

**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:	158	TELEPHONE:	(509) 495-4353

**REQUEST:**

For the fixed price gas sales Avista made as identified in its “Summary of Fixed Price Gas Sales, July 2002 – December 2002” provided in the response to WUTC DR-178C, how did Avista determine the volume of gas to be sold – e.g., why did Avista sell 5,000 MMBtu per day versus 10,000 MMBtu per day? What total volume of gas was available for Avista to sell? Please provide all data, analysis or evaluation performed by Avista to make this determination.

**RESPONSE:**

When selling gas there are several factors Avista considers to determine the volume of gas to sell, including but not limited to which plants are available during the given time period, how much gas supply is available and the current forward gas and electric market prices. Standard transaction volumes in the industry for gas sales are 5,000 and 10,000 dth/day. The amount of gas sold in a single transaction is determined by the Company’s forward position and market conditions including the Company’s electric surpluses or deficiency and the relationship of the wholesale market price of electricity and natural gas. In addition, consideration is given to where the surplus/deficiency is in comparison to the risk management policy limits on open positions. Under the Policy, as we move closer in time to a given month, the open position limits are more narrow, which may lead to transactions to eliminate surplus by selling power or selling gas, or to cover deficiencies by purchasing power or natural gas for turbines

The total volume of fixed priced gas available during the July 2002 through December 2002 period was 40,000 dth/day. The Company also had an additional 7,658 dth/day of index-priced gas available.

The analysis and backup for each specific sale of gas has been provided in response to WUTC Data Request No. 178 and in the electronic worksheets titled “Forward Spark Spread Actual Trans ....xls.”