

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a  
AVISTA UTILITIES,

Respondent.

Docket No. UE-120436

Docket No. UG-120437

*(Consolidated)*

NORTHWEST INDUSTRIAL GAS  
USERS' POST-HEARING BRIEF

1. Pursuant to the Washington Utilities and Transportation Commission's ("WUTC" or "Commission") Notice of Opportunity to File Limited Post-Hearing Briefs ("Notice") dated December 3, 2012, the Northwest Industrial Gas Users ("NWIGU") file this Post-Hearing Brief in the above referenced consolidated dockets related to Avista Corporation's ("Avista" or "Company") general rate case. NWIGU is a party to the Multiparty Settlement Stipulation ("Settlement") and encourages the Commission to approve that settlement agreement in its submitted form.
2. The Notice requests briefing and argument solely on whether "the 2014 rates" are fair, just, reasonable and sufficient. NWIGU's Post-Hearing Brief addresses only that issue.
3. As the Notice implies, the Commission can approve rates only if they are fair, just, reasonable and sufficient.<sup>1</sup> The parties to the Settlement each provided testimony stating why they believe the Settlement is in the public interest and, more specifically, why the resulting rates are fair, just, reasonable and sufficient.<sup>2</sup> As stated in NWIGU's supporting testimony, "the

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<sup>1</sup> RCW 80.28.010(1).

<sup>2</sup> Exhibit No. JT-1T.

signing parties may each hold different positions on the individual components of Avista's natural gas revenue requirement.”<sup>3</sup>

4. NWIGU specifically supported the Settlement because it brings down the Company's overall gas revenue requirement increase and is done in a manner consistent with the results of Avista's and NWIGU's cost of service analysis.<sup>4</sup> Moreover, the Settlement includes changes in the rate design for Schedule 146 that move the Company's overall rate design towards parity between customer classes.<sup>5</sup>

5. The testimony provided by NWIGU and other parties to the Settlement relating to the lawfulness of the resulting rates does not distinguish between rates that are effective in 2013 and the rates that would be effective in 2014. This is because the “two-step” increase was only one part of the overall consideration for the Settlement and one that creates certainty about what Avista's rates will be for the next two years. The parties to the Settlement could have taken a different approach and agreed to have only one change in rates that would have been in effect for two years, but perhaps at a level between the rates that they eventually agreed to for 2013 and 2014. Or, the parties could have agreed to rates that would have been slightly higher than the rates proposed for 2013 or 2014, but that did not go into effect until some later point in time. Over the two-year period involved, the overall effect of those two options would have been roughly equivalent, and they would have both approximated the third option the parties eventually chose, which was to apply the stipulated increase incrementally.

6. Testimony sponsored by Public Counsel takes issue with the second increment that would go into effect in 2014. Specifically, that testimony argues that the Company's initial filing was not developed using 2014 forecasted operating results.<sup>6</sup> This testimony misapplies the Commission's use of the historic test year. As Public Counsel's witness acknowledges, the filing

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<sup>3</sup> Exhibit No. JT-1T at 36:17.

<sup>4</sup> Id. at 36:19 to 37:5.

<sup>5</sup> Id. at 37:6.

<sup>6</sup> Exhibit No. JRD-12CT at 17:12.

is based on a 2011 test year.<sup>7</sup> If the Commission simply adopted the Company's initial proposed rates – which are higher than the stipulated rates – those rates would be in effect beginning in 2013, but they would also be in effect in 2014 and beyond, unless the Company filed a new general rate case. The Commission does not require a new forecast for each year that rates would be in effect once approved to justify the continuance of those rates.

7. Recognizing this fact, the parties to the Settlement were free to agree to what the rates would ultimately be (i.e. the final rates that go into effect in 2014), but were also able to determine a better timeline for phasing in the ultimate rates. In exchange, the non-Company parties were able to get the Company to agree to not immediately file another rate case, which it would otherwise be able to do. The particular reason each party may have had for supporting that timeline likely differs. The Commission can view the prolonged timeline for implementing the ultimate rates as one component that makes the rates fair, just, reasonable and sufficient.
8. Based on the foregoing, the testimony NWIGU has provided in this docket, and the joint testimony in filed in support of the Settlement, NWIGU urges the Commission to accept the Settlement as it currently exists.

Dated in Portland, Oregon, this 7th day of December 2012.

Respectfully submitted,

/s/ Tommy A. Brooks

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<sup>7</sup> Id. at 17:13.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing document upon all parties of record (listed below) in this proceeding by electronic mail and by mailing a copy properly addressed with first class postage prepaid:

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