

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-12_____

DOCKET NO. UG-12_____

EXHIBIT NO. ____ (TLK-6)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost
Company Base Case UG-12____
UG Storage 87% Sales / 13% Throughput

AVISTA UTILITIES
Cost of Service General Summary
For the Twelve Months Ended December 31, 2011

Natural Gas Utility
Washington Jurisdiction
02-Apr-12

	(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					24,693,000	16,810,767	6,436,148	884,854	90,802	470,428
2 Underground Storage Plant					302,336,000	240,240,571	48,321,633	3,989,081	261,845	9,522,870
3 Distribution Plant					6,528,000	5,139,664	1,085,498	95,595	6,829	200,414
4 Intangible Plant					45,975,000	36,137,270	7,698,060	685,197	49,577	1,404,896
5 General Plant					379,532,000	298,328,273	63,541,339	5,654,727	409,053	11,598,608
6 Total Plant In Service										
Accum Depreciation										
7 Production Plant					(9,074,000)	(6,177,496)	(2,365,108)	(325,160)	(33,367)	(172,869)
8 Underground Storage Plant					(110,235,000)	(87,733,971)	(17,757,100)	(1,515,678)	(78,160)	(3,150,091)
9 Distribution Plant					(2,644,000)	(2,078,839)	(442,179)	(39,286)	(2,836)	(80,861)
10 Intangible Plant					(13,114,000)	(10,307,866)	(2,195,810)	(195,447)	(14,141)	(400,735)
11 General Plant					(135,067,000)	(106,298,172)	(22,760,197)	(2,075,570)	(128,505)	(3,804,556)
12 Total Accumulated Depreciation										
13 Net Plant					244,465,000	192,030,101	40,781,142	3,579,157	280,548	7,794,052
14 Accumulated Deferred FIT					(47,851,000)	(37,612,918)	(8,011,226)	(712,942)	(51,573)	(1,462,340)
15 Miscellaneous Rate Base					13,390,000	9,009,274	3,584,404	501,006	51,869	243,446
16 Total Rate Base					210,004,000	163,426,457	36,354,320	3,367,221	280,844	6,575,158
17 Revenue From Retail Rates					144,083,000	105,607,337	32,015,274	3,894,070	365,058	2,201,262
18 Other Operating Revenues					1,635,000	1,272,614	282,840	26,173	2,179	51,194
19 Total Revenues					145,718,000	106,879,950	32,298,113	3,920,243	367,237	2,252,456
Operating Expenses										
20 Purchased Gas Costs					81,056,000	56,438,315	21,453,895	2,844,839	278,541	40,410
21 Underground Storage Expenses					785,000	534,421	204,608	28,130	2,887	14,955
22 Distribution Expenses					9,663,000	7,789,702	1,453,813	112,551	8,898	298,037
23 Customer Accounting Expenses					6,071,000	5,805,564	233,639	18,707	1,701	11,390
24 Customer Information Expenses					857,000	842,755	13,875	150	6	214
25 Sales Expenses					3,000	2,950	49	1	0	1
26 Admin & General Expenses					12,161,000	8,928,083	2,071,399	241,605	23,217	896,696
27 Total O&M Expenses					110,596,000	80,341,789	25,431,276	3,245,982	315,250	1,261,702
28 Taxes Other Than Income Taxes					7,955,000	5,962,050	1,634,182	185,418	16,593	156,758
29 Depreciation Expense										
30 Underground Storage Plant Depr					367,000	249,850	95,657	13,151	1,350	6,992
31 Distribution Plant Depreciation					7,552,000	5,980,992	1,228,987	101,682	6,293	234,045
32 General Plant Depreciation					3,529,000	2,773,865	590,896	52,595	3,805	107,839
33 Amortization of Intangible Plant					639,000	502,464	106,819	9,484	684	19,548
34 Total Depr & Amort Expense					12,087,000	9,507,171	2,022,360	176,913	12,133	368,424
35 Income Tax					4,019,000	2,824,738	968,320	96,316	6,781	122,844
36 Total Operating Expenses					134,657,000	98,635,748	30,056,138	3,704,630	350,756	1,909,728
37 Net Income					11,061,000	8,244,202	2,241,976	215,613	16,481	342,728
38 Rate of Return					5.27%	5.04%	6.17%	6.40%	5.87%	5.21%
39 Return Ratio					1.00	0.96	1.17	1.22	1.11	0.99
40 Interest Expense					6,237,000	4,853,673	1,079,703	100,005	8,341	195,278

Sumcost
Company Base Case UG-12____
UG Storage 87% Sales / 13% Throughput

AVISTA UTILITIES
Summary by Function with Margin Analysis
For the Twelve Months Ended December 31, 2011

Natural Gas Utility
Washington Jurisdiction
02-Apr-12

(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	85,018,284	59,197,206	22,502,632	2,983,904	292,157	42,385			
2 Underground Storage	3,122,052	2,003,079	918,254	130,624	12,387	57,708			
3 Distribution	36,792,217	30,090,389	5,285,911	425,419	29,371	961,126			
4 Common	19,150,448	14,316,662	3,308,477	354,123	31,142	1,140,042			
5 Total Current Rate Revenue	144,083,000	105,607,337	32,015,274	3,894,070	365,058	2,201,262			
6 Exclude Cost of Gas w / Revenue Exp.	83,918,006	58,447,654	22,219,940	2,945,496	288,236	16,679			
7 Total Margin Revenue at Current Rates	60,164,994	47,159,683	9,795,334	948,573	76,821	2,184,583			
Margin per Therm at Current Rates									
8 Production	\$0.00548	\$0.00630	\$0.00620	\$0.00613	\$0.00610	\$0.00087			
9 Underground Storage	\$0.01554	\$0.01683	\$0.02015	\$0.02085	\$0.01927	\$0.00196			
10 Distribution	\$0.18309	\$0.25281	\$0.11600	\$0.06790	\$0.04569	\$0.03264			
11 Common	\$0.09530	\$0.12028	\$0.07260	\$0.05652	\$0.04844	\$0.03871			
12 Total Current Margin Melded Rate per Therm	\$0.29940	\$0.39622	\$0.21495	\$0.15141	\$0.11949	\$0.07418			
Functional Cost Components at Uniform Current Return									
13 Production	85,018,284	59,197,206	22,502,632	2,983,904	292,157	42,385			
14 Underground Storage	3,057,370	2,081,429	796,893	109,558	11,243	58,246			
15 Distribution	36,852,457	30,616,257	4,859,893	382,104	27,620	966,583			
16 Common	19,154,889	14,411,433	3,226,779	344,940	30,791	1,140,946			
17 Total Uniform Current Cost	144,083,000	106,306,325	31,386,197	3,820,506	361,811	2,208,161			
18 Exclude Cost of Gas w / Revenue Exp.	83,918,006	58,447,654	22,219,940	2,945,496	288,236	16,679			
19 Total Uniform Current Margin	60,164,994	47,858,672	9,166,257	875,010	73,575	2,191,481			
Margin per Therm at Uniform Current Return									
20 Production	\$0.00548	\$0.00630	\$0.00620	\$0.00613	\$0.00610	\$0.00087			
21 Underground Storage	\$0.01521	\$0.01749	\$0.01749	\$0.01749	\$0.01749	\$0.00198			
22 Distribution	\$0.18339	\$0.25723	\$0.10665	\$0.06099	\$0.04296	\$0.03282			
23 Common	\$0.09532	\$0.12108	\$0.07081	\$0.05506	\$0.04789	\$0.03874			
24 Total Current Uniform Margin Melded Rate per Therm	\$0.29940	\$0.40209	\$0.20115	\$0.13967	\$0.11444	\$0.07442			
25 Margin to Cost Ratio at Current Rates	1.00	0.99	1.07	1.08	1.04	1.00			
Functional Cost Components at Proposed Rates									
26 Production	85,007,208	59,189,494	22,499,700	2,983,515	292,119	42,380			
27 Underground Storage	4,484,517	2,833,170	1,351,376	208,825	21,407	69,739			
28 Distribution	44,178,178	35,659,607	6,806,054	586,196	43,179	1,083,144			
29 Common	20,501,097	15,319,184	3,599,700	388,178	33,913	1,160,122			
30 Total Proposed Rate Revenue	154,171,000	113,001,455	34,256,830	4,166,714	390,618	2,355,384			
31 Exclude Cost of Gas w / Revenue Exp.	83,907,073	58,440,039	22,217,045	2,945,113	288,199	16,677			
32 Total Margin Revenue at Proposed Rates	70,263,927	54,561,416	12,039,785	1,221,601	102,419	2,338,707			
Margin per Therm at Proposed Rates									
33 Production	\$0.00547	\$0.00630	\$0.00620	\$0.00613	\$0.00610	\$0.00087			
34 Underground Storage	\$0.02232	\$0.02380	\$0.02966	\$0.03333	\$0.03330	\$0.00237			
35 Distribution	\$0.21985	\$0.29960	\$0.14936	\$0.09357	\$0.06716	\$0.03678			
36 Common	\$0.10202	\$0.12871	\$0.07899	\$0.06196	\$0.05275	\$0.03939			
37 Total Proposed Margin Melded Rate per Therm	\$0.34966	\$0.45840	\$0.26421	\$0.19499	\$0.15931	\$0.07942			
Functional Cost Components at Uniform Proposed Return									
38 Production	85,007,208	59,189,494	22,499,700	2,983,515	292,119	42,380			
39 Underground Storage	4,351,948	2,962,766	1,134,321	155,949	16,003	82,909			
40 Distribution	44,302,692	36,529,427	6,044,114	477,472	34,906	1,216,773			
41 Common	20,509,152	15,475,943	3,453,581	365,126	32,251	1,182,251			
42 Total Uniform Proposed Cost	154,171,000	114,157,630	33,131,716	3,982,061	375,280	2,524,313			
43 Exclude Cost of Gas w / Revenue Exp.	83,907,073	58,440,039	22,217,045	2,945,113	288,199	16,677			
44 Total Uniform Proposed Margin	70,263,927	55,717,591	10,914,671	1,036,948	87,081	2,507,636			
Margin per Therm at Uniform Proposed Return									
45 Production	\$0.00547	\$0.00630	\$0.00620	\$0.00613	\$0.00610	\$0.00087			
46 Underground Storage	\$0.02166	\$0.02489	\$0.02489	\$0.02489	\$0.02489	\$0.00282			
47 Distribution	\$0.22047	\$0.30691	\$0.13263	\$0.07621	\$0.05429	\$0.04132			
48 Common	\$0.10206	\$0.13002	\$0.07579	\$0.05828	\$0.05016	\$0.04015			
49 Total Proposed Uniform Margin Melded Rate per Therm	\$0.34966	\$0.46812	\$0.23952	\$0.16551	\$0.13545	\$0.08515			
50 Margin to Cost Ratio at Proposed Rates	1.00	0.98	1.10	1.18	1.18	0.93			
51 Current Margin to Proposed Cost Ratio	0.86	0.85	0.90	0.91	0.88	0.87			

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AVISTA UTILITIES
Summary by Classification with Unit Cost Analysis
For the Twelve Months Ended December 31, 2011

Natural Gas Utility
Washington Jurisdiction
02-Apr-12

(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	82,692,519	56,140,405	21,826,351	3,010,018	289,184	1,426,561			
2 Demand	32,126,883	22,095,233	8,570,038	829,529	65,487	566,597			
3 Customer	29,263,598	27,371,699	1,618,885	54,522	10,387	208,104			
4 Total Current Rate Revenue	144,083,000	105,607,337	32,015,274	3,894,070	365,058	2,201,262			
Revenue per Therm at Current Rates									
5 Commodity	\$0.41151	\$0.47167	\$0.47897	\$0.48045	\$0.44981	\$0.04844			
6 Demand	\$0.15987	\$0.18564	\$0.18806	\$0.13241	\$0.10186	\$0.01924			
7 Customer	\$0.14563	\$0.22997	\$0.03553	\$0.00870	\$0.01616	\$0.00707			
8 Total Revenue per Therm at Current Rates	\$0.71701	\$0.88727	\$0.70256	\$0.62156	\$0.56783	\$0.07475			
Cost per Unit at Current Rates									
9 Commodity Cost per Therm	\$0.41151	\$0.47167	\$0.47897	\$0.48045	\$0.44981	\$0.04844			
10 Demand Cost per Peak Day Therms	\$21.18	\$22.47	\$23.11	\$32.69	\$13.07	\$4.29			
11 Customer Cost per Customer per Month	\$16.46	\$15.66	\$56.24	\$174.75	\$865.55	\$468.70			
Cost by Classification at Uniform Current Return									
12 Commodity	82,551,451	56,314,744	21,556,308	2,963,145	287,472	1,429,783			
13 Demand	32,018,775	22,262,323	8,315,179	807,510	64,452	569,311			
14 Customer	29,512,773	27,729,259	1,514,710	49,851	9,887	209,067			
15 Total Uniform Current Cost	144,083,000	106,306,325	31,386,197	3,820,506	361,811	2,208,161			
Cost per Therm at Current Return									
16 Commodity	\$0.41080	\$0.47314	\$0.47304	\$0.47297	\$0.44715	\$0.04855			
17 Demand	\$0.15934	\$0.18704	\$0.18247	\$0.12889	\$0.10025	\$0.01933			
18 Customer	\$0.14687	\$0.23297	\$0.03324	\$0.00796	\$0.01538	\$0.00710			
19 Total Cost per Therm at Current Return	\$0.71701	\$0.89315	\$0.68875	\$0.60982	\$0.56278	\$0.07498			
Cost per Unit at Uniform Current Return									
20 Commodity Cost per Therm	\$0.41080	\$0.47314	\$0.47304	\$0.47297	\$0.44715	\$0.04855			
21 Demand Cost per Peak Day Therms	\$21.11	\$22.64	\$22.43	\$31.83	\$12.87	\$4.31			
22 Customer Cost per Customer per Month	\$16.60	\$15.86	\$52.63	\$159.78	\$823.95	\$470.87			
23 Revenue to Cost Ratio at Current Rates	1.00	0.99	1.02	1.02	1.01	1.00			
Cost by Classification at Proposed Return by Schedule									
24 Commodity	85,753,071	57,980,735	22,787,529	3,183,672	302,653	1,498,483			
25 Demand	34,954,022	23,863,175	9,478,733	911,183	73,642	627,289			
26 Customer	33,463,906	31,157,544	1,990,568	71,859	14,322	229,613			
27 Total Proposed Rate Revenue	154,171,000	113,001,455	34,256,830	4,166,714	390,618	2,355,384			
Revenue per Therm at Proposed Rates									
28 Commodity	\$0.42674	\$0.48713	\$0.50006	\$0.50817	\$0.47076	\$0.05088			
29 Demand	\$0.17394	\$0.20049	\$0.20801	\$0.14544	\$0.11455	\$0.02130			
30 Customer	\$0.16653	\$0.26177	\$0.04368	\$0.01147	\$0.02228	\$0.00780			
31 Total Revenue per Therm at Proposed Rates	\$0.76721	\$0.94940	\$0.75175	\$0.66508	\$0.60758	\$0.07998			
Cost per Unit at Proposed Rates									
32 Commodity Cost per Therm	\$0.42674	\$0.48713	\$0.50006	\$0.50817	\$0.47076	\$0.05088			
33 Demand Cost per Peak Day Therms	\$23.05	\$24.26	\$25.56	\$35.91	\$14.70	\$4.75			
34 Customer Cost per Customer per Month	\$18.82	\$17.82	\$69.16	\$230.32	\$1,193.54	\$517.15			
Cost by Classification at Uniform Proposed Return									
35 Commodity	85,511,606	58,269,104	22,304,552	3,066,015	294,563	1,577,370			
36 Demand	34,780,902	24,139,554	9,022,916	855,911	68,752	693,769			
37 Customer	33,878,492	31,748,972	1,804,249	60,134	11,964	253,173			
38 Total Uniform Proposed Cost	154,171,000	114,157,630	33,131,716	3,982,061	375,280	2,524,313			
Cost per Therm at Proposed Return									
39 Commodity	\$0.42554	\$0.48956	\$0.48946	\$0.48939	\$0.45818	\$0.05356			
40 Demand	\$0.17308	\$0.20281	\$0.19800	\$0.13662	\$0.10694	\$0.02356			
41 Customer	\$0.16859	\$0.26674	\$0.03959	\$0.00960	\$0.01861	\$0.00860			
42 Total Cost per Therm at Proposed Return	\$0.76721	\$0.95911	\$0.72706	\$0.63560	\$0.58373	\$0.08572			
Cost per Unit at Uniform Proposed Return									
43 Commodity Cost per Therm	\$0.42554	\$0.48956	\$0.48946	\$0.48939	\$0.45818	\$0.05356			
44 Demand Cost per Peak Day Therms	\$22.93	\$24.55	\$24.34	\$33.73	\$13.73	\$5.26			
45 Customer Cost per Customer per Month	\$19.06	\$18.16	\$62.68	\$192.74	\$997.02	\$570.21			
46 Revenue to Cost Ratio at Proposed Rates	1.00	0.99	1.03	1.05	1.04	0.93			
47 Current Revenue to Proposed Cost Ratio	0.93	0.93	0.97	0.98	0.97	0.87			

Sumcost Company Base Case UG-12____ UG Storage 87% Sales / 13% Throughput		AVISTA UTILITIES Customer Cost Analysis For the Twelve Months Ended December 31, 2011				Natural Gas Utility Washington Jurisdiction		02-Apr-12	
(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			96,617,000	94,810,708	1,560,948	50,761	1,952	192,631
2	Services Accum. Depr.			(40,424,000)	(39,668,258)	(653,092)	(21,238)	(817)	(80,596)
3	Total Services			56,193,000	55,142,450	907,856	29,523	1,135	112,035
4	Meters			42,154,000	36,115,695	5,107,639	166,483	37,928	726,255
5	Meters Accum. Depr.			(9,159,000)	(7,847,029)	(1,109,761)	(36,173)	(8,241)	(157,797)
6	Total Meters			32,995,000	28,268,666	3,997,878	130,310	29,687	568,458
7	Total Rate Base			89,188,000	83,411,116	4,905,734	159,833	30,823	680,494
8	Return on Rate Base @ 8.23%			7,358,010	6,881,417	404,723	13,186	2,543	56,141
9	Revenue Conversion Factor			0.62095	0.62095	0.62095	0.62095	0.62095	0.62095
10	Rate Base Revenue Requirement			11,849,601	11,082,079	651,780	21,236	4,095	90,411
Expenses									
11	Services Depr Exp			2,354,000	2,309,991	38,031	1,237	48	4,693
12	Meters Depr Exp			1,209,000	1,035,818	146,490	4,775	1,088	20,829
13	Services Maintenance Exp			570,000	559,344	9,209	299	12	1,136
14	Meters Maintenance Exp			810,000	693,972	98,145	3,199	729	13,955
15	Meter Reading			1,578,000	1,551,770	25,548	277	11	394
16	Billing			3,489,000	3,431,005	56,488	612	24	871
17	Total Expenses			10,010,000	9,581,901	373,910	10,399	1,910	41,880
18	Revenue Conversion Factor			0.95531	0.95531	0.95531	0.95531	0.95531	0.95531
19	Expense Revenue Requirement			10,478,285	10,030,158	391,403	10,886	1,999	43,839
20	Total Meter, Service, Meter Reading, and Billing Cost			22,327,886	21,112,238	1,043,183	32,121	6,094	134,250
21	Total Customer Bills			1,777,807	1,748,256	28,783	312	12	444
22	Average Unit Cost per Month			\$12.56	\$12.08	\$36.24	\$102.95	\$507.87	\$302.36
Fixed Costs per Customer									
23	Total Customer Related Cost			33,878,492	31,748,972	1,804,249	60,134	11,964	253,173
24	Customer Related Unit Cost per Month			\$19.06	\$18.16	\$62.68	\$192.74	\$997.02	\$570.21
25	Other Non-Gas Costs			36,385,435	23,968,619	9,110,423	976,814	75,117	2,254,462
26	Other Non-Gas Unit Cost per Month			\$20.47	\$13.71	\$316.52	\$3,130.81	\$6,259.75	\$5,077.62
27	Total Fixed Unit Cost per Month			\$39.52	\$31.87	\$379.21	\$3,323.55	\$7,256.78	\$5,647.83