

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	Docket No. UE-140188
v.)	Docket No. UG-140189
)	
AVISTA CORPORATION d/b/a)	<i>(consolidated)</i>
AVISTA UTILITIES,)	
)	
Respondent.)	
_____)	

EXHIBIT NO.____(BGM-10)

COMPANY RESPONSES TO ICNU DATA REQUESTS

July 22, 2014

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	03/13/2014
CASE NO:	UE-140188 & UG-140189	WITNESS:	Liz Andrews
REQUESTER:	ICNU	RESPONDER:	Liz Andrews
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU – 1.2	TELEPHONE:	(509) 495-8601
		EMAIL:	liz.andrews@avistacorp.com

REQUEST:

Please state what the base rate increase (or decrease) from 2014 levels would have occurred if an attrition adjustment were excluded from the filing and provide workpapers to derive this value on the same basis as they were provided in the original filing.

RESPONSE:

Were the Attrition adjustments excluded, the pro forma studies that were provided as a cross check to the attrition analyses would independently support the requested electric and natural gas increases. See Andrews Exhibit Nos. _(EMA-4) and _(EMA-5), and Andrews workpapers previously provided.

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/03/2014
CASE NO:	UE-140188 & UG-140189	WITNESS:	Clint Kalich
REQUESTER:	ICNU	RESPONDER:	James Gall
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO.:	ICNU – 5.15	TELEPHONE:	(509) 495-2189
		EMAIL:	james.gall@avistacorp.com

REQUEST:

Please provide an explanation of the purpose of the dispatch margin assumption modeled in Aurora and how that assumption impacts power costs.

RESPONSE:

This dispatch margin in AURORA is an adder used to change the percent margin required for a dispatchable plant to commit to running. The adder is applied to all plants in the western interconnect and is used to adjust market prices to match forward price curves. Forward price curves typically have an implied risk premium when compared to spot prices; this margin adder aligns the predicted prices from AURORA with current forward prices for the 2015 rate year.

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CASE NO:	UE-140188 & UG-140189	WITNESS:	Clint Kalich
REQUESTER:	ICNU	RESPONDER:	James Gall
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO.:	ICNU – 5.16	TELEPHONE:	(509) 495-2189
		EMAIL:	james.gall@avistacorp.com

REQUEST:

Please provide all documentation, analysis, and workpapers to support the dispatch margin assumption included in Aurora.

RESPONSE:

Avista developed the margins included in the cases via an iterative process to align AURORA prices with forwards. Only the final set of values is retained in AURORA.

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RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/03/2014
CASE NO:	UE-140188 & UG-140189	WITNESS:	Clint Kalich
REQUESTER:	ICNU	RESPONDER:	James Gall
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO.:	ICNU – 5.18	TELEPHONE:	(509) 495-2189
		EMAIL:	james.gall@avistacorp.com

REQUEST:

Please provide all documentation, analysis, and workpapers to support the link capacity shaping titled “NW-CA-Phantom Congestions” included in the links data input table in Aurora.

RESPONSE:

Refer to AURORA’s help menu regarding information regarding phantom congestion. Avista arrived at its line de-rates via an iterative process to align AURORA prices with forward Mid-Columbia prices. Only the final values from the iterative process are retained in AURORA.

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/03/2014
CASE NO:	UE-140188 & UG-140189	WITNESS:	Clint Kalich
REQUESTER:	ICNU	RESPONDER:	James Gall
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO.:	ICNU – 5.19	TELEPHONE:	(509) 495-2189
		EMAIL:	james.gall@avistacorp.com

REQUEST:

Please provide an explanation of the negative variable O&M values assumed for each Avista-owned hydro resource modeled in Aurora.

RESPONSE:

Avista included a negative variable O&M to each of its hydro facilities (along with all hydro facilities in the WECC) to change the dispatch order of hydro facilities in the market place. Avista has reflected this change in past rate proceedings and IRP's in order to model negative pricing at the Mid-C. Given many renewable resources have production tax credits (PTC), renewable energy certificates (REC), and must-run purchase power agreements (PPA), power markets are incented to go negative when loads are low and must run resources are forced to run so these resources can retain its financial benefits.

The changes made to the AURORA model are to reflect changes in market fundamentals to better match AURORA's prices with forward Mid-Columbia prices. With this change hydro becomes the last resource to be dispatched off when loads are low and renewable output is high.

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RESPONSE TO REQUEST FOR INFORMATION**

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CASE NO:	UE-140188 & UG-140189	WITNESS:	Clint Kalich
REQUESTER:	ICNU	RESPONDER:	James Gall
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO.:	ICNU – 5.20	TELEPHONE:	(509) 495-2189
		EMAIL:	james.gall@avistacorp.com

REQUEST:

Please provide all documentation, analysis, and workpapers used to support the negative variable O&M values assumed for each Avista-owned hydro resource modeled in Aurora.

RESPONSE:

Avista has not retained any documentation, analysis, or workpapers beyond what is filed in the case regarding entering negative variable O&M values in AURORA. Further information regarding negative variable O&M can be found in the Company's response to ICNU_DR_5.19.