

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-11 _____

EXHIBIT NO. ____ (TLK-4)

TARA L. KNOX

REPRESENTING AVISTA CORPORATION

Sumcost
Scenario: Company Base Case
Load Factor Peak Credit Method
PROPOSED METHOD

AVISTA UTILITIES
Cost of Service Basic Summary
For the Twelve Months Ended December 31, 2010

Washington Jurisdiction
Electric Utility

04/20/11

	(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				
Plant In Service											
1 Production Plant	786,975,000	362,879,556	58,969,386	208,571,422	137,197,700	16,145,384	3,211,552				
2 Transmission Plant	330,442,000	152,369,066	24,760,586	87,576,807	57,607,780	6,779,266	1,348,495				
3 Distribution Plant	653,613,000	357,555,359	62,668,719	166,178,413	20,046,548	15,742,770	31,421,191				
4 Intangible Plant	85,735,000	40,215,212	6,582,110	22,604,677	13,882,973	1,783,044	666,983				
5 General Plant	122,721,000	66,935,847	10,822,295	27,837,542	12,227,005	2,501,388	2,396,923				
6 Total Plant In Service	1,979,486,000	979,955,040	163,803,096	512,768,861	240,962,006	42,951,853	39,045,144				
Accum Depreciation											
7 Production Plant	(324,937,000)	(149,830,673)	(24,348,087)	(86,117,821)	(56,648,063)	(6,666,327)	(1,326,030)				
8 Transmission Plant	(106,287,000)	(49,009,663)	(7,964,267)	(28,169,168)	(18,529,600)	(2,180,558)	(433,745)				
9 Distribution Plant	(194,884,000)	(105,482,699)	(18,158,050)	(47,040,854)	(5,371,746)	(4,482,848)	(14,347,802)				
10 Intangible Plant	(14,388,000)	(6,964,275)	(1,153,968)	(3,754,484)	(1,998,511)	(306,602)	(210,160)				
11 General Plant	(44,013,000)	(24,090,378)	(3,889,195)	(9,925,132)	(4,359,409)	(894,284)	(854,602)				
12 Total Accumulated Depreciation	(684,509,000)	(335,377,687)	(55,513,567)	(175,007,458)	(86,907,329)	(14,530,620)	(17,172,339)				
13 Net Plant	1,294,977,000	644,577,352	108,289,529	337,761,403	154,054,677	28,421,234	21,872,805				
14 Accumulated Deferred FIT	(192,160,000)	(95,413,604)	(15,913,717)	(49,527,126)	(23,432,317)	(4,153,103)	(3,720,134)				
15 Miscellaneous Rate Base	24,994,000	10,793,561	1,884,916	7,422,812	3,859,037	576,688	456,986				
16 Total Rate Base	1,127,811,000	559,957,310	94,260,728	295,657,090	134,481,397	24,844,819	18,609,657				
17 Revenue From Retail Rates	422,706,000	188,251,000	43,746,000	121,365,000	54,280,000	8,730,000	6,334,000				
18 Other Operating Revenues	42,398,000	19,845,633	3,249,019	11,199,617	6,897,269	882,108	324,354				
19 Total Revenues	465,104,000	208,096,633	46,995,019	132,564,617	61,177,269	9,612,108	6,658,354				
Operating Expenses											
20 Production Expenses	193,811,000	89,367,578	14,522,591	51,365,591	33,788,142	3,976,178	790,920				
21 Transmission Expenses	19,687,000	9,077,810	1,475,181	5,217,632	3,432,143	403,894	80,340				
22 Distribution Expenses	21,704,000	11,434,615	2,435,687	5,331,288	708,020	567,366	1,227,024				
23 Customer Accounting Expenses	9,546,000	7,486,964	1,093,179	566,031	251,918	113,173	34,735				
24 Customer Information Expenses	1,374,000	1,177,456	161,328	19,217	129	13,964	1,905				
25 Sales Expenses	184,000	80,805	13,734	50,332	34,103	4,120	906				
26 Admin & General Expenses	42,846,000	22,608,837	3,839,425	9,926,190	4,785,893	889,457	796,198				
27 Total O&M Expenses	289,152,000	141,234,065	23,541,124	72,476,280	43,000,349	5,968,152	2,932,029				
28 Taxes Other Than Income Taxes	31,280,000	14,463,507	2,902,244	8,625,369	4,162,905	656,773	469,202				
29 Other Income Related Items	(80,000)	(43,764)	(7,670)	(20,340)	(2,454)	(1,927)	(3,846)				
Depreciation Expense											
30 Production Plant Depreciation	21,000,000	9,683,244	1,573,566	5,565,615	3,661,046	430,831	85,699				
31 Transmission Plant Depreciation	6,907,000	3,184,865	517,553	1,830,557	1,204,135	141,702	28,187				
32 Distribution Plant Depreciation	18,408,000	9,834,757	1,745,734	4,988,823	669,516	459,986	709,184				
33 General Plant Depreciation	9,053,000	4,843,773	787,803	2,112,129	946,862	186,780	175,653				
34 Amortization Expense	1,816,000	839,261	136,537	481,056	313,433	37,335	8,379				
35 Total Depreciation Expense	57,184,000	28,385,899	4,761,193	14,978,180	6,794,993	1,256,634	1,007,101				
36 Income Tax	18,527,000	2,516,548	4,465,974	9,518,755	1,101,184	340,497	584,042				
37 Total Operating Expenses	396,063,000	186,556,257	35,662,863	105,578,245	55,056,977	8,220,130	4,988,528				
38 Net Income	69,041,000	21,540,377	11,332,155	26,986,372	6,120,292	1,391,978	1,669,826				
39 Rate of Return	6.12%	3.85%	12.02%	9.13%	4.55%	5.60%	8.97%				
40 Return Ratio	1.00	0.63	1.96	1.49	0.74	0.92	1.47				
41 Interest Expense	33,722,000	16,742,948	2,818,433	8,840,265	4,021,048	742,870	556,436				

Sumcost
Scenario: Company Base Case
Load Factor Peak Credit Method
PROPOSED METHOD

AVISTA UTILITIES
Revenue to Cost by Functional Component Summary
For the Twelve Months Ended December 31, 2010

Washington Jurisdiction
Electric Utility

04/20/11

	(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	240,717,845	103,773,556	21,241,633	69,647,958	40,112,195	4,874,585	1,067,918				
2 Transmission	39,473,373	15,032,912	4,363,398	13,028,100	6,068,552	781,785	198,626				
3 Distribution	87,809,390	42,006,989	12,542,068	25,030,828	2,321,142	1,952,765	3,955,599				
4 Common	54,705,392	27,437,543	5,598,901	13,658,115	5,778,111	1,120,866	1,111,858				
5 Total Current Rate Revenue	422,706,000	188,251,000	43,746,000	121,365,000	54,280,000	8,730,000	6,334,000				
Expressed as \$/kWh											
6 Production	\$0.04467	\$0.04410	\$0.05311	\$0.04743	\$0.03928	\$0.04062	\$0.04046				
7 Transmission	\$0.00732	\$0.00639	\$0.01091	\$0.00887	\$0.00594	\$0.00651	\$0.00753				
8 Distribution	\$0.01629	\$0.01785	\$0.03136	\$0.01705	\$0.00227	\$0.01627	\$0.14987				
9 Common	\$0.01015	\$0.01166	\$0.01400	\$0.00930	\$0.00566	\$0.00934	\$0.04212				
10 Total Current Melded Rates	\$0.07843	\$0.07999	\$0.10937	\$0.08266	\$0.05315	\$0.07275	\$0.23998				
Functional Cost Components at Uniform Current Return											
11 Production	241,311,128	111,270,212	18,081,857	63,954,516	42,069,102	4,950,679	984,762				
12 Transmission	39,733,626	18,321,447	2,977,309	10,530,575	6,926,983	815,165	162,148				
13 Distribution	86,818,106	49,877,646	8,921,491	20,033,707	2,643,883	2,034,009	3,307,370				
14 Common	54,843,140	29,136,441	4,878,117	12,645,360	6,015,168	1,136,184	1,031,870				
15 Total Uniform Current Cost	422,706,000	208,605,746	34,858,773	107,164,157	57,655,136	8,936,038	5,486,150				
Expressed as \$/kWh											
16 Production	\$0.04478	\$0.04728	\$0.04521	\$0.04356	\$0.04119	\$0.04126	\$0.03731				
17 Transmission	\$0.00737	\$0.00779	\$0.00744	\$0.00717	\$0.00678	\$0.00679	\$0.00614				
18 Distribution	\$0.01611	\$0.02119	\$0.02230	\$0.01364	\$0.00259	\$0.01695	\$0.12531				
19 Common	\$0.01018	\$0.01238	\$0.01220	\$0.00861	\$0.00589	\$0.00947	\$0.03909				
20 Total Current Uniform Melded Rates	\$0.07843	\$0.08864	\$0.08715	\$0.07298	\$0.05646	\$0.07447	\$0.20785				
21 Revenue to Cost Ratio at Current Rates	1.00	0.90	1.25	1.13	0.94	0.98	1.15				
Functional Cost Components at Proposed Return by Schedule											
22 Production	255,866,790	110,272,305	22,619,230	74,075,470	42,594,212	5,181,619	1,123,952				
23 Transmission	46,128,435	17,888,180	4,968,433	14,972,879	7,159,026	916,670	223,246				
24 Distribution	101,289,477	48,839,796	14,122,300	28,922,152	2,731,118	2,281,056	4,393,056				
25 Common	57,695,298	28,909,718	5,913,037	14,445,498	6,078,644	1,182,655	1,165,746				
26 Total Proposed Rate Revenue	460,980,000	205,910,000	47,623,000	132,416,000	58,563,000	9,562,000	6,906,000				
Expressed as \$/kWh											
27 Production	\$0.04748	\$0.04686	\$0.05655	\$0.05045	\$0.04171	\$0.04318	\$0.04258				
28 Transmission	\$0.00856	\$0.00760	\$0.01242	\$0.01020	\$0.00701	\$0.00764	\$0.00846				
29 Distribution	\$0.01879	\$0.02075	\$0.03531	\$0.01970	\$0.00267	\$0.01901	\$0.16644				
30 Common	\$0.01071	\$0.01228	\$0.01478	\$0.00984	\$0.00595	\$0.00986	\$0.04417				
31 Total Proposed Melded Rates	\$0.08554	\$0.08750	\$0.11906	\$0.09018	\$0.05735	\$0.07968	\$0.26165				
Functional Cost Components at Uniform Requested Return											
32 Production	256,478,582	118,264,029	19,218,380	67,974,335	44,713,328	5,261,851	1,046,659				
33 Transmission	46,396,808	21,393,886	3,476,592	12,296,513	8,088,612	951,865	189,340				
34 Distribution	100,260,763	57,230,221	10,225,492	23,567,200	3,080,611	2,366,717	3,790,521				
35 Common	57,843,847	30,720,809	5,137,261	13,360,223	6,335,351	1,198,807	1,091,396				
36 Total Uniform Cost	460,980,000	227,608,944	38,057,725	117,198,271	62,217,903	9,779,240	6,117,917				
Expressed as \$/kWh											
37 Production	\$0.04759	\$0.05025	\$0.04805	\$0.04629	\$0.04378	\$0.04385	\$0.03965				
38 Transmission	\$0.00861	\$0.00909	\$0.00869	\$0.00837	\$0.00792	\$0.00793	\$0.00717				
39 Distribution	\$0.01860	\$0.02432	\$0.02556	\$0.01605	\$0.00302	\$0.01972	\$0.14361				
40 Common	\$0.01073	\$0.01305	\$0.01284	\$0.00910	\$0.00620	\$0.00999	\$0.04135				
41 Total Uniform Melded Rates	\$0.08554	\$0.09672	\$0.09515	\$0.07982	\$0.06092	\$0.08149	\$0.23179				
42 Revenue to Cost Ratio at Proposed Rates	1.00	0.90	1.25	1.13	0.94	0.98	1.13				
43 Current Revenue to Proposed Cost Ratio	0.92	0.83	1.15	1.04	0.87	0.89	1.04				
44 Target Revenue Increase	38,274,000	39,358,000	(5,688,000)	(4,167,000)	7,938,000	1,049,000	(216,000)				

Sumcost
Scenario: Company Base Case
Load Factor Peak Credit Method
PROPOSED METHOD

AVISTA UTILITIES
Revenue to Cost By Classification Summary
For the Twelve Months Ended December 31, 2010

Washington Jurisdiction
Electric Utility

04/20/11

	(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					204,135,785	82,508,546	18,432,427	61,830,270	35,765,419	4,491,308	1,107,815
2 Demand					186,298,227	82,975,677	20,158,233	58,043,706	18,404,903	3,743,990	2,971,718
3 Customer					32,271,987	22,766,777	5,155,340	1,491,025	109,678	494,702	2,254,467
4 Total Current Rate Revenue					422,706,000	188,251,000	43,746,000	121,365,000	54,280,000	8,730,000	6,334,000
Expressed as Unit Cost											
5 Energy		\$/kWh			\$0.03788	\$0.03506	\$0.04608	\$0.04211	\$0.03502	\$0.03743	\$0.04197
6 Demand		\$/kW/mo			\$14.83	\$14.05	\$19.26	\$16.87	\$10.27	\$12.53	\$37.56
7 Customer		\$/Cust/mo			\$11.48	\$9.45	\$15.62	\$37.94	\$415.45	\$17.32	\$578.66
Cost Classifications at Uniform Current Return											
8 Energy					204,316,846	89,726,760	15,250,340	55,889,372	37,868,747	4,575,279	1,006,348
9 Demand					185,528,848	94,331,862	15,246,390	49,901,624	19,674,458	3,858,251	2,516,263
10 Customer					32,860,306	24,547,124	4,362,043	1,373,161	111,930	502,509	1,963,539
11 Total Uniform Current Cost					422,706,000	208,605,746	34,858,773	107,164,157	57,655,136	8,936,038	5,486,150
Expressed as Unit Cost											
12 Energy		\$/kWh			\$0.03791	\$0.03813	\$0.03813	\$0.03806	\$0.03708	\$0.03813	\$0.03813
13 Demand		\$/kW/mo			\$14.77	\$15.97	\$14.57	\$14.50	\$10.98	\$12.91	\$31.80
14 Customer		\$/Cust/mo			\$11.69	\$10.19	\$13.22	\$34.94	\$423.98	\$17.59	\$503.99
15 Revenue to Cost Ratio at Current Rates					1.00	0.90	1.25	1.13	0.94	0.98	1.15
Cost Classifications at Proposed Return by Schedule											
16 Energy					219,481,171	88,768,477	19,820,186	66,451,810	38,434,227	4,830,251	1,176,218
17 Demand					207,015,059	92,831,111	22,301,587	64,381,515	20,016,247	4,205,546	3,279,053
18 Customer					34,483,770	24,310,412	5,501,227	1,582,674	112,526	526,203	2,450,729
19 Total Proposed Rate Revenue					460,980,000	205,910,000	47,623,000	132,416,000	58,563,000	9,562,000	6,906,000
Expressed as Unit Cost											
20 Energy		\$/kWh			\$0.04073	\$0.03772	\$0.04955	\$0.04526	\$0.03763	\$0.04025	\$0.04456
21 Demand		\$/kW/mo			\$16.48	\$15.71	\$21.31	\$18.71	\$11.17	\$14.08	\$41.44
22 Customer		\$/Cust/mo			\$12.27	\$10.10	\$16.67	\$40.27	\$426.23	\$18.42	\$629.04
Cost Classifications at Uniform Requested Return											
23 Energy					219,656,787	96,463,372	16,395,323	60,085,500	40,711,901	4,918,787	1,081,904
24 Demand					206,181,398	104,937,242	17,014,996	55,656,400	21,391,036	4,326,020	2,855,704
25 Customer					35,141,815	26,208,331	4,647,406	1,456,371	114,965	534,434	2,180,309
26 Total Uniform Cost					460,980,000	227,608,944	38,057,725	117,198,271	62,217,903	9,779,240	6,117,917
Expressed as Unit Cost											
27 Energy		\$/kWh			\$0.04076	\$0.04099	\$0.04099	\$0.04092	\$0.03987	\$0.04099	\$0.04099
28 Demand		\$/kW/mo			\$16.41	\$17.76	\$16.26	\$16.17	\$11.94	\$14.48	\$36.09
29 Customer		\$/Cust/mo			\$12.51	\$10.88	\$14.09	\$37.05	\$435.47	\$18.71	\$559.63
30 Revenue to Cost Ratio at Proposed Rates					1.00	0.90	1.25	1.13	0.94	0.98	1.13
31 Current Revenue to Proposed Cost Ratio					0.92	0.83	1.15	1.04	0.87	0.89	1.04

Sumcost
Scenario: Company Base Case
Load Factor Peak Credit Method
PROPOSED METHOD

AVISTA UTILITIES
Customer Cost Analysis
For the Twelve Months Ended December 31, 2010

Washington Jurisdiction
Electric Utility

04/20/11

	(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				73,101,000	62,746,267	8,597,117	1,013,453	0	744,163	0
2	Services Accum. Depr.				(26,177,000)	(22,469,036)	(3,078,572)	(362,911)	0	(266,480)	0
3	Total Services				46,924,000	40,277,231	5,518,544	650,542	0	477,683	0
4	Meters				16,667,000	10,025,636	3,626,442	2,359,527	59,692	595,703	0
5	Meters Accum. Depr.				(3,376,000)	(2,030,752)	(734,557)	(477,936)	(12,091)	(120,663)	0
6	Total Meters				13,291,000	7,994,883	2,891,885	1,881,591	47,601	475,040	0
7	Total Rate Base				60,215,000	48,272,114	8,410,429	2,532,133	47,601	952,723	0
8	Return on Rate Base @ 8.23%				4,955,695	3,972,795	692,178	208,395	3,918	78,409	0
9	Revenue Conversion Factor				0.62127	0.62127	0.62127	0.62127	0.62127	0.62127	0.62127
10	Rate Base Revenue Requirement				7,976,716	6,394,635	1,114,134	335,433	6,306	126,208	0
Expenses											
11	Services Depr Exp				1,190,000	1,021,437	139,951	16,498	0	12,114	0
12	Meters Depr Exp				402,000	241,813	87,468	56,911	1,440	14,368	0
13	Services Operations Exp				406,000	348,490	47,748	5,629	0	4,133	0
14	Meters Operating Exp				1,619,000	973,871	352,266	229,200	5,798	57,865	0
15	Meters Maintenance Exp				120,000	72,183	26,110	16,988	430	4,289	0
16	Meter Reading				2,395,000	2,018,543	276,569	32,945	39,739	23,940	3,266
17	Billing				5,073,000	4,342,551	594,990	70,875	6,056	51,502	7,026
18	Total Expenses				11,205,000	9,018,888	1,525,101	429,045	53,463	168,211	10,291
19	Revenue Conversion Factor				0.955792	0.955792	0.955792	0.955792	0.955792	0.955792	0.955792
20	Expense Revenue Requirement				11,723,262	9,436,036	1,595,642	448,889	55,936	175,992	10,767
21	Total Meter, Service, Meter Reading, and				19,699,978	15,830,671	2,709,776	784,323	62,242	302,199	10,767
22	Total Customer Bills				2,810,088	2,408,119	329,946	39,303	264	28,560	3,896
23	Average Unit Cost per Month				\$7.01	\$6.57	\$8.21	\$19.96	\$235.76	\$10.58	\$2.76
Distribution Fixed Costs per Customer											
24	Total Customer Related Cost				35,141,815	26,208,331	4,647,406	1,456,371	114,965	534,434	2,180,309
25	Customer Related Unit Cost per Month				\$12.51	\$10.88	\$14.09	\$37.05	\$435.47	\$18.71	\$559.63
26	Total Distribution Demand Related Cost				88,309,795	45,691,359	8,107,613	26,187,758	3,452,505	2,315,622	2,554,938
27	Dist Demand Related Unit Cost per Month				\$31.43	\$18.97	\$24.57	\$666.30	\$13,077.67	\$81.08	\$655.78
28	Total Distribution Unit Cost per Month				\$43.93	\$29.86	\$38.66	\$703.36	\$13,513.15	\$99.79	\$1,215.41