

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

JURISDICTION:	Washington	DATE PREPARED:	7/13/2007
CASE NO:	UE-070804 & UG-070805	WITNESS:	Bruce Folsom
REQUESTER:	Public Counsel	RESPONDER:	Lori Hermanson (509) 495-4658
TYPE:	Data Request	RESPONDER:	Jon Powell (509) 495-4047
REQUEST NO.:	PC - 38	DEPT:	Energy Solutions

REQUEST:

Please provide the following:

- a. All projections and analyses prepared by, or for, Avista comparing its future funding of DSM with, and without, a combination of capitalizing and expensing its DSM expenditures. 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 and analyses prepared by, or for, Avista comparing its future funding of DSM with, and without, a predefined minimum capital budget. Please include all supporting input assumptions, calculations and workpapers. If Avista has not prepared such a quantitative analysis or projection please explain why not.
- c. All projections and analyses prepared by, or for, Avista comparing its future funding of DSM with, and without, an electric fixed cost recovery charge. 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. Please see Attachment A, page 1, column I for electric and page 2, column H for natural gas, for comparison of future DSM funding vs. capitalizing and expensing.
- b. The IRP process determines cost-effectiveness and the minimum funding level. Current funding is insufficient to meet this minimum level and therefore spending will go beyond the minimum level. Please see Attachment B, for 20 year projections of cost effective acquisitions.
- c. Please see Attachment A, which shows the funding requirements in columns b, d, & e. No additional analysis has been completed.

Please also see the attached documents, Attachment C & D, that address utility cost recovery of DSM such as capitalization and fixed cost recovery.

PC_DR-38 - Attachment A

Avista Utilities

Washington - Electric

Estimated Schedule 91 DSM Rider Level to Recover Revenue Requirement associated with Capitalizing

DSM Expenditures and Recovery of Fixed Costs

2008 - 2017

(000s of \$)

Est. Base Retail Rev.(1) (a)	Est. DSM Capital Expend.(2) (b)	DSM Rev. Require.(3) (c)	Capital Rev. Require.(4) (d)	Est. Fixed Costs(5) (e)	DSM Rev. Less Expend. (f)	DSM Deficiency Balance(6) (g)	DSM Rider % (7) (h)	Inc cost inc due to reg/acctg changes (i)
		(d)+(e)+(f)			(c)-(d)-(e)		(c)/(a)	(d+e)-(b)
2007	\$320,000					\$3,800		
2008	\$336,000	\$7,000	\$1,191	\$539	\$2,770	\$1,030	1.4%	(\$5,270)
2009	\$352,800	\$7,350	\$2,753	\$566	\$1,181	(\$151)	1.4%	(\$4,031)
2010	\$370,440	\$7,718	\$4,319	\$594	(\$151)	\$262	1.4%	(\$2,804)
2011	\$388,962	\$8,103	\$5,889	\$624		\$0	1.7%	(\$1,590)
2012	\$408,410	\$8,509	\$7,465	\$655			2.0%	(\$388)
2013	\$428,831	\$8,934	\$9,049	\$688			2.3%	\$803
2014	\$450,272	\$9,381	\$10,643	\$722			2.5%	\$1,985
2015	\$472,786	\$9,850	\$12,248	\$758			2.8%	\$3,157
2016	\$496,425	\$10,342	\$13,865	\$796			3.0%	\$4,319
2017	\$521,246	\$10,859	\$15,496	\$836			3.1%	\$5,473

(1) Estimated WA 2007 retail revenue escalated at 5% per year.

(2) Estimated WA Electric DSM expenditures escalated at 5% per year.

(3) Annual DSM Revenue needed to recover capital revenue requirement, fixed cost and deficiency (through 2010)

(4) Annual revenue requirement for recovery of capitalized DSM expenditures using ten-year amortization

(5) Estimated (lost) fixed costs for 2008 escalated at 5% per year

(6) Est. deficiency balance of \$3.8 million at 12/31/07 - excess DSM Rev. in '08 & '09 used to pay down balance

(7) No change to present rider until 2011

PC DR-38 - Attachment A

Avista Utilities

Washington - Gas

Estimated Schedule 191 DSM Rider Level to Recover Revenue Requirement
associated with Capitalizing DSM Expenditures

2008 - 2017

(000s of \$)

Est. Base Retail Rev.(1) (a)	Est. DSM Capital Expend.(2) (b)	DSM Rev. Require.(3) (c)	Capital Rev. Require.(4) (d)	DSM Rev. Less Expend.(e)	DSM Deficiency Balance(5) (f)	DSM Rider % (6) (g)	Inc cost inc due to reg/acctg changes (h)
		(d)+(f)				(c)/(a)	(d)+(e)-(b)
2007	\$198,000				\$590	1.6%	\$0
2008	\$207,900	\$981	\$391	\$590	\$0	0.5%	(\$1,319)
2009	\$218,295	\$905	\$905	\$0	\$0	0.4%	(\$1,510)
2010	\$229,210	\$1,419	\$1,419			0.6%	(\$1,117)
2011	\$240,670	\$1,935	\$1,935			0.8%	(\$728)
2012	\$252,704	\$2,453	\$2,453			1.0%	(\$343)
2013	\$265,339	\$2,973	\$2,973			1.1%	\$38
2014	\$278,606	\$3,497	\$3,497			1.3%	\$415
2015	\$292,536	\$4,024	\$4,024			1.4%	\$788
2016	\$307,163	\$4,556	\$4,556			1.5%	\$1,158
2017	\$322,521	\$5,091	\$5,091			1.6%	\$1,523

- (1) Estimated WA 2007 retail revenue escalated at 5% per year
(2) Estimated WA Gas DSM expenditures escalated at 5% per year
(3) Annual DSM Rev. needed to recover capital revenue requirement and deficiency (through 2008)
(4) Annual rev. require. for recovery of capitalized DSM expenditures using ten-year amortization
(5) Est. deficiency balance of \$590,000 at 12/31/07 - DSM Rider of 0.5% in '08 would recover capital rev. require. of \$391,000 and deficiency balance
(6) Present DSM Rider of 1.6% (\$3.1 million/year) could be reduced to 0.5% in 2008