AVISTA UTILITIES
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION: Washington

DOCKET NO: UE-991606
UG-991607

REQUESTER: ICNU

TYPE: Data Request

DUE DATE: 2/21/00

REQUEST NO.: 30

DATE PREPARED: 2/18/00

WITNESS: William Johnson

RESPONDER: William Johnson

DEPT: Resource Optimization

TELEPHONE: (509) 495-4046

REQUEST:

With regard to Exhibit T-43, page 9, lines 16-18, will the short-term energy prices exclude commercial trading transactions? Please explain.

RESPONSE:

At this time the "intention" is to exclude commercial transactions from the calculation of short-term energy prices. The word "intention" is used because currently the company does not separately track commercial trading transactions from system transactions. A system to separate transactions between system and commercial trading is being developed

The reason for using only system transactions in calculating the PCA short-term energy rate is to use an energy price that best represents the cost of purchasing energy for system deficits or selling system surplus. Using all short-term transactions in the calculation may change the energy rate slightly due to some of the commercial trading transaction occurring at COB or California. To the extent that the average commercial trading price is different from the average price of system sales and purchases, then the commercial trading can effect the overall short-term price and have a minor effect on the PCA calculation.

Using short-term energy prices that exclude commercial trading transactions will have a minor effect on the PCA calculations. The PCA does not track short-term trading costs and revenues. The short-term purchases and sales are only used to calculate an energy price that is used in the PCA model. Excluding commercial trading transactions in the calculation of the short-term energy price is a refinement over the current PCA in Idaho, which calculates the short-term energy price based on all short-term transactions.