AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	08/07/2009
CASE NO:	UE-090134 & UG-090135	WITNESS:	Clint Kalich
REQUESTER:	Public Counsel	RESPONDER:	Xin Shane/Bill Johnson
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO.:	PC-496	TELEPHONE:	(509) 495-4127/4046
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REQUEST:

a) Rerun the Dispatch Model and other aspects of Company's various revenue requirements models with the identical data and methods as was done to prepare Company's original filing in this case, EXCEPT for using gas prices computed as of August 5, 2009 consistent with the gas pricing methodology used in the Company's filing. Then provide an update to Public Counsel Data Request 81, which estimated the impact on costs of service in "with" and "without" the Lancaster PPA scenarios. Include in the answer:

a) The annual average AECO and Stanfield gas prices.

b) The benefit of AURORA production costs due to the Lancaster plant.

c) The increase in other expenses due to the Lancaster plant, as was shown in Exhibit No. (WGJ-2), on lines 10, 11, 46, and 57.

RESPONSE:

b) The annual average AECO gas price is $5.36/Dth, and the annual average Stanfield gas price from is $5.60/Dth.

c) The filed system-wide power supply fuel & market expense was $116,245,068. With updated natural gas prices using the 3 month average ending August 5, 2009 the power supply expense is $85,860,374, a reduction of $30,384,694 due to reduced gas prices. The power supply expense assuming the Lancaster PPA is not part of power supply fuel & market expense is $102,859,392. The Lancaster PPA reduces fuel and market costs by $16,999,018.

The AURORA runs referenced in this response were made using identical data and methods as was done to prepare Company's original filing in this case, except for using gas prices computed as of August 5, 2009 and market adjustments to align prices with the forward Mid-Columbia market prices. The Company has made additional runs incorporating other adjustments from the original filing, including updated natural gas prices, updated short-term contracts through July 6, 2009, 3 percent lower loads, updated Colstrip forced outage rate (5.905% from 7.083%), and hydro filtering. The AURORA run output from these run was provided as Attachments in response to PC_DR_470. These additional updates beyond changing gas prices, as provided in response to PC_DR_470, are consistent with settlement discussions.

d) The other expenses due to the Lancaster plant, as was shown in Exhibit No. (WGJ-2), on lines 10, 11, 46, and 57 do not change with the change in gas prices except line 11 “Lancaster Variable O&M Payments,” which increase to $3,561,000 from $2,995,000 due to the increased generation from the Lancaster plant with reduced gas prices. All other fixed Lancaster expenses shown in Exhibit No. (WGJ-2), on lines 10, 46, and 57 remain the same. Because of the increased Variable O&M expense, the Lancaster non-fuel expenses now total $35,292,000 versus $34,726,000 in the original filing. Subtracting the operating margin of approximately $17.0 million, from the fixed expense of approximately $35.3 million, produces a net expense increase from the Lancaster plant of approximately $18.3 million on a system basis