

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	
)	
Complainant,)	Docket No. UE-110876
)	Docket No. UG-110877
v.)	Docket No. UE-120436
)	Docket No. UG-120437
AVISTA CORPORATION d/b/a AVISTA UTILITIES,)	<i>(consolidated)</i>
)	
Respondent.)	

EXHIBIT NO. ____ (MCD-9)

ICNU COST-OF-SERVICE STUDY

September 19, 2012

Sumcost ICNU Demand Allocation Load Factor Peak Credit Method PROPOSED METHOD		ICNU Cost of Service Study AVISTA UTILITIES Cost of Service Basic Summary For the Twelve Months Ended December 31, 2011						Washington Jurisdiction Electric Utility		09/17/08	
	(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	Production Plant				813,951,000	392,365,074	67,167,281	198,906,054	137,731,174	13,878,761	3,902,657
2	Transmission Plant				361,826,000	174,418,221	29,857,901	88,419,797	61,225,700	6,169,532	1,734,850
3	Distribution Plant				785,767,000	425,777,482	84,635,372	172,368,752	30,502,190	35,007,454	37,475,749
4	Intangible Plant				109,684,000	54,113,937	9,517,485	26,247,861	16,159,479	2,356,824	1,288,414
5	General Plant				169,189,000	93,858,847	16,357,450	34,369,848	16,896,954	4,383,933	3,321,968
6	Total Plant In Service				2,240,417,000	1,140,533,561	207,535,489	520,312,311	262,515,498	61,796,504	47,723,638
	Accum Depreciation										
7	Production Plant				(374,422,000)	(180,490,122)	(30,897,324)	(91,497,894)	(63,357,108)	(6,384,307)	(1,795,244)
8	Transmission Plant				(123,910,000)	(59,730,815)	(10,225,060)	(30,280,016)	(20,967,196)	(2,112,802)	(594,112)
9	Distribution Plant				(245,348,000)	(131,860,902)	(25,533,032)	(52,159,887)	(9,468,245)	(10,538,826)	(15,787,108)
10	Intangible Plant				(23,657,000)	(11,933,778)	(2,150,039)	(5,542,823)	(2,985,167)	(609,170)	(436,024)
11	General Plant				(60,599,000)	(33,829,794)	(5,875,318)	(12,173,823)	(5,984,075)	(1,559,050)	(1,176,940)
12	Total Accumulated Depreciation				(827,936,000)	(417,845,411)	(74,680,773)	(191,654,444)	(102,761,791)	(21,204,155)	(19,789,427)
13	Net Plant				1,412,481,000	722,688,150	132,854,717	328,657,867	159,753,707	40,592,349	27,934,210
14	Accumulated Deferred FIT				(223,375,000)	(113,722,080)	(20,612,369)	(51,818,506)	(26,604,487)	(6,041,337)	(4,576,220)
15	Miscellaneous Rate Base				33,519,000	15,536,565	2,945,252	8,728,188	4,642,529	944,654	721,812
16	Total Rate Base				1,222,625,000	624,502,636	115,187,600	285,567,549	137,791,749	35,495,665	24,079,802
17	Revenue From Retail Rates				455,105,000	198,459,000	55,514,000	126,921,000	58,190,000	9,439,000	6,582,000
18	Other Operating Revenues				60,036,000	29,148,979	5,042,038	14,583,834	9,704,061	1,119,603	437,485
19	Total Revenues				515,141,000	227,607,979	60,556,038	141,504,834	67,894,061	10,558,603	7,019,485
	Operating Expenses										
20	Production Expenses				210,113,000	101,284,970	17,338,536	51,345,533	35,553,873	3,582,658	1,007,430
21	Transmission Expenses				20,880,000	10,065,204	1,723,019	5,102,467	3,533,170	356,027	100,113
22	Distribution Expenses				20,008,000	10,582,691	2,526,610	4,098,500	729,670	851,415	1,219,114
23	Customer Accounting Expenses				10,898,000	8,436,896	1,309,778	670,492	306,647	132,299	41,888
24	Customer Information Expenses				5,220,000	2,981,771	477,809	986,038	673,077	80,498	20,808
25	Sales Expenses				4,000	1,725	353	1,066	747	90	19
26	Admin & General Expenses				47,165,000	25,346,935	4,577,297	9,886,299	5,409,887	1,098,881	845,701
27	Total O&M Expenses				314,288,000	158,700,192	27,953,401	72,090,395	46,207,070	6,101,867	3,235,074
28	Taxes Other Than Income Taxes				35,273,000	16,431,708	3,748,012	9,138,808	4,620,768	793,402	540,302
29	Other Income Related Items				(418,000)	(206,282)	(36,509)	(100,147)	(60,299)	(9,327)	(5,436)
	Depreciation Expense										
30	Production Plant Depreciation				18,650,000	8,990,232	1,538,999	4,557,520	3,155,824	318,003	89,421
31	Transmission Plant Depreciation				6,603,000	3,182,976	544,880	1,613,582	1,117,314	112,588	31,659
32	Distribution Plant Depreciation				22,390,000	12,138,763	2,447,459	4,927,679	882,108	997,930	996,062
33	General Plant Depreciation				17,016,000	9,133,793	1,619,169	3,652,316	1,809,026	453,821	347,876
34	Amortization Expense				4,568,000	2,203,699	377,659	1,115,574	769,307	78,659	23,103
35	Total Depreciation Expense				69,227,000	35,649,462	6,528,165	15,866,671	7,733,579	1,961,001	1,488,121
36	Income Tax				21,347,000	(534,867)	6,688,047	12,720,756	1,871,521	232,129	369,413
37	Total Operating Expenses				439,717,000	210,040,215	44,881,116	109,716,483	60,372,639	9,079,073	5,627,474
38	Net Income				75,424,000	17,567,764	15,674,922	31,788,351	7,521,422	1,479,530	1,392,011
39	Rate of Return				6.17%	2.81%	13.61%	11.13%	5.46%	4.17%	5.78%
40	Return Ratio				1.00	0.46	2.21	1.80	0.88	0.68	0.94
41	Interest Expense				36,312,000	18,547,747	3,421,075	8,481,365	4,092,419	1,054,222	715,171

Sumcost
ICNU Demand Allocation
Load Factor Peak Credit Method
PROPOSED METHOD
(b)AVISTA UTILITIES
Revenue to Cost by Functional Component Summary
For the Twelve Months Ended December 31, 2011

	(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				241,616,982	105,466,602	24,025,547	67,048,919	40,024,378	3,913,090	1,138,446
2 Transmission				40,519,754	14,090,396	5,364,954	13,860,370	6,430,995	588,666	184,372
3 Distribution				101,732,692	44,514,276	17,616,570	28,473,343	3,877,095	3,314,362	3,937,046
4 Common				71,235,572	34,387,726	8,506,929	17,538,367	7,857,532	1,622,882	1,322,136
5 Total Current Rate Revenue				455,105,000	198,459,000	55,514,000	126,921,000	58,190,000	9,439,000	6,582,000
Expressed as \$/kWh										
6 Production				\$0.04334	\$0.04413	\$0.04907	\$0.04525	\$0.03764	\$0.03151	\$0.04398
7 Transmission				\$0.00727	\$0.00590	\$0.01096	\$0.00935	\$0.00605	\$0.00474	\$0.00712
8 Distribution				\$0.01825	\$0.01862	\$0.03598	\$0.01921	\$0.00365	\$0.02669	\$0.15209
9 Common				\$0.01278	\$0.01439	\$0.01738	\$0.01184	\$0.00739	\$0.01307	\$0.05107
10 Total Current Melded Rates				\$0.08164	\$0.08303	\$0.11339	\$0.08565	\$0.05473	\$0.07600	\$0.25426
Functional Cost Components at Uniform Current Return										
11 Production				241,252,886	116,089,570	19,926,318	59,060,438	40,884,136	4,142,416	1,150,008
12 Transmission				40,339,700	19,343,692	3,337,794	9,909,888	6,856,165	702,073	190,089
13 Distribution				101,908,815	58,172,718	11,526,658	20,192,370	4,097,064	3,868,370	4,051,635
14 Common				71,603,598	38,500,594	6,881,207	15,106,079	8,043,739	1,731,587	1,340,391
15 Total Uniform Current Cost				455,105,000	232,106,574	41,671,977	104,268,775	59,881,104	10,444,447	6,732,123
Expressed as \$/kWh										
16 Production				\$0.04328	\$0.04857	\$0.04070	\$0.03986	\$0.03845	\$0.03335	\$0.04442
17 Transmission				\$0.00724	\$0.00809	\$0.00682	\$0.00669	\$0.00645	\$0.00565	\$0.00734
18 Distribution				\$0.01828	\$0.02434	\$0.02354	\$0.01363	\$0.00385	\$0.03115	\$0.15651
19 Common				\$0.01284	\$0.01611	\$0.01406	\$0.01019	\$0.00757	\$0.01394	\$0.05178
20 Total Current Uniform Melded Rates				\$0.08164	\$0.09711	\$0.08512	\$0.07036	\$0.05632	\$0.08409	\$0.26006
21 Revenue to Cost Ratio at Current Rates				1.00	0.86	1.33	1.22	0.97	0.90	0.98
Functional Cost Components at Proposed Return by Schedule										
22 Production				255,666,758	111,099,333	25,504,670	71,076,624	42,686,420	4,115,650	1,184,060
23 Transmission				47,481,055	16,882,353	6,097,517	15,855,429	7,749,698	689,065	206,993
24 Distribution				116,967,713	51,774,318	19,817,092	32,655,733	4,560,516	3,769,386	4,390,669
25 Common				75,972,474	36,569,995	9,093,721	18,765,214	8,434,367	1,714,899	1,394,278
26 Total Proposed Rate Revenue				496,088,000	216,326,000	60,513,000	138,353,000	63,431,000	10,289,000	7,176,000
Expressed as \$/kWh										
27 Production				\$0.04586	\$0.04648	\$0.05210	\$0.04796	\$0.04015	\$0.03314	\$0.04574
28 Transmission				\$0.00852	\$0.00706	\$0.01245	\$0.01070	\$0.00729	\$0.00555	\$0.00800
29 Distribution				\$0.02098	\$0.02166	\$0.04048	\$0.02204	\$0.00429	\$0.03035	\$0.16961
30 Common				\$0.01363	\$0.01530	\$0.01857	\$0.01266	\$0.00793	\$0.01381	\$0.05386
31 Total Proposed Melded Rates				\$0.08899	\$0.09051	\$0.12360	\$0.09337	\$0.05966	\$0.08284	\$0.27721
Functional Cost Components at Uniform Requested Return										
32 Production				255,080,554	122,622,803	21,079,000	62,507,017	43,263,081	4,396,662	1,211,991
33 Transmission				47,191,164	22,580,968	3,908,924	11,617,566	8,034,870	828,031	220,805
34 Distribution				117,443,084	66,586,534	13,242,123	23,773,180	4,707,690	4,466,018	4,667,540
35 Common				76,373,197	41,030,878	7,338,512	16,156,071	8,559,217	1,850,134	1,438,385
36 Total Uniform Cost				496,088,000	252,821,183	45,568,559	114,053,835	64,564,858	11,540,844	7,538,721
Expressed as \$/kWh										
37 Production				\$0.04576	\$0.05130	\$0.04306	\$0.04218	\$0.04069	\$0.03540	\$0.04682
38 Transmission				\$0.00847	\$0.00945	\$0.00798	\$0.00784	\$0.00756	\$0.00667	\$0.00853
39 Distribution				\$0.02107	\$0.02786	\$0.02705	\$0.01604	\$0.00443	\$0.03596	\$0.18031
40 Common				\$0.01370	\$0.01717	\$0.01499	\$0.01090	\$0.00805	\$0.01490	\$0.05556
41 Total Uniform Melded Rates				\$0.08899	\$0.10578	\$0.09308	\$0.07697	\$0.06072	\$0.09292	\$0.29122
42 Revenue to Cost Ratio at Proposed Rates				1.00	0.86	1.33	1.21	0.98	0.89	0.95
43 Current Revenue to Proposed Cost Ratio				0.92	0.78	1.22	1.11	0.90	0.82	0.87
44 Target Revenue Increase				40,984,000	54,362,000	(9,945,000)	(12,867,000)	6,375,000	2,102,000	957,000

Sumcost
ICNU Demand Allocation
Load Factor Peak Credit Method
PROPOSED METHOD

AVISTA UTILITIES
Revenue to Cost By Classification Summary
For the Twelve Months Ended December 31, 2011

Washington Jurisdiction
Electric Utility
09/17/08

	(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					218,137,255	82,403,477	23,882,775	67,035,028	39,292,922	4,527,683	995,369
2 Demand					201,386,421	82,497,886	26,107,194	65,007,190	21,310,910	3,815,707	2,647,534
3 Customer					37,538,097	25,730,645	6,765,120	1,606,037	102,818	578,355	2,755,122
4 Total Current Rate Revenue					457,061,773	190,632,008	56,755,089	133,648,255	60,706,651	8,921,745	6,398,025
Expressed as Unit Cost											
5 Energy		\$/kWh			\$0.03913	\$0.03448	\$0.04878	\$0.04524	\$0.03696	\$0.03646	\$0.03845
6 Demand		\$/kW/mo			\$13.09	\$11.23	\$17.66	\$16.80	\$11.20	\$5.38	\$34.11
7 Customer		\$/Cust/mo			\$13.30	\$10.64	\$19.91	\$49.90	\$389.46	\$20.08	\$697.68
Cost Classifications at Uniform Current Return											
8 Energy					215,951,565	93,131,340	19,076,514	57,571,920	40,323,628	4,839,475	1,008,688
9 Demand					199,910,484	101,569,639	18,190,162	51,114,777	22,012,116	4,301,047	2,722,744
10 Customer					39,242,951	28,922,328	5,412,448	1,368,724	104,094	618,968	2,816,389
11 Total Uniform Current Cost					455,105,000	223,623,308	42,679,124	110,055,422	62,439,837	9,759,489	6,547,820
Expressed as Unit Cost											
12 Energy		\$/kWh			\$0.03874	\$0.03897	\$0.03897	\$0.03885	\$0.03792	\$0.03897	\$0.03897
13 Demand		\$/kW/mo			\$13.00	\$13.83	\$12.31	\$13.21	\$11.57	\$6.07	\$35.08
14 Customer		\$/Cust/mo			\$13.90	\$11.96	\$15.93	\$42.53	\$394.29	\$21.49	\$713.19
15 Revenue to Cost Ratio at Current Rates					1.00	0.85	1.33	1.21	0.97	0.91	0.98
Cost Classifications at Proposed Return by Schedule											
16 Energy					233,860,387	88,097,726	25,617,914	71,807,212	42,491,978	4,797,559	1,047,997
17 Demand					224,287,920	92,631,830	28,967,612	72,018,701	23,488,195	4,236,349	2,945,234
18 Customer					40,121,536	27,424,555	7,253,450	1,725,724	106,767	613,510	2,997,530
19 Total Proposed Rate Revenue					498,269,842	208,154,111	61,838,975	145,551,637	66,086,940	9,647,418	6,990,761
Expressed as Unit Cost											
20 Energy		\$/kWh			\$0.04195	\$0.03686	\$0.05233	\$0.04846	\$0.03996	\$0.03863	\$0.04048
21 Demand		\$/kW/mo			\$14.58	\$12.61	\$19.60	\$18.61	\$12.35	\$5.97	\$37.95
22 Customer		\$/Cust/mo			\$14.22	\$11.34	\$21.35	\$53.62	\$404.42	\$21.30	\$759.06
Cost Classifications at Uniform Requested Return											
23 Energy					231,256,760	99,731,863	20,428,529	61,652,231	43,181,495	5,182,464	1,080,177
24 Demand					222,764,534	113,314,738	20,419,486	57,110,576	23,957,285	4,835,497	3,126,953
25 Customer					42,066,706	30,885,867	5,792,951	1,471,061	107,620	663,646	3,145,560
26 Total Uniform Cost					496,088,000	243,932,468	46,640,967	120,233,868	67,246,400	10,681,607	7,352,690
Expressed as Unit Cost											
27 Energy		\$/kWh			\$0.04148	\$0.04173	\$0.04173	\$0.04160	\$0.04061	\$0.04173	\$0.04173
28 Demand		\$/kW/mo			\$14.48	\$15.43	\$13.81	\$14.76	\$12.59	\$6.82	\$40.29
29 Customer		\$/Cust/mo			\$14.91	\$12.78	\$17.05	\$45.71	\$407.65	\$23.04	\$796.55
30 Revenue to Cost Ratio at Proposed Rates					1.00	0.85	1.33	1.21	0.98	0.90	0.95
31 Current Revenue to Proposed Cost Ratio					0.92	0.78	1.22	1.11	0.90	0.84	0.87

Sumcost ICNU Demand Allocation Load Factor Peak Credit Method PROPOSED METHOD	AVISTA UTILITIES Customer Cost Analysis For the Twelve Months Ended December 31, 2011							Washington Jurisdiction Electric Utility	09/17/08	
(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			76,191,000	65,366,953	9,186,636	858,563	0	778,848	0
2	Services Accum. Depr.			(28,855,000)	(24,755,725)	(3,479,156)	(325,154)	0	(294,965)	0
3	Total Services			47,336,000	40,611,228	5,707,480	533,409	0	483,883	0
4	Meters			26,286,000	16,055,740	6,137,585	3,050,265	61,020	981,391	0
5	Meters Accum. Depr.			(4,486,000)	(2,740,092)	(1,047,447)	(520,562)	(10,414)	(167,485)	0
6	Total Meters			21,800,000	13,315,648	5,090,137	2,529,703	50,606	813,906	0
7	Total Rate Base			69,136,000	53,926,876	10,797,617	3,063,112	50,606	1,297,789	0
8	Return on Rate Base @ 8.25%			5,703,720	4,448,967	890,803	252,707	4,175	107,068	0
9	Revenue Conversion Factor			0.62082	0.62082	0.62082	0.62082	0.62082	0.62082	0.62082
10	Rate Base Revenue Requirement			9,187,397	7,166,276	1,434,882	407,053	6,725	172,462	0
Expenses										
11	Services Depr Exp			2,092,000	1,794,801	252,240	23,574	0	21,385	0
12	Meters Depr Exp			1,024,000	625,469	239,096	118,826	2,377	38,231	0
13	Services Operations Exp			479,000	410,951	57,755	5,398	0	4,896	0
14	Meters Operating Exp			1,717,000	1,048,760	400,907	199,243	3,986	64,104	0
15	Meters Maintenance Exp			89,000	54,362	20,781	10,328	207	3,323	0
16	Meter Reading			2,604,000	2,199,607	309,132	29,284	36,175	26,208	3,593
17	Billing			5,696,000	4,873,390	684,904	64,881	6,798	58,066	7,961
18	Total Expenses			13,701,000	11,007,341	1,964,814	451,533	49,543	216,215	11,554
19	Revenue Conversion Factor			0.9551	0.9551	0.9551	0.9551	0.9551	0.9551	0.9551
20	Expense Revenue Requirement			14,345,095	11,524,804	2,057,182	472,760	51,872	226,379	12,098
21	Total Meter, Service, Meter Reading, and Billing Cost			23,532,492	18,691,080	3,492,064	879,813	58,597	398,841	12,098
22	Total Customer Bills			2,822,306	2,417,371	339,736	32,183	264	28,803	3,949
23	Average Unit Cost per Month			\$8.34	\$7.73	\$10.28	\$27.34	\$221.96	\$13.85	\$3.06
Distribution Fixed Costs per Customer										
24	Total Customer Related Cost			42,066,706	30,885,867	5,792,951	1,471,061	107,620	663,646	3,145,560
25	Customer Related Unit Cost per Month			\$14.91	\$12.78	\$17.05	\$45.71	\$407.65	\$23.04	\$796.55
26	Total Distribution Demand Related Cost			104,100,505	54,312,395	11,042,341	27,883,896	5,022,965	2,988,349	2,850,559
27	Dist Demand Related Unit Cost per Month			\$36.88	\$22.47	\$32.50	\$866.42	\$19,026.38	\$103.75	\$721.84
28	Total Distribution Unit Cost per Month			\$51.79	\$35.24	\$49.55	\$912.13	\$19,434.04	\$126.79	\$1,518.39