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IDAHO PUBLIC
UTILITIES COMMISSION

April 12, 2010

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702

RE: Tariff I.P.U.C. No. 28 (Electric) and Tariff I.P.U.C. No. 27 (Natural Gas)
Docket Nos. AVU-E-10-01 and AVU-G-10-01

Avista hereby encloses for filing an original and nine copies of the REVISED Andrews Testimony (page 8), Johnson Testimony (pages 3, 6, 7, and 12) and Johnson Exhibit 6, Schedules 1, 3, and 4. On March 23, 2010, Avista filed with the Commission the original Andrew's Testimony, Johnson Testimony and Johnson Exhibit 6, Schedule 1, 3, and 4. The revised Testimony and Schedules reflex corrected data to the pro-forma power supply numbers originally filed, but do not otherwise change the requested level of overall revenue requirement. Each changed page is labeled "REVISED APRIL 12, 2010" and is shown in legislative style with each change marked.

Computer-readable copies of the testimony and exhibits are also included on the attached compact disc. A paper copy of all documents along with a CD containing the revised testimony and exhibits have been included for the Court Reporter.

Questions regarding this filing should be directed to Paul Kimball at (509) 495-4584.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood
VP, State & Federal Regulation

Enclosures

cc: See attached service list

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CERTIFICATE OF SERVICE

IDAHO PUBLIC
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I HEREBY CERTIFY that I have this 25th day of March, 2010, served the foregoing application, and Avista's Direct Testimony and Exhibits in Docket No. AVU-E-10-01 and AVU-G-10-01 upon the following parties, by mailing a copy thereof, property addressed with postage prepaid to:

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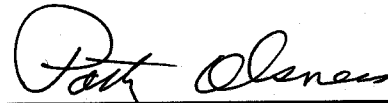
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Rates Coordinator

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CORRECTED PAGE (8)

TO ELIZABETH M. ANDREWS DIRECT TESTIMONY

(Marked)

1 categories, such as distribution expenses, customer
2 service, and administrative and general, totals
3 approximately 8% of the overall request.

4 **Q. Could you please provide additional details**
5 **related to the changes in Production and Transmission**
6 **expense?**

7 A. Yes. As discussed in Company witness Mr.
8 Johnson's testimony, the level of Idaho's share of power
9 supply expense has increased by approximately \$17.6 million
10 (\$50.2 million on a system basis) from the level currently
11 in base rates.

12 The primary expense increases are the addition of the
13 Lancaster plant, from which the Company began receiving
14 power on January 1, 2010, and the expiration of four low-
15 cost power supply contracts. The increase in pro forma net
16 expense related to the inclusion of the Lancaster plant is
17 approximately \$21.3 million (system) or \$7.5 million (Idaho
18 share). With regard to the power contracts, there are four
19 low-cost 25 aMW power purchases that end December 31, 2010.
20 The cost to replace these power purchase agreements
21 increases Idaho expense by \$3.6 million. Mr. Johnson
22 discusses each of the increased expenses in detail in his
23 testimony.

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CORRECTED PAGES (3, 6, 7, and 12) IDAHO PUBLIC
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TO WILLIAM G. JOHNSON DIRECT TESTIMONY

(Marked)

1 the 2009 calendar-year test period and the pro forma period
 2 October 2010 to September 2011. The table below shows
 3 total net power supply expense during the test period and
 4 the pro forma period. For information purposes only, the
 5 power supply expense¹ currently in rates, which is based on
 6 a July 2009 through June 2010 pro forma period, is also
 7 shown.

Power Supply Expense (Not Including Directly Assigned Clearwater Paper Purchase)		
	<u>System</u>	<u>Idaho Allocation</u>
Power Supply Expense in Current Base Rates	\$169,037,000	
Actual Jan 09 - Dec 09 Power Supply Expense	\$189,811,000	
Adjustment to Test Period	\$29,376,000	\$10,319,789
Proposed Pro forma Power Supply Expense	\$219,187,000	
Increase from Expense in Current Rates	\$50,150,000	\$17,617,695

8
 9 The net effect of my adjustments to the test year
 10 power supply expense is an increase of \$29,376,000
 11 (\$219,187,000 - \$189,811,000) on a system basis. The Idaho
 12 allocation of this adjustment of \$10,319,789 is
 13 incorporated into the revenue requirement calculation for
 14 the Idaho jurisdiction by Company witness Ms. Andrews.

15 The increase in power supply expense compared to the
 16 authorized level in current base rates is \$50,150,000
 17 (system) and \$17,617,695 (Idaho allocation).

¹ For the remainder of my testimony, for purposes of the power supply adjustment, I will refer to the net of power supply revenues and expenses as power supply expense for ease of reference.

1 expiration of a load following contract with NorthWestern
2 Energy along with other contract volume and price changes.

3 Higher fuel prices increases power supply expense by
4 \$5.3 million (Idaho allocation). This impact is the sum of
5 higher natural gas fuel prices (\$4.1 million) and higher
6 net costs at Colstrip and Kettle Falls (\$1.2 million).
7 Natural gas prices in this pro forma are \$6.26/dth
8 (Stanfield) compared to \$4.79/dth in the current base
9 rates.

10 A reduction in retail loads reduces power supply
11 expense by \$2.1 million (Idaho allocation). Pro forma
12 system loads are 13.5 aMW lower than loads that current
13 rates are based on. Most of this increase is mitigated by
14 the production property adjustment so the net impact of
15 lower retail loads is small.

16 The table below shows the primary factors driving the
17 increase in power supply expense compared to the level in
18 current base rates.

Power Supply Expense Change Oct 10-Sep-11 Pro forma vs. Current Authorized		
Factor	Pro Forma to Authorized Change \$millions	Idaho Allocation \$millions
Lancaster	\$21.3	\$7.5
Decreased System Load	-\$6.0	-\$2.1
Low Cost 100 MW Purchase Ends	\$10.3	\$3.6
Reduced Hydro Generation	\$7.1	\$2.5
Colstrip and Kettle Falls Fuel	\$3.5	\$1.2
Purchase Contracts	\$2.1	\$0.7
Higher Natural Gas Prices	\$11.8	\$4.1
Total Power Supply Increase	\$50.1	\$17.6

1

2

3

III. PRO FORMA POWER SUPPLY EXPENSE ADJUSTMENTS

4

Overview

5

Q. Please identify the specific power supply cost items that are covered by your testimony and the total adjustment being proposed.

8

A. Exhibit No. 6, Schedule 1 identifies the power supply expense and revenue items that fall within the scope of my testimony. These revenue and expense items are related to power purchases and sales, fuel expenses, transmission expense, and other miscellaneous power supply expenses and revenues.

14

Q. What is the basis for the adjustments to the test period power supply revenues and expenses?

15

1 **New Authorized Power Supply and Transmission Expense**

2 Q. What is the authorized power supply expense and
3 revenue proposed by the Company for the PCA?

4 A. The proposed authorized level of annual system
5 power supply expense is \$200,570,792. This is the sum of
6 Accounts 555 (Purchased Power), 501 (Thermal Fuel), 547
7 (Fuel), less Account 447 (Sale for Resale). The proposed
8 level of Transmission Expense is \$17,648,340. The proposed
9 level of Transmission Revenue is \$12,388,460.

10 The level of retail sales and the retail revenue
11 credit will also be updated. The proposed authorized level
12 of retail sales to be used in the PCA is the October 2009
13 through September 2011 pro forma retail sales. The
14 proposed retail revenue credit is \$50.26/MWh, which is the
15 average cost of production/transmission in this filing.

16 The proposed authorized monthly PCA expense and
17 revenue is shown in Exhibit 6, Schedule 4.

18 Q. Does that conclude your pre-filed direct
19 testimony?

20 A. Yes.

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Avista Corp.
Power Supply Pro forma - Idaho Jurisdiction
System Numbers - Jan 2009 - Dec 2009 Actual and Oct 2010 - Sep 2011 Pro Forma

IDAHO PUBLIC UTILITIES COMMISSION

Line No.	Jan 09 - Dec 09 Actuals	Adjustment	Oct 10 - Sep 11 Pro forma
<u>555 PURCHASED POWER</u>			
1	Modeled Short-Term Market Purchases	\$0	\$31,363
2	Actual ST Market Purchases - Physical	198,063	-198,063
3	Rocky Reach	1,658	439
4	Wanapum	4,989	-4,989
5	Wells - Avista Share	1,412	140
6	Wells - Colville Tribe's Share	11,202	-11,202
7	Priest Rapids Project	4,999	692
8	Grant Displacement	5,333	326
9	Douglas Settlement	365	219
10	Lancaster Capacity Payment	0	20,999
11	Lancaster Variable O&M Payments	0	2,555
12	Lancaster BPA Reserves	0	744
13	WNP-3	14,078	-1,825
14	Deer Lake-IP&L	7	0
15	Small Power	904	115
16	Stimson	1,865	300
17	Spokane-Upriver	1,792	211
18	Douglas Exchange Capacity	1,511	-1,511
19	Seattle Exchange Capacity	1,535	-1,535
20	Black Creek Index Purchase	139	-5
21	Non-Monetary	-142	142
22	Contract A	6,789	-5,077
23	Contract B	6,745	-5,044
24	Contract C	6,657	-4,978
25	Contract D	7,556	-5,651
26	Northwestern Deviation Energy	1,661	-1,661
27	BPA NT Deviation Energy	1,101	-1,101
28	Clearwater Paper Co-Gen Purchase	19,413	-19,413
29	Spinning Reserve Purchase	622	0
30	Ancillary Services	686	-686
31	Stateline Wind Purchase	2,846	685
32	Total Account 555	303,786	-203,811
<u>557 OTHER EXPENSES</u>			
33	Broker Commission Fees	124	0
34	REC Purchases	350	0
35	Natural Gas Fuel Purchases	32,480	-32,480
36	Total Account 557	32,954	-32,480
<u>501 THERMAL FUEL EXPENSE</u>			
37	Kettle Falls - Wood Fuel	7,450	2,830
38	Kettle Falls - Start-up Gas	47	0
39	Colstrip - Coal	13,336	7,012
40	Colstrip - Oil	113	85
41	Total Account 501	20,946	9,927
<u>547 OTHER FUEL EXPENSE</u>			
42	Coyote Springs Gas	57,429	-2,651
43	CS2 Gas Transportation Charge	6,832	1,052
44	Lancaster Gas	0	57,669
45	Lancaster Gas Transportation Charge	0	6,014
46	Lancaster Gas Transportation Optimization	0	-392
47	Rathdrum Gas	2,628	-2,285
48	Northeast CT Gas	3	73
49	Boulder Park Gas	1,461	-1,276
50	Kettle Falls CT Gas	303	-101
51	Total Account 547	68,656	58,102

Exhibit No. 6
Case No. AVU-E-10-01
W. Johnson, Avista
Schedule 1, p. 1 of 2

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Avista Corp.
Power Supply Pro forma - Idaho Jurisdiction
System Numbers - Jan 2009 - Dec 2009 Actual and Oct 2010 - Sep 2011 Pro Forma

IDAHO PUBLIC UTILITIES COMMISSION

Line No.	Jan 09 - Dec 09 Actuals	Adjustment	Oct 10 - Sep 11 Pro forma	
<u>565 TRANSMISSION OF ELECTRICITY BY OTHERS</u>				
52	WNP-3	789	0	789
53	Sand Dunes-Warden	13	0	13
54	Black Creek Wheeling	25	-4	21
55	Wheeling for System Sales & Purchases	332	0	332
56	PTP Transmission for Colstrip & Coyote	8,432	-2	8,430
57	PTP Transmission for Lancaster	0	4,503	4,503
58	Redirected Lancaster Transmission	0	-241	-241
59	BPA Townsend-Garrison Wheeling	1,173	0	1,173
60	Avista on BPA - Borderline	1,530	0	1,530
61	Kootenai for Worley	45	0	45
62	Sagle-Northern Lights	140	0	140
63	Garrison-Burke	226	44	270
64	PGE Firm Wheeling	647	-4	643
65	Total Account 565	13,352	4,296	17,648
<u>536 WATER FOR POWER</u>				
66	Headwater Benefits Payments	716	7	723
<u>549 MISC OTHER GENERATION EXPENSE</u>				
67	Rathdrum Municipal Payment	160	0	160
68	TOTAL EXPENSE	440,570	-163,960	276,610
<u>447 SALES FOR RESALE</u>				
69	Modeled Short-Term Market Sales	0	45,214	45,214
70	Actual ST Market Sales - Physical	158,707	-158,707	0
71	Peaker (PGE) Capacity Sale	1,748	0	1,748
72	Nichols Pumping Sale	1,642	1,511	3,153
73	Sovereign/Kaiser DES	511	-432	79
74	Pend Oreille DES & Spinning	613	-154	459
75	Northwestern Load Following	4,554	-3,556	998
76	NaturEner	313	-313	0
77	SMUD Sale	27,648	-22,265	5,383
78	Ancillary Services	686	-686	0
79	BPA NT Deviation Energy	1,233	-1,233	0
80	Total Account 447	197,655	-140,621	57,034
<u>456 OTHER ELECTRIC REVENUE</u>				
81	Renewable Energy Credit Sales	144	-144	0
82	Gas Not Consumed Sales Revenue	33,137	-33,137	0
83	Total Account 456	33,281	-33,281	0
<u>453 SALES OF WATER AND WATER POWER</u>				
84	Upstream Storage Revenue	381	-20	361
<u>454 MISC RENTS</u>				
85	Colstrip Rents	29	0	29
86	TOTAL REVENUE	231,346	-173,922	57,424
87	TOTAL NET EXPENSE	209,224	9,963	219,187
88	Clearwater Paper Purchase Assigned to Idaho		19,413	
89	Total Adjustment Including Clearwater Paper		29,376	

