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October 23, 2000

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Carole Washburn, Executive Secretary  
Washington Utilities & Transportation Commission  
1300 S Evergreen Park Drive SW  
PO Box 47250  
Olympia, WA 98504-7250

Re: Docket No.: UE-991606 and UG-991607

Dear Ms. Washburn:

Enclosed for filing in the above-captioned proceeding is an original and twenty-four copies of Comments of the Northwest Industrial Gas Users Concerning Compliance Filing and Request for Delay in Implementation. One additional copy of the filing, along with a self-addressed, postage-prepaid envelope, is enclosed for your return of a file-stamped copy to me.

Sincerely,

Edward A. Finklea  
Counsel for the  
Northwest Industrial Gas Users

Enclosure  
cc: Service List

Hard Copy

1 **BEFORE THE WASHINGTON UTILITIES**  
2 **AND TRANSPORTATION COMMISSION**  
3  
4

5 In the Matter of the Application of )  
6 Avista Corporation for a General ) Docket No. UE-991606 and  
7 Rate Increase ) UG-991607  
8

9 **COMMENTS OF NORTHWEST INDUSTRIAL GAS USERS CONCERNING**  
10 **COMPLIANCE FILING AND REQUEST FOR DELAY IN IMPLEMENTATION**  
11

12 The Northwest Industrial Gas Users (NWIGU) are providing the following  
13 comments regarding Avista's compliance filing in this docket and asking the Commission  
14 to delay any implementation of a gas rate increase until such time as the Commission has  
15 issued its determination on Avista's pending Request for Reconsideration. In the Third  
16 Supplemental Order in this proceeding the Commission adopted the rate design for  
17 Schedules 146 and 121 advocated by NWIGU, rather than the designs advocated by the  
18 WUTC Staff and Avista. A central feature of the rate design is to introduce a five block  
19 design for Schedule 146 that recognizes the declining cost aspect of providing delivery  
20 service without causing inordinate increases for the smaller volume transporters of Avista  
21 and which provides a fifth block to Schedule 121 to address concerns with migration.

22 The design filed by Avista in the October 12, 2000 filing complies with the spirit  
23 of the Commission's decision. NWIGU notes, however, that the design is for an overall  
24 rate increase of \$1.6 million for the gas utility. Avista is seeking additional revenue  
25 ranging from \$127,000 to \$499,000 from its natural gas operations through its pending  
26 Request for Reconsideration. Given the potential magnitude from any Commission  
27 allowance on reconsideration, it is impossible for NWIGU to assess a proper rate impact  
28 on 146 and 121 customers until the actual class revenue allocations are resolved. At this  
29 time the Commission should delay any implementation of any increases to Avista until

1 resolution of the pending reconsideration issues and find that any increased revenue  
2 allocated to Schedule 146 from allowance on reconsideration must be allocated to the  
3 first two blocks of Schedule 146 without any additional increases to the latter three  
4 blocks above the levels of the October 12 compliance filing.

5 If any additional revenue is allowed, the design of Schedule 146 will need to be  
6 reevaluated for conformity to the Commission's earlier decision. NWIGU notes that in  
7 Mr. Schoenbeck's testimony, Exh. No. T-721, pp. 10-11, under the hypothetical of the  
8 company receiving its entire \$4.9 million requested increase, the rate design provided as  
9 follows: 7.00 cents for the first block, 6.00 for the second, 4.757 for the third, 4.250 for  
10 the fourth and a tail block at 3.400. The Company's October 12 compliance filing  
11 provides:

12 \$200.00 Customer Charge, plus

First 20,000 therms	5.920 cents per therm
Next 30,000 therms	5.280 cents per therm
Next 250,000 therms	4.820 cents per therm
Next 200,000 therms	4.470 cents per therm
All over 500,000 therms	3.400 cents per therm

13  
14 NWIGU noted in testimony that if the Company received less than the full requested  
15 increase, each charge under Schedule 146 "should be decreased by the same percentage  
16 subject to a gradualism limitation." Exh. No. T-721, pp.10-11.

17 Conformity to the Commission's decision and NWIGU's accepted rate design  
18 would only allow further increases, if any, to occur in the first two blocks of Schedule  
19 146. The proportional relationship of costs and rate blocks for Schedule 146 and its  
20 interrelationship with migration on Schedule 121 would be undermined if increases were  
21 made above the level in the October 12 filing for the latter three blocks.



