

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-080416

SUPPLEMENTAL DIRECT TESTIMONY OF

WILLIAM G. JOHNSON

REPRESENTING AVISTA CORPORATION

**I. INTRODUCTION**

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**Q. Please state your name, business address, and present position with Avista Corporation.**

A. My name is William G. Johnson. My business address is 1411 East Mission Avenue, Spokane, Washington, and I am employed by the Company as a Wholesale Marketing Manager in the Energy Resources Department.

**Q. Are you the same William G. Johnson who provided prefiled direct testimony in this Docket on behalf of Avista Corporation?**

A. Yes.

**Q. What is the scope of your supplemental testimony in this proceeding?**

A. My testimony will describe the changes made to the power supply pro forma to update power supply expense for higher natural gas prices and to include all actual short-term electric and natural gas fuel transactions the Company has entered into as of June 30, 2008.

**Q. Are you sponsoring any exhibits to be introduced in this proceeding?**

A. Yes. I am sponsoring Exhibit Nos. \_\_\_\_ (WGJ-7) through \_\_\_\_ (WGJ-9), which were prepared under my supervision and direction. I am also providing workpapers with details of additional actual electric and natural gas fuel transactions the Company has entered into between January 1, 2008 and June 30, 2008.

**Q. Are other company witnesses providing testimony regarding issues you are addressing?**



1           A.     The Company's original rate filing included two actual electric transactions for  
2 2009 entered into as of December 31, 2007. During the first half of 2008 the Company entered  
3 into an additional 34 electric transactions and 15 natural gas transactions. Actual transactions  
4 include physical electric and natural gas transactions and financial electric transactions (fixed for  
5 floating swaps). The physical electric transactions were included in the AURORA model the  
6 same as the long term contracts. The cost and revenue from these contracts is shown on lines 2  
7 and 66 of Exhibit No. \_\_\_\_ (WGJ-7). The financial electric transactions are not included in the  
8 AURORA model and are included in the pro forma as mark-to-market (using AURORA electric  
9 prices as the market) expense and revenue and are shown on lines 2a and 66a of Exhibit No.  
10 \_\_\_\_ (WGJ-7). The natural gas transactions were also not included in the AURORA model and  
11 are included in the pro forma as mark-to-market (using AURORA natural gas prices as the  
12 market) expense and are shown on line 42a of Exhibit No. \_\_\_\_ (WGJ-7).

13           **Q.     What is the impact on overall power supply expense from these additional**  
14 **actual electric and natural gas fuel contracts?**

15           A.     The actual electric and natural gas fuel contracts have a very small impact on  
16 power supply expense compared to what the expense would be if the contracts were not included  
17 in the AURORA model. Including the actual electric and natural gas fuel contracts in the pro  
18 forma increase power supply expense by \$345, 965. This increased expense is due to the lower  
19 gas costs used in the AURORA model. The actual transactions would lower power supply  
20 expense if the actual 3-month average natural gas prices, as explained by Witness Kalich, were  
21 used in the AURORA model. The breakdown of this net expense between physical electric,  
22 financial electric and natural gas is shown below.

Actual Electric and Natural Gas Transactions Impact on Proforma Power Supply Expense	
Physical Electric Transactions Mark to Market	\$1,108,085
Financial Electric Transactions Mark to Market	\$1,134,990
Natural Gas Transactions Mark to Market	-\$1,897,110
<b>Total Proforma Impact of Actual Transactions</b>	<b>\$345,965</b>

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**Q. Does that conclude your supplemental direct testimony?**

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A. Yes.