

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
RESPONSE TO DATA REQUEST

DATE PREPARED: 5/18/2000
CASE NO.: UE-991606
 UG-991607
REQUESTER: Avista

WITNESS: Alan Buckley
RESPONDER: Alan Buckley
TELEPHONE: (360) 664-1306

REQUEST NO. 28:

RE: Page 16. Is it Staff's position that the \$18 million credit to customers proposed by the Company related to the PGE Contract includes no benefit to customers related to interest or the time value of money related to the \$143.4 million cash payment? If so, what is Staff's understanding of the purpose for the additional credit of \$7,335,000 proposed by the Company, over and above the \$1,800,000 capacity payment and the amortization of \$8,865,000?

RESPONSE:

Staff's position is in agreement with the Company's analyses (see Exhibit___(APB-5), p.23) that the net-present value of the \$143.4 million cash payment exceeds the net-present value of the decrease in contract revenues (\$18,000,000 - \$1,800,000) of \$16,200,000 annually. It is also Staff's position that the \$18 million credit (we believe the credit is actually \$16.2 million since the "new" contract provides \$1.8 million in revenue) to customers includes no additional benefits related to the PGE Capacity contract buydown transaction. Staff understands the calculation: \$18,000,000 - \$1,800,000 - \$8,865,000 (amortization) = \$7,335,000. The \$7,335,000 is simply an additional annual amount that makes the ratepayer whole (i.e. providing no additional benefits), based on applying a straight amortization of the \$143 million over 16 years - without interest or return.

WUTC		
DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>553</u>		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>