DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL FOR
REGULATORY & GOVERNMENTAL AFFAIRS
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-4316
FACSIMILE: (509) 495-8851
DAVID.MEYER@AVISTACORP.COM

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF AVISTA CORPORATION FOR THE AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC AND NATURAL GAS SERVICE TO ELECTRIC AND NATURAL GAS CUSTOMERS IN THE STATE OF IDAHO	CASE NO. AVU-G-15-01 Exhibit No. 14 JOSEPH D. MILLER

FOR AVISTA CORPORATION

(NATURAL GAS)

NATURAL GAS COST OF SERVICE STUDY

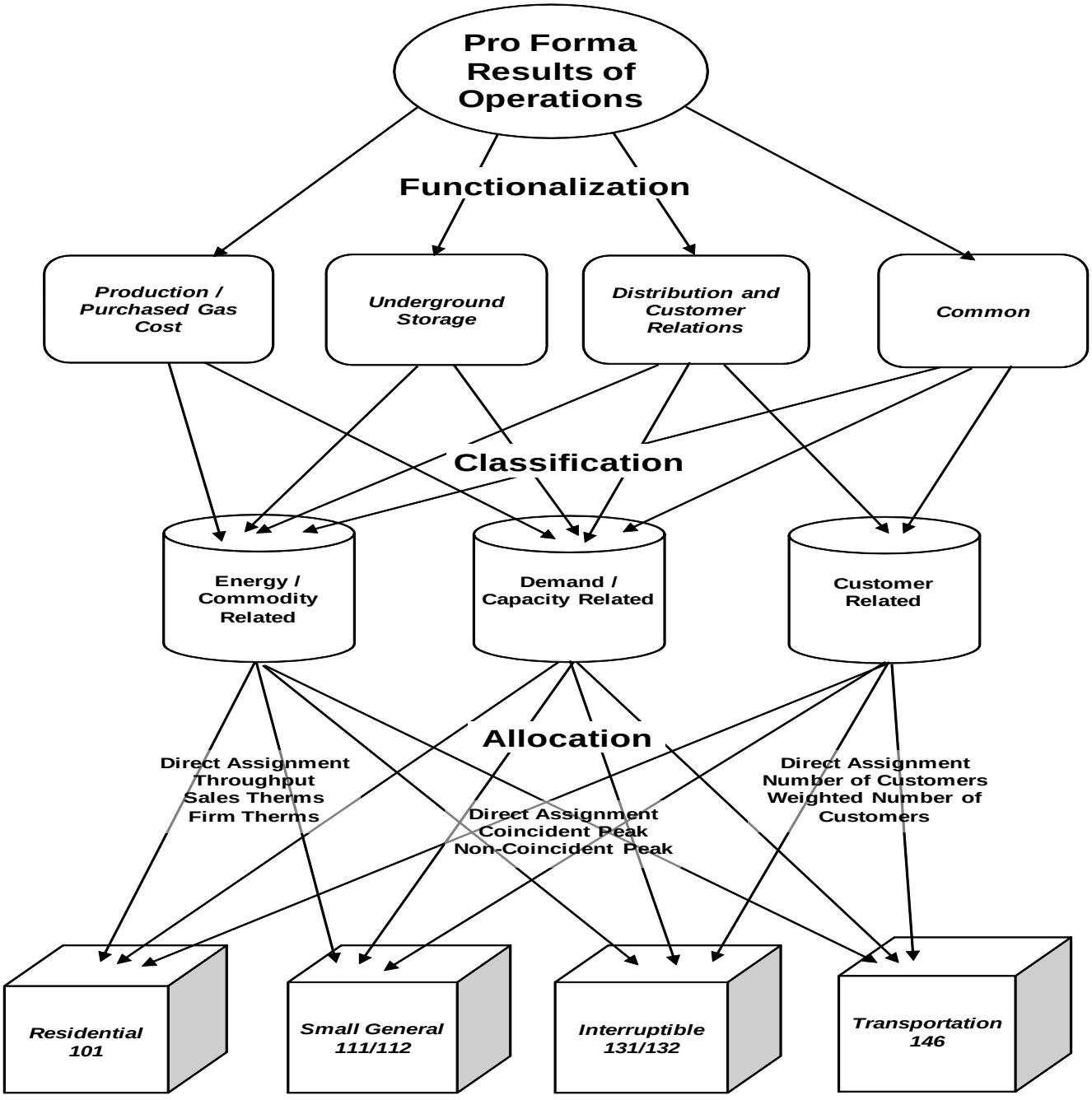
A cost of service study is an engineering-economic study, which apportions the revenue, expenses, and rate base associated with providing natural gas service to designated groups of customers. It indicates whether the revenue provided by customers recovers the cost to serve those customers. The study results are used as a guide in determining the appropriate rate spread among the groups of customers.

There are three basic steps involved in a cost of service study: functionalization, classification, and allocation. See the flow chart below.

First, the expenses and rate base associated with the natural gas system under study are assigned to functional categories. The uniform system of accounts provides the basic segregation into production, underground storage, and distribution. Traditionally customer accounting, customer information, and sales expenses are included in the distribution function and administrative and general expenses and general plant rate base are allocated to all functions. This study includes a separate functional category for common costs. Administrative and general costs that cannot be directly assigned to the other functions have been placed in this category.

Second, the expenses and rate base items are classified into three primary cost components: demand, commodity and customer related. Demand (capacity) related costs are allocated to rate schedules on the basis of each schedule's contribution to system peak demand. Commodity (energy) related costs are allocated based on each rate schedule's share of commodity consumption. Customer related items are allocated to rate schedules based on the number of customers within each schedule. The number of customers may be weighted by appropriate factors such as relative cost of metering equipment. In addition to these three cost components, any revenue related expense is allocated based on the proportion of revenues by rate schedule.

The final step is allocation of the costs to the various rate schedules utilizing the allocation factors selected for each specific cost item. These factors are derived from usage and customer information associated with the test period results of operations.



Pro Forma Results of Operations by Customer Group

BASE CASE COST OF SERVICE STUDY

Production - Purchased Gas Costs

The Company has no natural gas production facilities to serve its retail customers. In addition, the revenue and expenses associated with the gas purchased to serve sales customers and pipeline transportation to get it to our system have been removed from the Company's filing. The natural gas costs included in the production function include the expenses of the gas supply department.

The expenses of the gas supply department recorded in account 813 are classified as commodity related costs. The gas scheduling process includes transportation customers, so estimated scheduling dispatch labor expenses are allocated by throughput. The remaining gas supply department expenses are allocated 95% by sales volumes and 5% on total throughput.

Underground Storage

Underground storage rate base, operating and maintenance expenses are classified as commodity related and allocated to customer groups by winter throughput. This approach was proposed by commission Staff and accepted by the Idaho Public Utilities Commission in Case No. AVU-G-04-01.

Distribution Facilities Classification (Peak and Average)

Distribution mains and regulator station equipment (both general use and city gate stations) are classified Demand and Commodity using the peak and average ratio for the distribution system. Peak demand is defined as the average of the five-day sustained peaks from the most recent three years. Average daily load is calculated by dividing annual throughput by 365 (days in the year). The average daily load is divided by peak load to arrive at the system load factor of 44.92%. This proportion is classified as commodity related. The remaining 55.08% is classified as demand related. Meters, services and industrial measuring & regulating equipment are

classified as customer related distribution plant. Distribution operating and maintenance expenses are classified (and allocated) in relation to the plant accounts they are associated with.

Customer Relations Distribution Cost Classification

Customer service, customer information and sales expenses are the core of the customer relations functional unit which is included with the distribution cost category. For the most part these costs are classified as customer related. Exceptions include uncollectible accounts expense, which is considered separately as a revenue conversion item, and any Demand Side Management amortization expense recorded in Account 908. Any demand side management investment costs and amortization expense included in base rates would be included with the distribution function and classified to demand and commodity by the peak and average ratio. At this point in time, the Company's demand side management investments in base rates have been fully amortized. All current demand side management costs are managed through the Schedule 191 Energy Efficiency Rider Adjustment balancing account which is not included in this cost study.

Distribution Cost Allocation

Demand related distribution costs are allocated to customer groups (rate schedules) by each groups' contribution to the three year average five-day sustained peak. Commodity related distribution costs are allocated to customer groups by annual throughput. Distribution main investment has been segregated into large and small mains. Small mains are defined as less than four inches, with large mains being four inches or greater. The small main costs use the same demand and commodity data, but large usage customers (Schedules 131, 132, and 146) that connect to large system mains have been excluded from the allocations.

Most customer related costs are allocated by the annualized number of customers billed during the test period. Meter investment costs are allocated using the number of customers weighted by the relative current cost of meters in service at December 31, 2014. Services

investment costs are allocated using the number of customers weighted by the relative current cost of typical service installations. Industrial measuring and regulating equipment investment costs are allocated by number of turbine meters which effectively excludes small usage customers.

Administrative and General Costs

General and intangible rate base items are allocated by the Company's 4-factor allocator. Administrative and general expenses are segregated into plant related, labor related, revenue related and other. The plant related items are allocated based on total plant in service. Labor related items are allocated by operating and maintenance labor expense. Revenue related items are allocated by pro forma revenue. Other administrative and general expenses are allocated by the Company's 4-factor. Whenever costs are allocated by sums of other items within the study, classifications are imputed from the relationship embedded in the summed items.

Special Contract Customer Revenue

Two special contract customers receive transportation service from the Company. Rates for these customers were individually negotiated to cover any incremental costs together with some contribution to margin. The rates for these customers are not being adjusted in this case. The revenue from these special contract customers has been segregated from general rate revenue and allocated back to all the other rate classes by relative rate base. In treating these revenues like other operating revenues their system contribution reduces costs for all rate schedules.

Revenue Conversion Items

In this study uncollectible accounts and commission fees have been classified as revenue related and are allocated by pro forma revenue. These items vary with revenue and are included in the calculation of the revenue conversion factor. Income tax expense items are allocated to schedules by net income before income tax less interest expense.

For the functional summaries on pages 2 and 3 of the cost of service study, these items are assigned to the component cost categories. The revenue related expense items have been reduced to a percent of all other costs and loaded onto each cost category by that ratio. Similarly, income tax items have been assigned to cost categories by relative rate base (as is net income).

The following matrix outlines the methodology applied in the Company Base Case natural gas cost of service study.

IPUC Case No. AVU-G-15-01 Methodology Matrix
Avista Utilities Idaho Jurisdiction
Natural Gas Cost of Service Methodology

Line	Account	Functional Category	Classification	Allocation
	Underground Storage Plant			
1	350 - 357 Underground Storage	Underground Storage	Commodity	E08 Winter throughput
	Distribution Plant			
2	374 Land	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
3	375 Structures	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
4	376(S) Small Mains	Distribution	Demand/Commodity by Peak & Average	D02/E06 Coincident peak, annual therms (both excl lg use cust)
5	376(L) Large Mains	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
6	378 M&R General	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
7	379 M&R City Gate	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
8	380 Services	Distribution	Customer	C02, Customers weighted by current typical service cost
9	381 Meters	Distribution	Customer	C03, Customers weighted by average current meter cost
10	385 Industrial M&R	Distribution	Customer	C06, Large use customers
11	387 Other	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
	General Plant			
12	389-399 All General Plant	Common	Demand/Commodity/Customer	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
	Intangible Plant			
13	303 Misc Intangible Plant	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
14	303 Computer Software	Common	Demand/Commodity/Customer	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
	Reserve for Depreciation			
15	Underground Storage	Underground Storage	Commodity same as related plant	Allocations linked to related plant accounts
16	Distribution	Distribution	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
17	General	Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
18	Intangible	Distribution/Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
	Other Rate Base			
19	Accumulated Deferred FIT	All	Demand/Commodity/Customer from Plant in Service	S17 Sum of Total Plant in Service
20	Constuction Advances	Distribution	Customer	C10 Residential only
21	Gas Inventory	Underground Storage	Commodity from Underground Storage Plant	S14 Sum of Underground Storage Plant in Service
22	Gain on Sale of Office Bldg	Common	Demand/Commodity/Customer from UG & D Plant	S03 Sum of Underground Storage and Distribution Plant in Service
23	DSM Investment	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
	Purchased Gas Expenses			
24	804 Purchased Gas Cost	Production	Removed all Purchased Gas Costs from Filing	N/A
25	813 Other Gas Expenses	Production	Commodity	E01/E04 Annual Throughput / Annual Sales Therms
	Underground Storage O&M			
26	814 - 837 Underground Storage Exp	Underground Storage	Commodity	E08 Winter throughput

IPUC Case No. AVU-G-15-01 Methodology Matrix
Avista Utilities Idaho Jurisdiction
Natural Gas Cost of Service Methodology

Line	Account	Functional Category	Classification	Allocation
	Distribution O&M			
1	870 OP Super & Engineering	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
2	871 Load Dispatching	Distribution	Commodity	E01 Annual throughput
3	874 Mains & Services	Distribution	Demand/Commodity/Customer from related plant	S06 Sum of Mains and Services Plant in Service
4	875 M&R Station - General	Distribution	Demand/Commodity from related plant	S08 Sum of Meas & Reg Station - General Plant in Service
5	876 M&R Station - Industrial	Distribution	Customer from related plant	S19 Sum of Meas & Reg Station - Industrial Plant in Service
6	877 M&R Station - City Gate	Distribution	Demand/Commodity from related plant	S09 Sum of Meas & Reg Station - City Gate Plant in Service
7	878 Meter & House Regulator	Distribution	Customer from related plant	S07 Sum of Meter and Installation Plant in Service
8	879 Customer Installations	Distribution	Customer	C05, Customers weighted by average current meter cost
9	880 Other OP Expenses	Distribution	Demand/Commodity/Customer from other dist expense	S04 Sum of Accounts 870 - 879 and 881 - 894
10	881 Rents	Distribution	Demand/Commodity/Customer from other dist expense	S04 Sum of Accounts 870 - 879 and 881 - 894
11	885 MT Super & Engineering	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
12	886 MT of Structures	Distribution	Demand/Commodity/Customer from Other Dist Plant	S05 Sum of accounts 376-385
13	887 MT of Mains	Distribution	Demand/Commodity from related plant	S21 Sum of Distribution Mains Plant in Service
14	889 MT of M&R General	Distribution	Demand/Commodity from related plant	S08 Sum of Meas & Reg Station - General Plant in Service
15	890 MT of M&R Industrial	Distribution	Customer from related plant	S19 Sum of Meas & Reg Station - Industrial Plant in Service
16	891 MT of M&R City Gate	Distribution	Demand/Commodity from related plant	S09 Sum of Meas & Reg Station - City Gate Plant in Service
17	892 MT of Services	Distribution	Customer from related plant	S20 Sum of Services Plant in Services
18	893 MT of Meters & Hs Reg	Distribution	Customer from related plant	S07 Sum of Meter and Installation Plant in Service
19	894 MT of Other Equipment	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
	Customer Accounting Expenses			
20	901 Supervision	Customer Relations	Customer	C01 All customers (unweighted)
21	902 Meter Reading	Customer Relations	Customer	C01 All customers (unweighted)
22	903 Customer Records & Collections	Customer Relations	Customer	C01 All customers (unweighted)
23	904 Uncollectible Accounts	Revenue Conversion	Revenue	R03 Retail Sales Revenue
24	905 Misc Cust Accounts	Customer Relations	Customer	C01 All customers (unweighted)
	Customer Service & Info Expenses			
25	907 Supervision	Customer Relations	Customer	C01 All customers (unweighted)
26	908 Customer Assistance	Customer Relations	Customer	C01 All customers (unweighted)
27	908 DSM Amortization	Distribution	Demand/Commodity by Peak & Average	D01/E01 Coincident peak (all), annual throughput (all)
28	909 Advertising	Customer Relations	Customer	C01 All customers (unweighted)
29	910 Misc Cust Service & Info	Customer Relations	Customer	C01 All customers (unweighted)
	Sales Expenses			
30	911 - 916 Sales Expenses	Customer Relations	Customer	C01 All customers (unweighted)

IPUC Case No. AVU-G-15-01 Methodology Matrix
Avista Utilities Idaho Jurisdiction
Natural Gas Cost of Service Methodology

Line	Account	Functional Category	Classification	Allocation
	Admin & General Expenses			
1	920 Salaries	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
2	921 Office Supplies	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
3	922 Admin Expense Transferred - Credit	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
4	923 Outside Services	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
5	924 Property Insurance	Common	Demand/Commodity/Customer from Plant in Service	S17 Sum of Total Plant in Service
6	925 Injuries & Damages	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
7	926 Pensions & Benefits	Common	Demand/Commodity/Customer from Labpr O&M	S13 O&M Labor Expense
8	927 Franchise Requirements	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
9	928 Regulatory Commision	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
10	928 Commission Fees	Revenue Conversion	Revenue	R01 Retail Sales Revenue
11	930 Miscellaneous General	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
12	931 Rents	Common	Demand/Commodity/Customer from Other O&M	4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers)
13	935 MT of General Plant	Common	Demand/Commodity/Customer from Plant in Service	S17 Sum of Total Plant in Service
	Depreciation Expense			
14	Underground Storage	Underground Storage	Commodity same as related plant	Allocations linked to related plant accounts
15	Distribution	Distribution	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
16	General	Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
17	Intangible	Distribution/Common	Demand/Commodity/Customer same as related plant	Allocations linked to related plant accounts
	Taxes			
18	Property Tax	All	Demand/Commodity/Customer from related plant	S14/S15/S16 Sum of UG Plant/Sum of Dist Plant/Sum of Gen Plant
19	Miscellaneous Dist Tax	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
20	State Income Tax	Revenue Conversion	Revenue	R02 Net Income before Taxes less Interest Expense
21	Federal Income Tax	Revenue Conversion	Revenue	R02 Net Income before Taxes less Interest Expense
22	Deferred FIT	Revenue Conversion	Revenue	R02 Net Income before Taxes less Interest Expense
23	ITC	Revenue Conversion	Revenue	R02 Net Income before Taxes less Interest Expense
	Operating Revenues			
24	Revenue from Rates	Revenue	Revenue	Pro Forma Revenue per Revenue Study
25	Special Contract Revenue	All	Demand/Commodity/Customer from Rate Base	S01 Sum of Rate Base
26	Off System Sales	Production	Commodity from PGA Tracker	E04 Sales Therms
27	Miscellaneous Service Revenue	Distribution	Demand/Commodity/Customer from Dist Plant	S15 Sum of Distribution Plant in Service
28	Rent From Gas Property	All	Demand/Commodity/Customer from Rate Base	S01 Sum of Rate Base
29	Other Gas Revenue	Underground Storage	Commodity from Underground Storage Plant	S14 Sum of Underground Storage Plant in Service

AVISTA UTILITIES
Natural Gas Utility
Company Base Case
Cost of Service General Summary
Idaho Jurisdiction
For the Year Ended December 31, 2014

Line	Description	(b)	(c)	(d)	(e)	(f) System Total	(g) Residential Service Sch 101	(h) Large Firm Service Sch 111	(j) Interrupt Service Sch 131	(k) Transport Service Sch 146
	Plant In Service									
1	Production Plant									
2	Underground Storage Plant					11,020,000	8,033,154	2,716,189	34,278	236,379
3	Distribution Plant					185,053,000	151,801,662	31,358,997	401,267	1,491,074
4	Intangible Plant					4,645,000	4,063,089	545,334	6,149	30,428
5	General Plant					28,535,000	25,186,558	3,133,521	34,261	180,659
6	Total Plant In Service					229,253,000	189,084,463	37,754,041	475,956	1,938,540
	Accum Depreciation									
7	Production Plant									
8	Underground Storage Plant					(4,263,000)	(3,107,562)	(1,050,736)	(13,260)	(91,441)
9	Distribution Plant					(64,859,000)	(54,366,703)	(9,894,452)	(125,986)	(471,859)
10	Intangible Plant					(1,885,000)	(1,663,805)	(206,998)	(2,263)	(11,934)
11	General Plant					(8,192,000)	(7,230,709)	(899,590)	(9,836)	(51,865)
12	Total Accumulated Depreciation					(79,199,000)	(66,368,779)	(12,051,776)	(151,346)	(627,099)
13	Net Plant					150,054,000	122,715,684	25,702,265	324,610	1,311,441
14	Accumlulated Deferred FIT					(32,216,000)	(26,571,277)	(5,305,423)	(66,884)	(272,415)
15	Miscellaneous Rate Base					9,660,000	7,373,459	2,098,858	26,480	161,203
16	Total Rate Base					127,498,000	103,517,866	22,495,700	284,206	1,200,229
17	Revenue From Retail Rates					36,173,000	29,139,824	6,625,127	67,596	340,452
18	Other Operating Revenues					222,000	180,330	39,100	494	2,076
19	Total Revenues					36,395,000	29,320,154	6,664,227	68,091	342,529
	Operating Expenses									
20	Purchased Gas Costs					335,000	234,497	96,586	1,391	2,527
21	Underground Storage Expenses					368,000	268,258	90,704	1,145	7,894
22	Distribution Expenses					6,043,000	5,082,658	884,970	8,880	66,492
23	Customer Accounting Expenses					2,228,000	2,165,164	61,228	266	1,341
24	Customer Information Expenses					365,000	358,404	6,567	5	24
25	Sales Expenses					(0)	(0)	(0)	(0)	(0)
26	Admin & General Expenses					5,621,000	4,902,434	672,916	7,589	38,061
27	Total O&M Expenses					14,960,000	13,011,415	1,812,972	19,276	116,337
28	Taxes Other Than Income Taxes					1,937,000	1,580,453	335,406	4,288	16,853
29	Depreciation Expense									
30	Underground Storage Plant Depr					182,000	132,671	44,859	566	3,904
31	Distribution Plant Depreciation					4,628,000	3,801,615	779,647	9,911	36,826
32	General Plant Depreciation					1,987,000	1,753,835	218,199	2,386	12,580
33	Amortization of Intangible Plant					1,113,000	907,465	193,283	2,471	9,781
34	Total Depr & Amort Expense					7,910,000	6,595,586	1,235,989	15,334	63,091
35	Income Tax					3,843,000	2,521,115	1,258,113	10,145	53,627
36	Total Operating Expenses					28,650,000	23,708,570	4,642,479	49,043	249,908
37	Net Income					7,745,000	5,611,584	2,021,748	19,048	92,620
38	Rate of Return					6.07%	5.42%	8.99%	6.70%	7.72%
39	Return Ratio					1.00	0.89	1.48	1.10	1.27
40	Interest Expense					3,404,000	2,763,767	600,601	7,588	32,044

AVISTA UTILITIES — Natural Gas Utility

Company Base Case — Summary by Function with Margin Analysis — Idaho Jurisdiction

For the Year Ended December 31, 2014

Line	Description	(b)	(c)	(d)	(e)	(f) System Total	(g) Residential Service Sch 101	(h) Large Firm Service Sch 111	(j) Interrupt Service Sch 131	(k) Transport Service Sch 146
	Functional Cost Components at Current Rates									
1	Production					337,031	235,918	97,171	1,399	2,542
2	Underground Storage					1,719,472	1,107,975	562,773	5,581	43,144
3	Distribution					23,628,251	18,839,423	4,525,714	45,395	217,719
4	Common					10,488,246	8,956,508	1,439,469	15,221	77,048
5	**Total Current Rate Revenue**					**36,173,000**	**29,139,824**	**6,625,127**	**67,596**	**340,452**
6	Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
7	**Total Margin Revenue at Current Rates**					**36,173,000**	**29,139,824**	**6,625,127**	**67,596**	**340,452**
	Margin per Therm at Current Rates									
8	Production					$0.00413	$0.00423	$0.00423	$0.00423	$0.00094
9	Underground Storage					$0.02105	$0.01989	$0.02452	$0.01689	$0.01593
10	Distribution					$0.28921	$0.33815	$0.19722	$0.13740	$0.08041
11	Common					$0.12838	$0.16076	$0.06273	$0.04607	$0.02846
12	Total Current Margin Melded Rate per Therm					**$0.44275**	**$0.52303**	**$0.28870**	**$0.20459**	**$0.12574**
	Functional Cost Components at Uniform Current Return									
13	Production					337,031	235,918	97,171	1,399	2,542
14	Underground Storage					1,659,853	1,209,969	409,118	5,163	35,604
15	Distribution					23,602,001	19,789,048	3,577,829	42,775	192,349
16	Common					10,574,115	9,188,426	1,298,242	14,877	72,571
17	Total Uniform Current Cost					**36,173,000**	**30,423,361**	**5,382,359**	**64,214**	**303,066**
18	Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
19	Total Uniform Current Margin					**36,173,000**	**30,423,361**	**5,382,359**	**64,214**	**303,066**
	Margin per Therm at Uniform Current Return									
20	Production					$0.00413	$0.00423	$0.00423	$0.00423	$0.00094
21	Underground Storage					$0.02032	$0.02172	$0.01783	$0.01563	$0.01315
22	Distribution					$0.28889	$0.35519	$0.15591	$0.12947	$0.07104
23	Common					$0.12943	$0.16492	$0.05657	$0.04503	$0.02680
24	Total Current Uniform Margin Melded Rate per T					**$0.44275**	**$0.54606**	**$0.23455**	**$0.19435**	**$0.11193**
25	**Margin to Cost Ratio at Current Rates**					**1.00**	**0.96**	**1.23**	**1.05**	**1.12**
	Functional Cost Components at Proposed Rates									
26	Production					337,028	235,917	97,171	1,399	2,542
27	Underground Storage					1,991,177	1,335,243	601,840	6,379	47,715
28	Distribution					26,005,559	20,955,352	4,766,705	50,404	233,098
29	Common					11,044,236	9,473,226	1,475,369	15,879	79,762
30	**Total Proposed Rate Revenue**					**39,378,000**	**31,999,738**	**6,941,084**	**74,061**	**363,116**
31	Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
32	**Total Margin Revenue at Proposed Rates**					**39,378,000**	**31,999,738**	**6,941,084**	**74,061**	**363,116**
	Margin per Therm at Proposed Rates									
33	Production					$0.00413	$0.00423	$0.00423	$0.00423	$0.00094
34	Underground Storage					$0.02437	$0.02397	$0.02623	$0.01931	$0.01762
35	Distribution					$0.31831	$0.37612	$0.20772	$0.15256	$0.08609
36	Common					$0.13518	$0.17003	$0.06429	$0.04806	$0.02946
37	Total Proposed Margin Melded Rate per Therm					**$0.48198**	**$0.57436**	**$0.30247**	**$0.22416**	**$0.13411**
	Functional Cost Components at Uniform Proposed Return									
38	Production					337,028	235,917	97,171	1,399	2,542
39	Underground Storage					1,943,529	1,416,758	479,037	6,045	41,689
40	Distribution					25,984,580	21,714,298	4,009,149	48,310	212,823
41	Common					11,112,863	9,658,576	1,362,499	15,604	76,184
42	Total Uniform Proposed Cost					**39,378,000**	**33,025,548**	**5,947,856**	**71,358**	**333,237**
43	Exclude Cost of Gas w / Revenue Exp.					0	0	0	0	0
44	Total Uniform Proposed Margin					**39,378,000**	**33,025,548**	**5,947,856**	**71,358**	**333,237**
	Margin per Therm at Uniform Proposed Return									
45	Production					$0.00413	$0.00423	$0.00423	$0.00423	$0.00094
46	Underground Storage					$0.02379	$0.02543	$0.02088	$0.01830	$0.01540
47	Distribution					$0.31805	$0.38975	$0.17471	$0.14622	$0.07860
48	Common					$0.13602	$0.17336	$0.05937	$0.04723	$0.02814
49	Total Proposed Uniform Margin Melded Rate pe					**$0.48198**	**$0.59277**	**$0.25919**	**$0.21598**	**$0.12307**
50	**Margin to Cost Ratio at Proposed Rates**					**1.00**	**0.97**	**1.17**	**1.04**	**1.09**
51	**Current Margin to Proposed Cost Ratio**					**0.92**	**0.88**	**1.11**	**0.95**	**1.02**

AVISTA UTILITIES — Natural Gas Utility

Company Base Case — Summary by Classification with Unit Cost Analysis — Idaho Jurisdiction

For the Year Ended December 31, 2014

Line	Description	(b) (c) (d) (e)	(f) System Total	(g) Residential Service Sch 101	(h) Large Firm Service Sch 111	(j) Interrupt Service Sch 131	(k) Transport Service Sch 146
	Cost by Classification at Current Return by Schedule						
1	Commodity		9,175,533	5,898,602	3,078,548	36,446	161,936
2	Demand		7,929,786	5,498,834	2,314,276	29,739	86,937
3	Customer		19,067,681	17,742,388	1,232,303	1,411	91,579
4	Total Current Rate Revenue		36,173,000	29,139,824	6,625,127	67,596	340,452
	Revenue per Therm at Current Rates						
5	Commodity		$0.11231	$0.10587	$0.13415	$0.11031	$0.05981
6	Demand		$0.09706	$0.09870	$0.10085	$0.09001	$0.03211
7	Customer		$0.23339	$0.31845	$0.05370	$0.00427	$0.03382
8	Total Revenue per Therm at Current Rates		$0.44275	$0.52303	$0.28870	$0.20459	$0.12574
	Cost per Unit at Current Rates						
9	Commodity Cost per Therm		$0.11231	$0.10587	$0.13415	$0.11031	$0.05981
10	Demand Cost per Peak Day Therms		$15.91	$14.92	$19.64	$17.04	$8.60
11	Customer Cost per Customer per Month		$20.61	$19.53	$74.03	$117.59	$1,526.32
	Cost by Classification at Uniform Current Return						
12	Commodity		8,893,485	6,252,044	2,465,664	34,608	141,170
13	Demand		7,782,498	5,817,937	1,859,788	28,251	76,522
14	Customer		19,497,016	18,353,381	1,056,908	1,355	85,373
15	Total Uniform Current Cost		36,173,000	30,423,361	5,382,359	64,214	303,066
	Cost per Therm at Current Return						
16	Commodity		$0.10886	$0.11222	$0.10745	$0.10475	$0.05214
17	Demand		$0.09526	$0.10443	$0.08104	$0.08551	$0.02826
18	Customer		$0.23864	$0.32942	$0.04606	$0.00410	$0.03153
19	Total Cost per Therm at Current Return		$0.44275	$0.54606	$0.23455	$0.19435	$0.11193
	Cost per Unit at Uniform Current Return						
20	Commodity Cost per Therm		$0.10886	$0.11222	$0.10745	$0.10475	$0.05214
21	Demand Cost per Peak Day Therms		$15.62	$15.78	$15.78	$16.19	$7.57
22	Customer Cost per Customer per Month		$21.07	$20.20	$63.49	$112.89	$1,422.89
23	**Revenue to Cost Ratio at Current Rates**		**1.00**	**0.96**	**1.23**	**1.05**	**1.12**
	Cost by Classification at Proposed Return by Schedule						
24	Commodity		10,134,992	6,686,140	3,234,367	39,960	174,525
25	Demand		8,765,515	6,209,858	2,429,824	32,583	93,250
26	Customer		20,477,493	19,103,740	1,276,893	1,519	95,341
27	Total Proposed Rate Revenue		39,378,000	31,999,738	6,941,084	74,061	363,116
	Revenue per Therm at Proposed Rates						
28	Commodity		$0.12405	$0.12001	$0.14094	$0.12095	$0.06446
29	Demand		$0.10729	$0.11146	$0.10588	$0.09862	$0.03444
30	Customer		$0.25064	$0.34289	$0.05564	$0.00460	$0.03521
31	Total Revenue per Therm at Proposed Rates		$0.48198	$0.57436	$0.30247	$0.22416	$0.13411
	Cost per Unit at Proposed Rates						
32	Commodity Cost per Therm		$0.12405	$0.12001	$0.14094	$0.12095	$0.06446
33	Demand Cost per Peak Day Therms		$17.59	$16.85	$20.62	$18.67	$9.23
34	Customer Cost per Customer per Month		$22.13	$21.03	$76.70	$126.59	$1,589.01
	Cost by Classification at Uniform Proposed Return						
35	Commodity		9,909,578	6,968,613	2,744,546	38,491	157,929
36	Demand		8,647,802	6,464,886	2,066,595	31,393	84,927
37	Customer		20,820,620	19,592,049	1,136,715	1,474	90,381
38	Total Uniform Proposed Cost		39,378,000	33,025,548	5,947,856	71,358	333,237
	Cost per Therm at Proposed Return						
39	Commodity		$0.12129	$0.12508	$0.11960	$0.11650	$0.05833
40	Demand		$0.10585	$0.11604	$0.09006	$0.09502	$0.03137
41	Customer		$0.25484	$0.35165	$0.04953	$0.00446	$0.03338
42	Total Cost per Therm at Proposed Return		$0.48198	$0.59277	$0.25919	$0.21598	$0.12307
	Cost per Unit at Uniform Proposed Return						
43	Commodity Cost per Therm		$0.12129	$0.12508	$0.11960	$0.11650	$0.05833
44	Demand Cost per Peak Day Therms		$17.35	$17.54	$17.54	$17.99	$8.41
45	Customer Cost per Customer per Month		$22.50	$21.57	$68.28	$122.83	$1,506.35
46	**Revenue to Cost Ratio at Proposed Rates**		**1.00**	**0.97**	**1.17**	**1.04**	**1.09**
47	**Current Revenue to Proposed Cost Ratio**		**0.92**	**0.88**	**1.11**	**0.95**	**1.02**

Exhibit No. 14
Case No. AVU-G-15-01
J. Miller, Avista
Schedule 2, p. 3 of 4

AVISTA UTILITIES
Natural Gas Utility
Company Base Case
Customer Cost Analysis
Idaho Jurisdiction
For the Year Ended December 31, 2014

Line	Description	(f) System Total	(g) Residential Service Sch 101	(h) Large Firm Service Sch 111	(j) Interrupt Service Sch 131	(k) Transport Service Sch 146
	Meter, Services, Meter Reading & Billing Costs by Schedule at Requested Rate of Return					
	Rate Base					
1	Services	57,836,000	$ 56,620,726	$ 1,162,029	$ 2,528	$ 50,717
2	Services Accum. Depr.	(26,039,000)	$ (25,491,858)	$ (523,170)	$ (1,138)	$ (22,834)
3	Total Services	31,797,000	31,128,868	638,859	1,390	27,883
4	Meters	24,149,000	$ 21,016,940	$ 3,036,231	$ 5,000	$ 90,828
5	Meters Accum. Depr.	(6,476,000)	$ (5,636,080)	$ (814,221)	$ (1,341)	$ (24,357)
6	Total Meters	17,673,000	15,380,860	2,222,010	3,659	66,471
7	Total Rate Base	49,470,000	46,509,728	2,860,869	5,049	94,354
8	Return on Rate Base @ 7.62%	3,769,614	3,544,041	217,998	385	7,190
9	Tax Benefit of Interest Expense	(462,297)	(434,633)	(26,735)	(47)	(882)
10	Revenue Conversion Factor	0.61459	0.61459	0.61459	0.61459	0.61459
11	**Rate Base Revenue Requirement**	**5,381,339**	**5,059,321**	**311,205**	**549**	**10,264**
	Expenses					
12	Services Depr Exp	1,416,000	$ 1,386,246	$ 28,450	$ 62	$ 1,242
13	Meters Depr Exp	675,000	$ 587,454	$ 84,867	$ 140	$ 2,539
14	Services Maintenance Exp	874,999	$ 856,614	$ 17,580	$ 38	$ 767
15	Meters Maintenance Exp	769,999	$ 670,133	$ 96,811	$ 159	$ 2,896
16	Meter Reading	201,001	$ 197,368	$ 3,617	$ 3	$ 13
17	Billing	1,779,999	$ 1,747,834	$ 32,027	$ 23	$ 115
18	Total Expenses	5,716,998	5,445,649	263,352	425	7,572
19	Revenue Conversion Factor	0.994222	0.994222	0.994222	0.994222	0.994222
20	**Expense Revenue Requirement**	**5,750,223**	**5,477,297**	**264,882**	**427**	**7,616**
21	**Total Meter, Service, Meter Reading, and**	**11,131,561**	**10,536,617**	**576,087**	**977**	**17,880**
22	Total Customer Bills	925,202	908,483	16,647	12	60
23	**Average Unit Cost per Month**	**$12.03**	**$11.60**	**$34.61**	**$81.39**	**$298.00**
	Fixed Costs per Customer					
24	Total Customer Related Cost	20,820,620	19,592,049	1,136,715	1,474	90,381
25	Customer Related Unit Cost per Month	$22.50	$21.57	$68.28	$122.83	$1,506.35
26	Other Non-Gas Costs	18,557,380	13,433,499	4,811,141	69,884	242,856
27	Other Non-Gas Unit Cost per Month	$20.06	$14.79	$289.01	$5,823.68	$4,047.60
28	**Total Fixed Unit Cost per Month**	**$42.56**	**$36.35**	**$357.29**	**$5,946.51**	**$5,553.95**