

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION	)	
	)	
Complainant,	)	DOCKET NO. UE-070804
	)	and
v.	)	DOCKET NO. UG-070805
	)	(consolidated)
	)	
AVISTA CORPORATION d/b/a AVISTA	)	
UTILITIES	)	
	)	
Respondent.	)	
_____	)	
In the Matter of the Petition of	)	
	)	
AVISTA CORPORATION d/b/a AVISTA	)	DOCKET NO. UE-070311
UTILITIES,	)	
	)	
For an Accounting Order Regarding the	)	
Appropriate Treatment of the Net Costs	)	
Associated With the Repurchase of Debt	)	
_____	)	

EXHIBIT NO.\_\_\_\_(DWS-10)

AVISTA RESPONSE TO

STAFF DATA REQUEST NO. 54

October 17, 2007

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

JURISDICTION:	Washington	DATE PREPARED:	5/31/2007
CASE NO:	UE-070804 & UG-070805	WITNESS:	Kelly O. Norwood
REQUESTER:	WUTC Staff	RESPONDER:	Jeanne M. Pluth
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff -54	TELEPHONE:	(509) 495-2204

**REQUEST:**

Please provide all documents that relate to the cost of the hydro-upgrade program for the Cabinet Gorge and Noxon Rapid facilities referred to on page 4, line 2. Please indicate in what years this expense is expected to occur.

**RESPONSE:**

The documents related to the cost of the hydro-upgrade program for the Cabinet Gorge and Noxon Rapid facilities are voluminous and are being compiled and will be furnished by way of a supplemental response.

A summary of the hydro-upgrade program for the Cabinet Gorge and Noxon Rapid facilities follows:

Cabinet Gorge

Mr. Storro's testimony at page 10 beginning at line 6 provides a summary of upgrades to the Cabinet Gorge hydro facility. He states:

"The Company completed an upgrade of Cabinet Gorge Unit #2 in March 2004. This project consisted of removing the original 1952 propeller runner and replacing it with a modern design mixed-flow runner. The upgrade resulted in a 17 MW increase in capacity, from 55 MW to 72 MW, and an increase in energy of approximately 3 aMW. The Company completed a similar upgrade project in 2001 for Cabinet Gorge Unit #3. The capacity of the unit was increased from 55 MW to 72 MW and an estimated 4.5 aMW of additional energy.

"The Company recently completed upgrading Cabinet Gorge Unit #4, and expects to obtain an additional 10 MW of capacity and 1.1 aMW of energy from the project with Unit #4 returned to service in early April 2007, at a total investment of \$6.2 million (system). Company witnesses Mr. Kalich and Mr. Johnson have reflected the additional capacity and energy values in their adjustments, and Company witness Ms. Andrews has included the investment costs of the upgrade."

There are currently no plans for additional upgrades at the Cabinet Gorge facility.

Noxon Rapids

Mr. Storro's testimony at page 11 beginning at line 5 provides a summary of upgrades to the Noxon Rapids hydro facility. He states:

"On June 9, 2006, the Unit #4 stator winding failed at the Noxon Rapids Project. This unit was already scheduled to be upgraded in 2007, so work at this project was accelerated to start in June 2006. The total cost for the core and rewind project is approximately \$7.2 million (system), which includes \$4.8 million for the rewind and \$2.4 million for the core. Ms. Andrews has reflected this investment in her adjustments.

"This rewind would have been a part of a project upgrade in 2007. The unit is expected to return to service by September 2007. The other four units at Noxon Rapids are ready to generate energy from the available streamflow so there is minimal, if any, lost energy production beyond the spring runoff period. The second step to complete the upgrade to Unit #4 involves the replacement of the turbine runner, which will be done at a later time than originally planned because of the winding failure.

"We also plan to upgrade units 1 through 3 at Noxon Rapids. Including the work on Unit 4, the upgrades are expected to add an additional 38 MW of capacity and 6 aMW of energy to the Noxon Rapids project. One upgrade is planned for each year, starting in March 2009 with completion of all upgrades currently planned by 2012."

A summary of these planned upgrades at Noxon Rapids with estimated costs and service dates follows:

Project	Estimated Capital	Estimated Maintenance	Estimated In Service Date
Noxon Unit 5 Stator Replacement	\$ 8,000,000.00	\$ 300,000.00	08-Apr
Noxon Unit 1 Rehabilitation	\$ 8,493,000.00	\$ 300,000.00	09-Apr
Noxon Unit 2 Rehabilitation	\$ 7,467,000.00	\$ 300,000.00	10-Apr
Noxon Unit4 Rehabilitation	\$ 7,467,000.00	\$ 300,000.00	11-Apr
Noxon Unit 3 Rehabilitation	\$ 5,240,000.00	\$ 300,000.00	12-Apr
	\$ 36,667,000.00	\$ 1,500,000.00	