

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/20/2009
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 - 095	TELEPHONE:	(509) 495-8515
		EMAIL:	john.lyons@avistacorp.com

REQUEST:

Answer the following questions regarding the statement that “[t]he opportunity to acquire the power purchase agreement (tolling) rights for Lancaster related to the sale of Avista Energy which held the rights to this tolling agreement” at page 9, lines 11-13 of the Direct Testimony of Richard L. Storro:

- a) Which party to the negotiations between Avista and Coral Energy first suggested that Coral Energy could make the rights to the Lancaster PPA available to Avista Utilities?
- b) Were the negotiations for the transfer of the rights to the Lancaster PPA conducted separately from the negotiations for the sale of Avista Energy to Coral Energy, or were the negotiations regarding the Lancaster PPA held wholly or partly in conjunction with the Avista Energy sale negotiations?
- c) What policies does Avista observe when conducting business on behalf of Avista Utilities to protect the interests of Avista Utilities’ ratepayers? Were these policies observed during the negotiations that led to the transfer of rights to the Lancaster PPA to Avista Utilities?
- d) Did any representative of Avista Utilities participate in any of the negotiations with Coral Energy that resulted in the agreement that made the Lancaster PPA available to Avista Utilities? If not, please explain why no one from Avista Utilities so participated. If so, please identify the individual(s) who participated, their titles and their departments with Avista Utilities.

RESPONSE:

- a). Neither party suggested that Coral Energy could make the rights to the Lancaster PPA available to Avista Utilities because Coral Energy only received a temporary assignment of rights to the Lancaster PPA from Avista Turbine Power as explained in PC-094.
- b). The negotiations for the transfer of rights to the Lancaster PPA were done in conjunction with the overall Avista Energy sale negotiations. No separate negotiations regarding the Lancaster PPA were made.
- c). The objectives of Avista Corporation, doing business as Avista Utilities, are to provide safe, reliable and efficient electric and natural gas services to rate payers at a reasonable price. To this end, the Company examines resource needs and acquisitions to serve those needs based on the above mentioned objectives. These objectives were followed in regards to the transfer of the rights to the Lancaster PPA from Avista Turbine Power to Avista Utilities.
- d). Avista Corporation and Avista Utilities, were represented by Malyn Malquist, former Executive Vice President and Chief Financial Officer; Marian Durkin, Senior Vice President and General

Council; and Ann Wilson, Treasurer. Numerous employees of Avista Utilities (e.g., see response to PC-129) were also consulted regarding issues such as Avista Utilities need for capacity and energy resources, the estimated cost of Lancaster, and the opportunity to use Lancaster to cost-effectively meet a utility resource need.