\$49.61	\$41.58	\$370.48	\$3,104.32	\$7,302.71	\$7,228.78