AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/06/2009
CASE NO:	UE-090134 & UG-090135	WITNESS:	William Johnson
REQUESTER:	Public Counsel	RESPONDER:	William Johnson
TYPE:	Data Request	DEPT:	Power Supply
REQUEST NO.:	PC – 081	TELEPHONE:	(509) 495-4046
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REQUEST:

Provide workpapers and supporting data supporting the conclusion about the change in electric expense between the "with" and "without" Lancaster scenarios, as discussed on page 5, lines 1 to 7 of the Direct Testimony of William G. Johnson.

RESPONSE:

The fixed expenses of the Lancaster plant are shown on Exhibit No. (WGJ-2), on lines 10, 11, 46, and 57. These expenses include the Lancaster Capacity Payment (line 10), Variable O&M Payments (line 11), Gas Transportation Charge (line 46) and PTP Transmission (line 57). The total of these expenses is $34,726,000.

Offsetting a portion of the Lancaster fixed expenses is the operating margin from the plant. The operating margin is the value of the electricity generated by the plant in excess of the natural gas fuel expense of the plant. The operating margin was calculated by running the AURORA model for the pro forma period with and without the Lancaster plant. The AURORA model does not include any of the fixed expenses of the Lancaster plant. Running the model with the Lancaster plant produces lower expense because of the operating margin the plant produces. The reduction in the expense with the Lancaster plant was $18,097,652. This value will change in the AURORA model depending on the input gas prices.

Subtracting the operating margin of approximately $18.1 million, from the fixed expense of approximately $34.7 million, produces a net expense increase from the Lancaster plant of approximately $16.6 million on a system basis.

Please also see Company witness Mr. Storro's testimony at Exhibit No.__(RLS-1T) pages 8 through 17 where he discussed the benefits and need for the Lancaster facility.