

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	Washington	DATE PREPARED:	07/9/2007
CASE NO:	UE-070804/UG-070805	WITNESS:	Kelly Norwood
REQUESTER:	Public Counsel	RESPONDER:	Kelly Norwood
TYPE:	Data Request	DEPT:	State & Fed. Reg.
REQUEST NO.:	PC -22	TELEPHONE:	(509) 495-4267

REQUEST:

Re: Testimony of Kelly Norwood, page 3, lines 5 to 21.

Please provide the following:

- a. All projections prepared by, or for, Avista comparing its future base power supply and transmission related revenues, expenses and rate base with, and without, a PCORC. Please include all supporting input assumptions, calculations and workpapers. If Avista has not prepared such a quantitative analysis or projection please explain why not.
- b. All projections prepared by, or for, Avista comparing future average retail rates, including the ERM, with, and without, a PCORC. Please include all supporting input assumptions, calculations and workpapers. If Avista has not prepared such a quantitative analysis or projection please explain why not.

RESPONSE:

- a. Avista has not prepared projections comparing its future base power supply and transmission related revenues, expenses and rate base with, and without, a PCORC. On pages 3 – 5 of Mr. Norwood's Direct Testimony he identifies a number of generating resource-related cost changes that are expected to occur in the next several years, such as upgrades to hydro-electric resources, relicensing of the Spokane River hydro-electric projects, mitigation of dissolved gas at Cabinet Gorge, and acquisition of additional renewable resources to comply with the requirements of Initiative 937. These items, among others, are in addition to the upcoming need for additional resources to serve retail load requirements. Although the timing and costs for some of these changes are somewhat predictable, many others are not, and thus specific projections of changes in costs with and without a PCORC may provide little useful information. As Mr. Norwood explained in his testimony, one of the benefits from the PCORC process is the opportunity to provide more timely recovery of these types of changes in costs, in a manner that is beneficial to all stakeholders. Also see the Company's response to Public Counsel Data Request No. 24, where it identifies the future expected generating resource-related costs that were included in the most recent financial forecast.
- b. Avista has not prepared projections comparing future average retail rates, including the ERM, with, and without, a PCORC. Also see the response in (a.) above.