Exhibit No.__(RLS-7T)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-090134

DOCKET NO. UG-090135

DOCKET NO. UG-060518

(consolidated)

REBUTTAL TESTIMONY OF

RICHARD L. STORRO

REPRESENTING AVISTA CORPORATION

I. INTRODUCTION

Q. Please state your name, employer and business address.

A. My name is Richard L. Storro. I am employed as the Vice President of Energy Resources by Avista Corporation located at 1411 East Mission Avenue, Spokane, Washington.

Q. Have you previously provided direct testimony in this Case?

A. Yes. My testimony provided an overview of Avista's resource planning and power operations and discussed hydro and thermal project upgrades.

Q. What is the scope of your rebuttal testimony in this proceeding?

A. Commission Staff witness Mr. Kermode, in his direct testimony at pages 27 through 41, proposes to exclude certain generation, transmission, distribution and general plant capital investment that the Company pro formed in its direct case, which will be in service by December 2009 and will be used to serve customers for rate making purposes. For generation and transmission plant additions, Staff only included projects completed during the period October 1, 2008 through June 30, 2009. These projects were selected by Staff since they were known and measurable. Company witnesses Mr. Norwood and Mr. DeFelice address these issues raised by Staff in their rebuttal testimony.

In support of Mr. Defelice's rebuttal testimony, I will provide descriptions of the generation-related capital projects that will be completed and in-service by the end of 2009 that are included in this case. The testimony is divided into descriptions of thermal, hydro and other generation capital projects.

Q. Briefly describe your responsibilities and your duties related to the generation capital projects.

A. In my role as Vice President of Energy Resources, I am responsible for the management of power resources for meeting the Company's projected load requirements. I receive regular reports concerning customer loads, the status of currently owned and controlled generation projects as well as new projects and upgrades to existing resources. My position requires knowledge of the development, construction and timing of new generation projects and upgrades to existing projects. This knowledge enables me to provide details about which generation capital projects will be completed by the end of 2009.

Q. What is the total amount that will be spent on generation capital through the end of 2009?

A. The total amount of 2009 generation capital spending will be $21,436,000 by the end of the year. This includes $7,788,000 on thermal projects, $9,070,000 on hydro projects and $4,578,000 on other generation capital projects. Table 1 below details the generation capital projects for 2009 (system) and shows the amount that was transferred to plant-in-service through June 30, 2009 and the amount that will be transferred before the end of 2009.

Table 1
2009 Generation Projects - System
(000s)

Generation:	Projects Completed January 1, 2009 through June 30, 2009	Projects Completed July 1, 2009 through December 31, 2009	2009 Final Costs
Thermal - Kettle Falls Capital Projects	$ 202	$ 1,594	$ 1,796
Thermal - Colstrip Capital Additions	2,942	2,966	5,908
Thermal - Other small projects	0	84	84
Hydro - Cabinet Gorge Capital Projects	226	167	393
Hydro - Little Falls Capital Projects	0	525	525
Hydro - Long Lake Capital Projects	0	597	597
Hydro - Noxon Capital Projects	741	328	1,069
Hydro - Upper Falls Capital Projects	90	2,463	2,553
Hydro - Clark Fork Implement PME Agreement	79	2,225	2,304
Hydro - Other small projects	424	1,205	1,629
Other - Northest Combustion Turbine Projects	0	944	944
Other - CS2 Captital Projects	0	677	677
Other - CS2 LTSA	0	2,000	2,000
Other - Rathdrum CT	10	0	10
Other small generation projects	250	697	947
	$ 4,964	**$ 16,472**	**$ 21,436**

Q. Are these expenditures for different generation capital projects than those originally submitted by Company witness DeFelice?

A. No, these expenditures are for the same generation capital projects that were included in Mr. DeFelice's direct testimony. The project costs have been updated with actual or known charges and have been reviewed to ensure that these projects will be completed by the end of 2009. The planned expenditures for these projects in our original filing were $20,737,000 which is very close to the current estimate of $21,436,000.

Q. Is the Company proposing to update its revenue requirement in this case using these updated estimates?

A. No. This updated information is being provided in response to testimony filed by Staff and Public Counsel, to emphasize the fact that these projects will be completed in 2009, are known and measureable, and the costs should be included for recovery in this case.

II. THERMAL GENERATION CAPITAL PROJECT DESCRIPTIONS

Q. What is the total amount of capital spending on thermal generation assets and briefly describe the projects?

A. Total capital spending for thermal generation capital projects through the end of 2009 is $7,788,000 (system). The projects include work at Kettle Falls Generation Station ($1,796,000), Colstrip ($5,908,000) and other small thermal projects ($84,000).

Q. Please describe the capital projects that are being done at the Kettle Falls Generation Station in 2009.

A. Several capital projects are being completed at the Kettle Falls Generating Station to maintain plant reliability. The primary capital project being completed in 2009 is the replacement of the original steam turbine control system. Several other smaller projects are also being done including the replacing portions of the fuel handling and ash removal systems, and a continuation of a project to replace the traveling grate in the boiler. The total cost of these projects in 2009 is $1,796,000.

Q. What capital projects are being completed at Colstrip in 2009?

A. The $5,908,000 of Colstrip capital projects for 2009 include several major emission control projects for Units 3 and 4. Boiler modifications are being made to reduce mercury emissions on both units in order to comply with Montana state mercury emissions control laws which go in to effect on January 1, 2010. Low NOx burners are being installed on

Unit 4 to comply with Montana DEQ requirements. The NOx burner modifications were previously installed on Unit 3. Major capital work and a regularly scheduled overhaul are also being done on Unit 4 in 2009. The capital projects on Unit 4 include cooling tower fill replacement, low pressure turbine overhaul, an air pre-heater overhaul, a generator rewind kit, and several smaller capital projects that will be completed during the scheduled outage.

III. HYDRO GENERATION CAPITAL PROJECT DESCRIPTIONS

Q. What is the total amount of capital spending on hydro generation assets and briefly describe the projects?

A. Capital spending for hydro generation assets in 2009 will be $9,070,000 (system). This includes projects for the Clark Fork and Spokane River Hydroelectric Projects.

Q. What capital projects are being completed on the Clark Fork facility?

A. There will be $393,000 of capital projects complete in 2009 at the Cabinet Gorge Hydroelectric Project. The capital projects include the replacement of a discharge ring on Unit #1 and replacement of the Generator Step Up Transformers to accommodate the increased power from turbine improvements. The 2009 capital spending at the Noxon Rapids Hydroelectric Project will be $1,069,000. These expenditures are for the completion of the upgrade to Unit #1. The upgrade includes replacement of the stator core and stator windings, installation of a new high efficiency turbine runner, and a complete mechanical overhaul on Unit #1. There are several projects that are part of the protection, mitigation and enhancement (PME) plan that will be completed in 2009 at a cost of $2,304,000. These projects were agreed to as part of the Clark Fork Settlement Agreement and FERC license received in 2001.

Q. What capital projects are being completed on the Spokane River Projects?

A. The roof will be replaced at Little Falls at a cost of $525,000. The scroll case drain system will be replaced at Long Lake and dam safety monitoring systems for the forebay, tailrace, and sump will be installed at a total cost of $597,000. There will be $2,553,000 in capital spending at Upper Falls in 2009. The old plant controls will be replaced and all new equipment from the Post Street Substation will be relocated to the Upper Falls plant. New equipment will also be installed to modernize Little Falls, enhance the protection schemes and automate the plant from the Generation Control Center.

There are several other small hydro capital projects that will be completed on the Spokane River Projects by the end of 2009 at a cost of $1,629,000. The capital projects include the beginning of a system station sump control and monitoring systems to facilitate license conditions along with other small projects. Please refer to the workpapers of Mr. DeFelice for a detailed listing of these other small projects.

IV. OTHER GENERATION CAPITAL PROJECT DESCRIPTIONS

Q. What is the total amount of capital spending in 2009 on other generation assets and briefly describe those projects?

A. There is an additional $4,578,000 (system) of other generation capital spending that will be completed by the end of 2009. These projects include $944,000 at the Northeast Combustion turbine, $2,677,000 for Coyote Springs 2, and $957,000 on other small capital projects.

Q. Please describe the other generation capital projects that will be completed in 2009.

A. The control system at the Northeast Combustion Turbine will be upgraded to improve startup reliability at a cost of $944,000. This project is a continuation from 2008 when air permit issues prevented this project from being completed. Coyote Springs 2 capital projects totaling $677,000 include the purchase of a spare transformer. The previous spare was installed after a transformer failed in the spring of 2008. Other smaller projects planned for 2009 include the purchase of a spare station service transformer for reliability, duct burner fuel system upgrades to increase capacity, steam turbine control upgrades for reliability, and several smaller PGE/Avista shared projects for safety and reliability. An additional $2,000,000 will be spent on the Long Term Service Agreement (LTSA) for Coyote Springs 2, which covers the maintenance agreement with General Electric and the gas turbine and auxiliaries.

There will be $957,000 spent on other generation capital projects by the end of 2009. This work is primarily to install uninterruptable power supply systems at the Boulder Park power station to protect the engine generators and other station auxiliaries. Work will also be done at the Rathdrum Combustion Turbine. The workpapers of Mr. DeFelice have a detailed listing of other projects.

V. CONCLUSION

Q. Please summarize your rebuttal testimony.

A. During the first six months of 2009, the Company spent and transferred to plant in-service $4,964,000 for generation capital expenditures. The Company has already spent or will spend an additional $16,472,000 before the end of 2009 on generation plant that will be transferred to plant in-service prior to December 31, 2009. These expenditures are known and measureable for projects that will be operational by the end of 2009.

Q. Does this conclude your rebuttal testimony?

A. Yes it does.