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Avista Corporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

Your first call is from the line of James Bellessa of D.A. Davidson & Company.

James Bellessa – D.A. Davidson & Company

Good morning, on the balance sheet, it says that the current portion of long term debt is \$179.7 million; but you are telling us that \$273 million is maturing on June 1. How come that 273 is not in the third portion of long term debt?

Malyn Malquist

I am going to ask Kristie Bermeister Smith, our controller, to answer that question.

Kristie Bermeister Smith

Hi Jim, I really hate to say this but it is tricky accounting. Due to the fact that we have already financed that debt, we were allowed to put it into long-term. The refinancing is already in place.

James Bellessa – D.A. Davidson & Company

The 273 has been taken off your balance sheet and the new financing for 250 million is on your balance sheet?

Kristie Bermeister Smith

No, the old financing is there, but it is in long term. The new financing is not there yet because it occurred in April.

James Bellessa – D.A. Davidson & Company

I see. In your release today, you indicated favorable hydro generation conditions during the period of May through July. Do I have to assume that April was not normal hydro generation, herein?

Scott Morris

Jim, that is correct; we continue to see our spring flow, our temperatures were colder than normal. I would expect, we haven't closed books on April, but I would expect that we would see gas margins up; but, I also would expect to see that we would eat further into the ERM balance because our hydro conditions were well below normal for the month.

James Bellessa – D.A. Davidson & Company

In your guidance statement, you say that you are assuming, among other things, normal hydroelectric generation, heretofore, you've been assuming slightly above. What happened?

Malyn Malquist

I think what is happened is that we have seen the first four months of the year be below average and now even though the snowpack looks very good and we do expect to have a bit longer runoff period, we are not sure that will fully make up for the below normal that we had. In other words, we think that it is going to be pretty close to normal by the end of the year. We don't think we will necessarily be above normal now because we will end up spilling some of that hydro and not be able to generate power with it.

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