

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

JURISDICTION:	Washington	DATE PREPARED:	8-15-03
CASE NO:	UE-011595	WITNESS:	Dick Storro
REQUESTER:	Public Counsel	RESPONDER:	Pat Gorton
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO:	167	TELEPHONE:	(509) 495-4353

REQUEST:

For each of the natural gas sales and corresponding power purchases described in witness Storro's testimony and summarized in Avista's response to WUTC DR- 178, please provide:

- a) the price, in \$/MWh, of the corresponding power purchased;
- b) the location at which Avista took delivery of the power;
- c) confirmation that the delivery period for the corresponding power purchase is the same as the delivery period for the gas sale. If the delivery period for the corresponding power purchase is different than the delivery period for the corresponding gas sale, please provide the delivery period for the power purchase;
- d) the power market price quotes, identification of the trading party providing the price quote, and the delivery location for the quoted price that Avista received in order to evaluate the economics of the transaction;
- e) any forward gas or power price curves that Avista used to make its evaluation of the economics of the power purchase;
- f) how Avista determined which of its power facilities would burn the gas if it had instead chosen to not make the gas sale;
- g) any calculations Avista performed of the market-implied heat rate applicable to each proposed transaction;
- h) the purchased gas cost used to calculate the "cost to generate"
- i) electronic copies of all of the "Forward Spark Spread Actual Trans x-x-02.xls" attached to the data response's back-up data;
- j) an explanation of all the criteria used to determine which trades to make from the spreadsheet titled "Forward Spark Spread Actual Trans x-x-02.xls."

RESPONSE:

- a) The price of power purchased or quoted price if a power purchase was not needed is provided in the "Forward Spark Spread Actual Trans ...xls" worksheets under the heading "Actual Price or Quotes" for HL or LL.

- b) All the power purchases were made with a delivery point of Mid-C, with the one exception of 25 aMW LL purchased for December 2002 which had a delivery point of LOLO. All the purchases were at delivery points that interconnected with Avista's system.
- c) Please refer to the "Forward Spark Spread Actual Transxls" worksheets to determine the time period of gas sales and related power purchases.
- d) Avista typically receives power price quotes from various brokers, from electronic web based systems and daily closing prices from brokers. Natural gas price quotes may be from specific counterparties and are provided in the backup to the gas sale transactions in response to WUTC Data Request No. 178. If a transaction was completed the gas sale prices and the power purchase prices are shown in the "Forward Spark Spread Actual Transxls" worksheets.
- e) Each business day Avista compiles closing forward prices for gas and electric. These are recorded and used in the daily position report to analyze the economics of the fixed priced gas in the current market. The power purchases shown in the "Forward Spark Spread Actual Transxls" worksheets reflect forward prices for power at Mid-C.
- f) Please see response to Public Counsel Data Request No. 165.
- g) The "Forward Spark Spread Actual Transxls" worksheets reflect the actual transactions and calculations related to the implied market heat rate included in these worksheets. The implied heat rate of the transactions completed is based on the forward electric and gas prices on that day. Each business day, the Company evaluates the market implied heat rates for on-peak and off-peak power in the forward markets.
- h) The cost to generate is calculated with the current forward price of gas. This price is shown in the "Forward Spark Spread Actual Transxls" worksheets under the heading "Malin Sale Price".
- i) Electronic copies of "Forward Spark Spread Actual Trans ...xls" worksheets have been provided via email.
- j) The spreadsheets titled "Forward Spark Spread Actual Trans x-x-02.xls" shows transactions that were completed. The criteria used to evaluate the economics of the transactions were plant and gas availability, heat rates and variable O&M cost of the available plants, and the market price of gas and power.