

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/27/2009
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 - 174	TELEPHONE:	(509) 495-8515
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REQUEST:

Answer the following questions regarding Avista's response to Public Counsel Data Request No. 97, in which the company stated in sub-part (b) that "regulatory approval for cost recovery is the only remaining condition that needs to be met before Avista Utilities becomes fully committed to making the fixed payments pursuant to the PPA beginning on January 1, 2010":

- a) What WUTC cost recovery terms and conditions does Avista see as minimally necessary to satisfy the above condition?
- b) Are the terms and conditions outlined in sub-part (a) referenced or documented in the agreement(s) between Avista Corporation and Coral Energy related to the sale of Avista Energy to Coral Energy? If so, provide such documents.
- c) Are the terms and conditions outlined in sub-part (a) referenced or documented in any other written form? If so, provide such documents.
- d) If the WUTC makes a decision on cost recovery that does not conform to the conditions described in sub-part (a) above, what would Avista Turbine Power do with the power available to it pursuant to the Lancaster PPA after January 1, 2010?

RESPONSE:

- a). Avista sees the minimally necessary cost recovery terms and conditions regarding the Lancaster PPA as full cost recovery beginning on January 1, 2010, which is what was submitted for in this case.
- b). As discussed in the replies to Public Counsel Data Requests PC - 094 and PC - 095, Coral Energy does not own the rights to the Lancaster PPA and is not buying those rights from Coral Power. Avista Turbine Power owns the rights to the Lancaster PPA and those rights were temporarily transferred to Coral Power from June 30, 2007 through December 31, 2009 as a part of the Avista Energy sale. There is no written documentation that requires Avista Utilities to take the Lancaster PPA pending successful regulatory cost recovery. With such cost recovery, however, the Company has stated its clear intent to bring this resource (Lancaster PPA) into the Utility (See e.g., 2007 Form 10-K, at pg. 25, attached as "PC_DR_174 Attachment A").
- c). See, e.g., 2007 Form 10-K, at pg. 25, attached as "PC_DR_174 Attachment A"; also see response to PC - 131.
- d). If the WUTC makes a determination on cost recovery of the Lancaster PPA that is not as submitted in this case, Avista Corporation would seek to remarket the Lancaster PPA for the rest of the contract period.

This would require Avista Utilities to either purchase or construct a new CCCT, at a significantly higher cost than the Lancaster PPA, which would be submitted for future regulatory approval.