



REDISPATCH COST (per 001-13.1.3(c))

Avista Corporation (Avista) generation resources are predominately hydro and are operated as part of the Pacific Northwest Coordination Agreement (PNCA). The purpose of the PNCA is to assure that all major hydroelectric projects in the region would operate for optimum power system capability by taking advantage of the system's flexibility. It envisioned operating the dams as though they had a single owner, optimizing their hydroelectric potential. Avista is a party to the agreement. Coordinated river operations enable the region's power producers to optimize system reliability and power production after giving priority to non-power objectives. These non-power purposes include water requirements for flood control, erosion control, fish and wildlife interests, irrigation, protection of Native American assets, transportation, recreation and other multipurpose uses, which are observed in the annual planning process under the PNCA. It recognizes project and system requirements that are frequently changing to serve multiple river and reservoir uses. Individual project owners set the requirements for using their own reservoirs. Avista's storage rights in Coeur d'Alene Lake, Long Lake, and Noxon Rapids reservoirs are coordinated under the PNCA. The PNCA does not require any PNCA party to operate in a manner inconsistent with its requirements for non-power uses or functions.

The PNCA is an agreement for planned operations among the utilities and other entities that operate the major electric generating facilities and systems in the Pacific Northwest and British Columbia. The 18 PNCA parties include five investor-owned utilities, five public utility districts, three municipalities, the subsidiary of an aluminum producer, the United States (acting through the Administrator of the Bonneville Power Administration (BPA); the Division Engineer, North Pacific Division, U.S. Army Corps of Engineers; and the Bureau of Reclamation), and the United States Entity for the Columbia River Treaty. The agreement optimizes over 55 million acre feet of storage and 30,600 MW of capacity between 78 hydroelectric projects. Of the 30,600 MW of capacity, 2089 MW is operated by investor owned utilities.

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As a result, Avista cannot redispatch its own generation via variable cost decisions. Likewise, Avista does not redispatch other parties' generation on its transmission system via variable cost decisions. Rather, generation changes occur via curtailment procedures that are implemented as necessary to maintain system reliability or clear congestion. Accordingly, when congestion occurs on the Avista transmission system, Avista curtails service across the congested path using service priority in accordance with the Tariff until the congestion is cleared.

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