

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-16_____

EXHIBIT NO. ____ (TLK-3)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost
Scenario: Company Base Case UE-16 _____
Load Factor Peak Credit Method
AS FILED METHOD

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

Washington Jurisdiction
Electric Utility
02/19/16

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
1 Plant In Service											
1 Production Plant					958,839,000	432,456,064	97,152,150	230,566,148	171,628,227	23,630,070	3,406,341
2 Transmission Plant					454,215,000	204,860,285	46,022,287	109,222,302	81,302,612	11,193,883	1,613,630
3 Distribution Plant					1,001,348,000	531,272,922	122,403,002	234,954,766	32,293,575	33,887,012	46,536,723
4 Intangible Plant					194,637,000	92,630,515	20,860,199	46,103,133	26,850,596	5,254,131	2,938,426
5 General Plant					240,775,000	129,628,318	27,085,190	49,094,918	24,295,327	6,201,971	4,469,276
6 Total Plant In Service					2,849,814,000	1,390,848,104	313,522,830	669,941,267	336,370,337	80,167,068	58,964,394
7 Accum Depreciation											
7 Production Plant					(429,370,000)	(193,654,681)	(43,504,925)	(103,247,977)	(76,855,459)	(10,581,592)	(1,525,366)
8 Transmission Plant					(137,051,000)	(61,812,813)	(13,886,377)	(32,955,815)	(24,531,564)	(3,377,548)	(486,883)
9 Distribution Plant					(321,664,000)	(169,882,447)	(38,589,815)	(73,281,280)	(10,156,866)	(10,582,017)	(19,171,575)
10 Intangible Plant					(53,175,000)	(25,751,378)	(5,794,319)	(12,504,936)	(6,673,508)	(1,469,755)	(981,104)
11 General Plant					(79,036,000)	(42,587,392)	(8,892,499)	(16,092,984)	(7,964,024)	(2,034,012)	(1,465,088)
12 Total Accumulated Depreciation					(1,020,296,000)	(493,688,710)	(110,667,934)	(238,082,992)	(126,181,421)	(28,044,925)	(23,630,017)
13 Net Plant					1,829,518,000	897,159,394	202,854,895	431,858,275	210,188,915	52,122,143	35,334,377
14 Accumulated Deferred FIT					(391,202,000)	(191,783,744)	(43,060,333)	(91,381,910)	(46,023,638)	(10,949,046)	(8,003,329)
15 Miscellaneous Rate Base					37,156,000	19,577,713	6,181,272	6,788,964	2,899,639	1,196,484	511,927
16 Total Rate Base					1,475,472,000	724,953,364	165,975,834	347,265,329	167,064,916	42,369,582	27,842,975
17 Revenue From Retail Rates					495,064,000	211,070,000	70,975,000	129,105,000	64,450,500	12,510,500	6,953,000
18 Other Operating Revenues					51,332,000	23,453,072	5,280,325	12,321,425	8,632,343	1,299,887	344,947
19 Total Revenues					546,396,000	234,523,072	76,255,325	141,426,425	73,082,843	13,810,387	7,297,947
20 Operating Expenses											
20 Production Expenses					184,166,000	83,062,645	18,660,195	44,285,271	32,964,955	4,538,672	654,262
21 Transmission Expenses					19,905,000	8,977,563	2,016,828	4,786,434	3,562,913	490,548	70,714
22 Distribution Expenses					23,582,000	12,594,856	3,239,819	5,053,800	833,483	793,686	1,066,356
23 Customer Accounting Expenses					11,901,000	8,816,848	1,551,938	857,025	458,941	164,505	51,744
24 Customer Information Expenses					1,547,000	1,319,729	196,344	12,849	134	15,511	2,433
25 Sales Expenses					0	0	0	0	0	0	0
26 Admin & General Expenses					49,476,000	25,991,353	5,652,881	10,202,281	5,568,585	1,262,904	797,996
27 Total O&M Expenses					290,577,000	140,762,995	31,318,004	65,197,659	43,389,011	7,265,826	2,643,505
28 Taxes Other Than Income Taxes					43,353,000	19,726,589	5,402,128	10,779,822	5,566,446	1,157,565	720,449
29 Other Income Related Items					2,465,000	1,394,498	405,017	364,437	233,113	66,964	972
30 Depreciation Expense											
30 Production Plant Depreciation					21,484,000	9,689,725	2,176,817	5,166,126	3,845,547	529,462	76,323
31 Transmission Plant Depreciation					8,211,000	3,703,329	831,961	1,974,449	1,469,735	202,356	29,170
32 Distribution Plant Depreciation					29,270,000	15,686,904	3,708,478	6,679,754	930,292	988,114	1,276,458
33 General Plant Depreciation					32,800,000	16,750,885	3,647,922	7,257,838	3,598,451	889,855	655,048
34 Amortization Expense					2,132,000	974,681	219,157	510,919	359,617	53,822	13,804
35 Total Depreciation Expense					93,897,000	46,805,525	10,584,334	21,589,086	10,203,642	2,663,609	2,050,804
36 Income Tax					27,285,000	1,928,674	8,763,505	12,367,507	3,289,612	534,344	401,358
37 Total Operating Expenses					457,577,000	210,618,280	56,472,989	110,298,510	62,681,824	11,688,308	5,817,087
38 Net Income					88,819,000	23,904,792	19,782,335	31,127,915	10,401,019	2,122,079	1,480,860
39 Rate of Return					6.02%	3.30%	11.92%	8.96%	6.23%	5.01%	5.32%
40 Return Ratio					1.00	0.55	1.98	1.49	1.03	0.83	0.88
41 Interest Expense					41,903,000	20,588,477	4,713,668	9,862,240	4,744,598	1,203,285	790,733
42 Revenue Related Expenses					23,898,000	10,188,886	3,426,144	6,232,227	3,111,190	603,914	335,639

Sumcost		AVISTA UTILITIES						Washington Jurisdiction			
Scenario: Company Base Case UE-16 _____		Revenue to Cost by Functional Component Summary						Electric Utility			
Load Factor Peak Credit Method		For the Twelve Months Ended September 30, 2015									
AS FILED METHOD								02/19/16			
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
Functional Cost Components at Current Return by Schedule											
1	Production				229,975,091	94,402,230	27,633,338	60,353,740	41,320,913	5,468,471	796,399
2	Transmission				47,794,919	16,076,741	7,389,181	14,463,514	8,646,991	1,060,810	157,683
3	Distribution				121,993,233	55,996,227	22,898,899	31,512,170	3,703,833	3,556,413	4,325,691
4	Common				95,300,758	44,594,802	13,053,583	22,775,576	10,778,763	2,424,806	1,673,227
5	Total Current Rate Revenue				495,064,000	211,070,000	70,975,000	129,105,000	64,450,500	12,510,500	6,953,000
Expressed as \$/kWh											
6	Production				\$0.04043	\$0.03973	\$0.04633	\$0.04233	\$0.03727	\$0.03531	\$0.03111
7	Transmission				\$0.00840	\$0.00677	\$0.01239	\$0.01014	\$0.00780	\$0.00685	\$0.00616
8	Distribution				\$0.02145	\$0.02357	\$0.03839	\$0.02210	\$0.00334	\$0.02296	\$0.16899
9	Common				\$0.01676	\$0.01877	\$0.02188	\$0.01597	\$0.00972	\$0.01566	\$0.06537
10	Total Current Melded Rates				\$0.08704	\$0.08883	\$0.11899	\$0.09054	\$0.05813	\$0.08077	\$0.27163
Functional Cost Components at Uniform Current Return											
11	Production				229,332,843	103,433,818	23,236,621	55,146,266	41,049,633	5,651,784	814,720
12	Transmission				47,417,356	21,386,200	4,804,454	11,402,161	8,487,511	1,168,575	168,453
13	Distribution				122,701,215	69,581,900	15,918,309	25,106,774	3,642,897	3,880,106	4,571,227
14	Common				95,612,587	49,463,895	10,744,884	20,460,352	10,698,452	2,522,017	1,722,987
15	Total Uniform Current Cost				495,064,000	243,865,814	54,704,268	112,115,554	63,878,493	13,222,483	7,277,388
Expressed as \$/kWh											
16	Production				\$0.04032	\$0.04353	\$0.03896	\$0.03867	\$0.03703	\$0.03649	\$0.03183
17	Transmission				\$0.00834	\$0.00900	\$0.00805	\$0.00800	\$0.00766	\$0.00754	\$0.00658
18	Distribution				\$0.02157	\$0.02929	\$0.02669	\$0.01761	\$0.00329	\$0.02505	\$0.17858
19	Common				\$0.01681	\$0.02082	\$0.01801	\$0.01435	\$0.00965	\$0.01628	\$0.06731
20	Total Current Uniform Melded Rates				\$0.08704	\$0.10264	\$0.09171	\$0.07863	\$0.05762	\$0.08537	\$0.28430
21	Revenue to Cost Ratio at Current Rates				1.00	0.87	1.30	1.15	1.01	0.95	0.96
Functional Cost Components at Proposed Return by Schedule											
22	Production				241,558,273	99,279,598	28,969,170	63,326,343	43,399,697	5,746,854	836,610
23	Transmission				54,617,095	18,949,757	8,175,772	16,214,090	9,871,331	1,224,778	181,367
24	Distribution				136,629,028	63,345,450	25,022,823	35,174,793	4,171,584	4,048,866	4,865,512
25	Common				100,827,604	47,225,195	13,755,235	24,097,774	11,394,388	2,572,502	1,782,511
26	Total Proposed Rate Revenue				533,632,000	228,800,000	75,923,000	138,813,000	68,837,000	13,593,000	7,666,000
Expressed as \$/kWh											
27	Production				\$0.04247	\$0.04178	\$0.04857	\$0.04441	\$0.03915	\$0.03710	\$0.03268
28	Transmission				\$0.00960	\$0.00798	\$0.01371	\$0.01137	\$0.00890	\$0.00791	\$0.00709
29	Distribution				\$0.02402	\$0.02666	\$0.04195	\$0.02467	\$0.00376	\$0.02614	\$0.19008
30	Common				\$0.01773	\$0.01988	\$0.02306	\$0.01690	\$0.01028	\$0.01661	\$0.06964
31	Total Proposed Melded Rates				\$0.09382	\$0.09630	\$0.12728	\$0.09735	\$0.06209	\$0.08776	\$0.29948
Functional Cost Components at Uniform Requested Return											
32	Production				240,891,699	108,647,099	24,407,796	57,925,753	43,118,621	5,936,646	855,784
33	Transmission				54,225,232	24,456,692	5,494,247	13,039,210	9,706,093	1,336,352	192,639
34	Distribution				137,364,007	77,436,417	17,780,809	28,531,857	4,108,448	4,383,999	5,122,477
35	Common				101,151,062	52,275,384	11,360,074	21,696,691	11,311,177	2,673,148	1,834,588
36	Total Uniform Cost				533,632,000	262,815,592	59,042,926	121,193,511	68,244,339	14,330,144	8,005,488
Expressed as \$/kWh											
37	Production				\$0.04235	\$0.04573	\$0.04092	\$0.04062	\$0.03889	\$0.03833	\$0.03343
38	Transmission				\$0.00953	\$0.01029	\$0.00921	\$0.00914	\$0.00875	\$0.00863	\$0.00753
39	Distribution				\$0.02415	\$0.03259	\$0.02981	\$0.02001	\$0.00371	\$0.02830	\$0.20012
40	Common				\$0.01778	\$0.02200	\$0.01905	\$0.01522	\$0.01020	\$0.01726	\$0.07167
41	Total Uniform Melded Rates				\$0.09382	\$0.11061	\$0.09899	\$0.08499	\$0.06156	\$0.09252	\$0.31275
42	Revenue to Cost Ratio at Proposed Rates				1.00	0.87	1.29	1.15	1.01	0.95	0.96
43	Current Revenue to Proposed Cost Ratio				0.93	0.80	1.20	1.07	0.94	0.87	0.87
44	Target Revenue Increase				38,568,000	51,746,000	(11,932,000)	(7,911,000)	3,793,500	1,819,500	1,052,000

Sumcost
 Scenario: Company Base Case UE-16____
 Load Factor Peak Credit Method
 AS FILED METHOD

AVISTA UTILITIES
 Revenue to Cost By Classification Summary
 For the Twelve Months Ended September 30, 2015

Washington Jurisdiction
 Electric Utility
 02/19/16

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
Cost Classifications at Current Return by Schedule											
1 Energy					206,796,262	76,314,145	26,824,719	57,761,581	39,626,730	5,369,803	899,284
2 Demand					241,897,037	102,353,057	35,516,752	70,225,835	24,670,661	6,453,565	2,677,167
3 Customer					46,370,701	32,402,798	8,633,529	1,117,585	153,108	687,132	3,376,549
4 Total Current Rate Revenue					495,064,000	211,070,000	70,975,000	129,105,000	64,450,500	12,510,500	6,953,000
Expressed as Unit Cost											
5 Energy		\$/kWh			\$0.03636	\$0.03212	\$0.04497	\$0.04051	\$0.03574	\$0.03467	\$0.03513
6 Demand		\$/kW/mo			\$19.46	\$18.20	\$26.17	\$22.68	\$13.27	\$15.49	\$35.21
7 Customer		\$/Cust/mo			\$15.94	\$13.06	\$23.38	\$46.25	\$607.57	\$23.56	\$737.88
Cost Classifications at Uniform Current Return											
8 Energy					204,870,493	85,956,770	21,579,045	51,512,229	39,293,120	5,603,291	926,038
9 Demand					241,767,700	121,899,734	26,100,914	59,609,524	24,432,766	6,902,856	2,821,906
10 Customer					48,425,807	36,009,310	7,024,310	993,800	152,608	716,336	3,529,444
11 Total Uniform Current Cost					495,064,000	243,865,814	54,704,268	112,115,554	63,878,493	13,222,483	7,277,388
Expressed as Unit Cost											
12 Energy		\$/kWh			\$0.03602	\$0.03618	\$0.03618	\$0.03613	\$0.03544	\$0.03618	\$0.03618
13 Demand		\$/kW/mo			\$19.45	\$21.68	\$19.23	\$19.25	\$13.14	\$16.56	\$37.11
14 Customer		\$/Cust/mo			\$16.65	\$14.51	\$19.02	\$41.13	\$605.59	\$24.56	\$771.29
15 Revenue to Cost Ratio at Current Rates					1.00	0.87	1.30	1.15	1.01	0.95	0.96
Cost Classifications at Proposed Return by Schedule											
16 Energy					220,142,900	81,525,049	28,419,379	61,331,053	42,184,762	5,724,615	958,042
17 Demand					264,225,899	112,923,744	38,380,956	76,293,656	26,495,303	7,136,877	2,995,364
18 Customer					49,263,201	34,351,207	9,122,666	1,188,291	156,935	731,508	3,712,595
19 Total Proposed Rate Revenue					533,632,000	228,800,000	75,923,000	138,813,000	68,837,000	13,593,000	7,666,000
Expressed as Unit Cost											
20 Energy		\$/kWh			\$0.03871	\$0.03431	\$0.04764	\$0.04301	\$0.03805	\$0.03696	\$0.03743
21 Demand		\$/kW/mo			\$21.26	\$20.08	\$28.28	\$24.64	\$14.25	\$17.13	\$39.40
22 Customer		\$/Cust/mo			\$16.93	\$13.84	\$24.71	\$49.18	\$622.76	\$25.08	\$811.32
Cost Classifications at Uniform Requested Return											
23 Energy					218,145,016	91,526,313	22,977,253	54,849,948	41,839,106	5,966,355	986,041
24 Demand					264,091,266	133,197,422	28,612,492	65,283,647	26,248,817	7,602,046	3,146,841
25 Customer					51,395,719	38,091,857	7,453,180	1,059,916	156,416	761,743	3,872,606
26 Total Uniform Cost					533,632,000	262,815,592	59,042,926	121,193,511	68,244,339	14,330,144	8,005,488
Expressed as Unit Cost											
27 Energy		\$/kWh			\$0.03835	\$0.03852	\$0.03852	\$0.03847	\$0.03774	\$0.03852	\$0.03852
28 Demand		\$/kW/mo			\$21.25	\$23.69	\$21.08	\$21.09	\$14.11	\$18.24	\$41.39
29 Customer		\$/Cust/mo			\$17.67	\$15.35	\$20.18	\$43.86	\$620.70	\$26.11	\$846.29
30 Revenue to Cost Ratio at Proposed Rates					1.00	0.87	1.29	1.15	1.01	0.95	0.96
31 Current Revenue to Proposed Cost Ratio					0.93	0.80	1.20	1.07	0.94	0.87	0.87

Sumcost AVISTA UTILITIES Washington Jurisdiction
 Scenario: Company Base Case UE-16_____ Customer Cost Analysis Electric Utility 02/19/16
 Load Factor Peak Credit Method For the Twelve Months Ended September 30, 2015
 AS FILED METHOD

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Description					System Total	Residential Service Sch 1	General Service Sch 11-12	Large Gen Service Sch 21-22	Extra Large Gen Service Sch 25	Pumping Service Sch 31-32	Street & Area Lights Sch 41-49
Meter, Services, Meter Reading & Billing Costs by Schedule at Requested Rate of Return											
Rate Base											
1	Services				93,356,000	79,785,917	11,870,214	762,141	0	937,728	0
2	Services Accum. Depr.				(35,330,000)	(30,194,486)	(4,492,209)	(288,428)	0	(354,877)	0
3	Total Services				58,026,000	49,591,431	7,378,005	473,713	0	582,851	0
4	Meters				24,947,000	17,080,281	5,692,137	1,385,233	34,546	754,803	0
5	Meters Accum. Depr.				(6,118,000)	(4,188,767)	(1,395,939)	(339,715)	(8,472)	(185,108)	0
6	Total Meters				18,829,000	12,891,514	4,296,198	1,045,519	26,074	569,695	0
7	Total Rate Base				76,855,000	62,482,946	11,674,203	1,519,232	26,074	1,152,545	0
8	Return on Rate Base @ 7.64%				5,871,722	4,773,697	891,909	116,069	1,992	88,054	0
9	Tax Benefit of Interest				(763,931)	(621,074)	(116,040)	(15,101)	(259)	(11,456)	0
10	Revenue Conversion Factor				0.61987	0.61987	0.61987	0.61987	0.61987	0.61987	0.61987
11	Rate Base Revenue Requirement				8,240,100	6,699,183	1,251,663	162,886	2,796	123,572	0
Expenses											
12	Services Depr Exp				2,526,000	2,158,825	321,181	20,622	0	25,373	0
13	Meters Depr Exp				1,945,000	1,331,669	443,789	108,000	2,693	58,848	0
14	Services Operations Exp				360,000	307,671	45,774	2,939	0	3,616	0
15	Meters Operating Exp				1,658,000	1,135,171	378,305	92,064	2,296	50,165	0
16	Meters Maintenance Exp				18,000	12,324	4,107	999	25	545	0
17	Meter Reading				2,791,000	2,333,356	347,147	22,718	60,355	27,424	0
18	Billing				5,838,000	4,975,174	740,186	48,439	6,555	58,473	9,173
19	Total Expenses				15,136,000	12,254,190	2,280,488	295,780	71,924	224,444	9,173
20	Revenue Conversion Factor				0.953638	0.953638	0.953638	0.953638	0.953638	0.953638	0.953638
21	Expense Revenue Requirement				15,871,851	12,849,939	2,391,356	310,160	75,421	235,356	9,619
22	Total Meter, Service, Meter Reading, and Billing Cost				24,111,951	19,549,122	3,643,019	473,046	78,217	358,927	9,619
23	Total Customer Bills				2,909,319	2,481,909	369,248	24,164	252	29,170	4,576
24	Average Unit Cost per Month				\$8.29	\$7.88	\$9.87	\$19.58	\$310.38	\$12.30	\$2.10
Distribution Fixed Costs per Customer											
25	Total Customer Related Cost				51,395,719	38,091,857	7,453,180	1,059,916	156,416	761,743	3,872,606
26	Customer Related Unit Cost per Month				\$17.67	\$15.35	\$20.18	\$43.86	\$620.70	\$26.11	\$846.29
27	Total Distribution Demand Related Cost				130,786,280	66,212,573	15,979,885	35,622,564	5,179,822	4,907,105	2,884,331
28	Dist Demand Related Unit Cost per Month				\$44.95	\$26.68	\$43.28	\$1,474.20	\$20,554.85	\$168.22	\$630.32
29	Total Distribution Unit Cost per Month				\$62.62	\$42.03	\$63.46	\$1,518.06	\$21,175.55	\$194.34	\$1,476.60