

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION)	
)	
Complainant,)	Docket No. UE-070565
)	
v.)	
)	
PUGET SOUND ENERGY, INC.)	
)	
Respondent.)	
_____)	

EXHIBIT NO. ____ (DWS-14)
EXCERPT OF DIRECT TESTIMONY OF
CLINT G. KALICH
FROM EXHIBIT NO. ____ (CGK-1T)

June 25, 2007

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-07 _____

DIRECT TESTIMONY OF

CLINT G. KALICH

REPRESENTING AVISTA CORPORATION

Table No. 2 – Dispatch Model Prices Comparison

Month	CSII & Rathdrum Gas (\$/dth)	NE/BP/ KFCT Gas (\$/dth)	Mid-C (\$/MWh)	Month	CSII & Rathdrum Gas (\$/dth)	NE/BP/ KFCT Gas (\$/dth)	Mid-C (\$/MWh)
Jan-08	8.502	8.892	58.31	Jul-08	7.373	7.718	50.55
Feb-08	8.505	8.895	62.05	Aug-08	7.431	7.778	57.60
Mar-08	8.289	8.671	58.72	Sep-08	7.484	7.833	59.94
Apr-08	7.325	7.668	49.40	Oct-08	7.569	7.921	58.83
May-08	7.207	7.546	43.77	Nov-08	7.821	8.184	61.41
Jun-08	7.264	7.605	37.80	Dec-08	8.237	8.617	61.50
				Average	7.780	8.111	55.02

Q. You stated earlier in your testimony that you are using the NWPP hydro study as the basis for your hydro dataset. Does the NWPP study include the Cabinet Unit 4 upgrade?

A. No, the NWPP study does not include the Cabinet Unit 4 upgrade. As was in April of this year, and will not be included in our next data submittal to the NWPP. I expect the upgrade to be reflected in the 2008 NWPP study.

Q. How have you accounted for the Cabinet Unit 4 upgrade in the pro forma?

A. The Cabinet Unit 4 upgrade is expected to generate 1.1 average megawatts of additional energy in an average water year. To account for this energy amount in the pro forma, the unit size is increased from 59.4 MW to 69.4 MW. The Dispatch Model then generates at the upgraded energy and capacity levels when it dispatches Cabinet Unit 4.

Q. Please explain how the upgrades to Colstrip Units 3 and 4 are reflected in the Dispatch Model.

A. The Company increased the generation capability of each unit from 740 MW to 768 MW. This change allows the Dispatch Model to correctly value the entirety of each

1 plant in the wholesale marketplace. Our resource portfolio tracked in the Dispatch Model
2 contains a 15% share of each unit. With the overall capacity of each resource increased, our
3 15% allocation increases proportionally and lowers the overall cost of our generation
4 portfolio.

5 III. RATE PERIOD LOADS

6 **Q. Company witness Mr. Norwood explains in his testimony that the**
7 **Company is modeling net power supply expenses based on 2008 rate period loads. Will**
8 **you please explain the source for this data?**

9 A. Yes. Each year the Company develops a 25-year load forecast by rate class
10 (residential, commercial, industrial, and street lighting). The load projection is used by many
11 departments throughout the utility. It is the basis for power supply budgeting, revenue
12 forecasting by our finance department, and for our Integrated Resource Plans (IRPs). During
13 the natural gas and electric IRP processes the forecast is reviewed both internally by senior
14 management as well as by external parties that include Washington and Idaho Commission
15 staff members.

16 The rate period loads used in this case are taken from the Company's 2007 load
17 forecast completed in July 2006. The 2008 load value is 1,065 aMW. As this load is
18 generated using "normal weather," it eliminates the need for a weather-normalization
19 adjustment.

20 **Q. Are Avista's rate period loads based on quantitative methods?**

21 A. Yes. For the residential, small and large general service, pumping and street
22 light customers, the methodology is based on mathematical relationships between growth in