

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/08/2009
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 - 093	TELEPHONE:	(509) 495-8515
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**REQUEST:**

Did Avista compare the benefits and costs of the Lancaster Power Purchase Agreements (PPA) to the benefits and costs of other PPAs available in the market? If not, please explain why Avista did not do so. If so, please provide all such analyses or provide citations to them in Avista's testimony in this case.

**RESPONSE:**

On page 2 of 7 of Exhibit No. \_\_ (RLS-4) Mr. Storro explained that:

"Given the significant component of gas-fired CCCT resources in the 2007 IRP, the Power Purchase Agreement evaluation focuses on comparisons with other potentially available CCCT options. The 2007 IRP estimates new, or "greenfield," CCCT plant costs at \$786/kW in 2007 dollars, or approximately \$850/kW in inflation-adjusted 2010 dollars. This later figure is used to represent the cost of a new plant for the analysis. The Power Purchase Agreement is also compared to an estimated cost of an existing, or "brownfield," CCCT plant in the Northwest."

Regarding the availability of non-utility owned CCCT plants, it was found that:

"... total non-utility CCCT plant capacity is under 2,000 MW, including the Lancaster Generation Facility. Besides Lancaster, only 4 plants are not owned by a utility today. To Avista's knowledge, none of the plants are for sale. Two are larger than the amounts recommended by the IRP process. Acquiring another brownfield CCCT plant is therefore considered unlikely; however, Avista chose to compare the Power Purchase Agreement economics as if brownfield options were available to it." (Exhibit No. \_\_ (RLS-4) page 2 of 7)

Please also see Mr. Storro's testimony at Exhibit No. \_\_ (RLS-1T) starting at page 9, line 3, where he discusses internal and independent reviews both indicated that the Lancaster PPA is cost-effective compared to other resource options under base case conditions as well as under several scenarios as further described in more detail within his testimony.