

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	08/28/2019
CASE NO.:	UE-190334 & UG-190335	WITNESS:	William Johnson
REQUESTER:	Public Counsel	RESPONDER:	William Johnson
TYPE:	Data Request	DEPT:	Power Supply
REQUEST NO.:	PC - 117	TELEPHONE:	(509) 495-4046
		EMAIL:	bill.johnson@avistacorp.com

**REQUEST:****Re: Direct Testimony of William G. Johnson, Exh. WGJ-1T at 9.**

- a) Identify the dollar value of the difference between authorized and actual power costs in 2018 attributable to the differential between AECO and Malin natural gas prices.
- b) Confirm that Avista used historical averages to estimate the differential between AECO and Malin gas prices for the purposes of its authorized power cost calculations. i) If confirmed, explain why this was done.  
ii) If confirmed, identify the historical years across which this average was calculated.  
iii) If confirmed, identify all other commodity price inputs relied upon to set authorized power costs that were forecasted using historical data.  
iv) If not confirmed, explain the basis for the Company's estimate the differential between AECO and Malin gas prices for the purposes of its authorized power cost calculations.
- c) Confirm that there are active natural gas forward markets for the AECO and Malin hubs. i) If not confirmed, explain why not.  
ii) If confirmed, provide the average 2018 monthly forward prices for Malin at the time of Avista's calculation of authorized power costs.  
iii) If confirmed, provide the average 2018 monthly forward prices for AECO at the time of Avista's calculation of authorized power costs.  
iv) If confirmed, explain why Avista did not use forward prices to project the differential between AECO and Malin gas prices for the purposes of its authorized power cost calculations.
- d) Confirm that Avista's power cost modeling underlying its authorized power costs used forwards to set natural gas price input assumptions.  
i) If not confirmed, explain why not.  
ii) If confirmed, identify the date on which Avista pulled the forwards that were used.

**RESPONSE:**

- a) Avista estimates the impact to ERM in 2018 due to the change in the value of gas generation and natural gas transport value was \$14,637,079 in the rebate direction (WA allocation). This value is found in Table 1 on page 8 of William G. Johnson, Exh. WGJ-1T.
- b) Please see the response to PC-DR-124.
- c) Avista confirms that there are active natural gas forward markets for the AECO and Malin hubs. Avista entered into 515 financial natural gas term transactions for 2018 and 154 physical natural gas term transactions for 2018. Please see the response to PC-DR-122 for the average 2018

monthly forward prices for AECO and Malin. Please see the response to PC-DR-124 regarding the transport optimization calculations. Exh. AA-4  
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- d) Avista confirms that the power cost modeling underlying its authorized power costs used forwards to set natural gas price input assumptions. Please see the response to PC-DR-107.