

**AVISTA CORP.**  
**RESPONSE TO REQUEST FOR INFORMATION**  
**Annual Filing to Review Deferrals (ERM)**

JURISDICTION:	Washington	DATE PREPARED:	8-13-03
CASE NO:	UE-011595	WITNESS:	Dick Storro
REQUESTER:	Public Counsel	RESPONDER:	Pat Gorton
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO:	159	TELEPHONE:	(509) 495-4353

**REQUEST:**

With respect to the gas sales for the review period July 2002 – December 2002 and the trading documentation provided in the response to WUTC DR-178C, how did Avista determine that the basis differentials between NYMEX Henry Hub prices and broker quotes at Malin were reasonable? If deliveries were made at any other location beside Malin, please describe how Avista determined that the basis differential between NYMEX Henry Hub and those delivery points was reasonable. Please provide all data, analysis or evaluation performed by Avista to make this determination.

**RESPONSE:**

The gas Avista had available was physical gas delivered to Malin. The gas had the highest value at Malin and all gas sales were made at Malin. Avista evaluates the price of gas at various delivery points through current market prices published in Gas Daily and forward price quotes from various counterparties. Basis differentials are used to determine forward price for AECO, Sumas, Rockies and Malin based on NYMEX forward prices. The sale of physical gas is made with a willing purchaser at a negotiated price, which determines the basis differential between NYMEX and Malin. Avista obtained several price quotes from various counterparties prior to making a gas sale.