

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/10/2009
CASE NO:	UE-090134 & UG-090135	WITNESS:	Richard L. Storro
REQUESTER:	Public Counsel	RESPONDER:	John Lyons, Ph.D
TYPE:	Data Request	DEPT:	Energy Resources
REQUEST NO.:	PC - 118	TELEPHONE:	(509) 495-8515
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REQUEST:

Provide a timeline that documents the following aspects of historic Lancaster power plant ownership and operations from January 1, 2006 through the present and its expected ownership and operations from the present through January 31, 2010:

- a) Ownership of the plant. Identify the majority owner or controlling interest and all known limited or minority interests.
- b) Party with Operations and Maintenance contract for plant, as referenced on page 5 of Exhibit No. ___ (RLS-5) to the Direct Testimony of Richard L. Storro.
- c) Party with rights to electric output of plant. Summarize known terms of any contracts for such output.

RESPONSE:

- a). The Lancaster plant, located in Rathdrum, Idaho is owned by Rathdrum Power, LLC. From January 31, 2006 until October 6, 2006, Rathdrum Power was 51% owned by Cogentrix of Rathdrum, Inc. and 49% by Avista Rathdrum, LLC. On October 6, 2006, Avista Rathdrum sold its entire 49% interest in Rathdrum Power to Cogentrix of Rathdrum. Cogentrix of Rathdrum still owns 100% of Rathdrum Power.

Based on publicly issued press releases, Avista is aware that Goldman Sachs, the ultimate parent company of Cogentrix of Rathdrum, sold 80% of its ownership interest in 14 power plants which included the Lancaster facility on or about November 16, 2007 US Power Fund III, which is an energy investor fund entity that is using an ownership holding company called Calypso Energy. Avista is not aware of any other changes than may affect the beneficial ownership of Rathdrum Power.

- b). Rathdrum Power, as owner of the Lancaster facility, is a party to an operations and maintenance agreement dated June 23, 1999 with Rathdrum Operating Services, Inc. as the operator of the plant. To Avista's knowledge, Rathdrum Operating Services is still the operator of the Lancaster facility.
- c). Rathdrum Power, LLC is party to a power purchase agreement (PPA) as seller for the entire output of the Lancaster facility with Avista Energy as the purchaser. The PPA is dated December 10, 1998. Avista Energy's rights and obligations under the PPA were assigned to Avista Turbine Power, Inc. under an assignment and assumption agreement dated June 11, 1999. The PPA has been amended four times under amendments dated June 23, 1999, December 28, 1999, March 2,

2001 and October 9, 2001. Avista Turbine Power remains the purchaser under the PPA and is the party entitled to the electric output of the Lancaster plant under the terms of the PPA.

On June 15, 2000, Avista Turbine Power and Avista Energy entered into a PPA under which Avista Turbine Power agreed to allow Avista Energy to exercise Avista Turbine Power's rights under the PPA with Rathdrum Power. Both agreements continued to operate in back-to-back fashion, with Avista Turbine Power as the counter-party to Rathdrum Power as seller and Avista Energy as purchaser.

In connection with the sale of Avista Energy's business to Coral Power and affiliates of Coral Power, the PPA between Avista Turbine Power and Avista Energy was terminated. In its place, Avista Turbine Power and Coral Power entered into an energy conversion agreement dated June 30, 2007. Like the prior back-to-back arrangement, the energy conversion agreement allowed Coral Power to exercise Avista Turbine Power's rights under the PPA with Rathdrum Power. Both the PPA with Rathdrum Power and the energy conversion agreement continued to operate with Avista Turbine Power as the counter-party to Rathdrum Power as seller and Coral Power as purchaser. Unlike the second PPA with Avista Energy, the energy conversion agreement was for a limited term that expires on December 31, 2009. Please refer to the illustration in "PC_DR_118 Attachment A".

Upon the expiration of the energy conversion agreement, Avista Turbine Power will still be the counterparty under the PPA with Rathdrum Power and will still be the party entitled to the electric output of the Lancaster facility under the PPA with Rathdrum Power, until such time as the PPA is assigned to Avista Utilities on January 1, 2010 (assuming favorable regulatory treatment of cost recovery).

