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November 16, 2000

Marjorie Schaer  
Administrative Law Judge  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504

Re: Avista  
Docket Nos. UE-991606 and UG-991607  
Compliance Filing - Centralia Sale Proceeds

Dear Judge Schaer:

On September 29, 2000, the Commission entered its Third Supplemental Order ("the Order") in the above-referenced dockets. Paragraph 316 of the Order required Avista Corporation, within 30 days of the Order, to present a proposal to return its customers' share of the Centralia sale proceeds by bill credit to be completed by March 31, 2001.

On October 23, 2000, Avista filed "First Revision Sheet 56" providing a bill credit over two months, beginning with December 2000. The tariff revision includes a bill credit for Pumping Service (Schedules 30, 31, and 32) that does not begin until the July 2001 billing cycle, which Staff notes is after the March 31, 2001, date set forth in the Order. Staff also notes, however, that the Pumping Service customers have no usage in the winter months to apply to a bill credit.

The October 23, 2000, tariff revision also included a mechanism that provided Extra Large General Service (Schedule 25) customers a refund check for that schedule's allocated share of the gain. On November 15, 2000, however, Avista revised its proposal to include a bill credit mechanism for Schedule 25 customers, rather than a refund check as originally proposed.

Commission Staff has analyzed both Avista's October 23, 2000, tariff revision, and Avista's November 15, 2000, modification affecting Schedule 25 customers. Staff concludes that the Company's proposal complies with the Commission's Order and should be approved. As to the two specific issues referenced above, Staff believes first, that the bill credit for Pumping Service substantially complies with the Order and is consistent with the Order's overall




Marjorie Schaer  
November 16, 2000  
Page 2

intent. Even though that bill credit does not begin until July 2001, this is the only way to give these customers a meaningful benefit, since they have no usage in the winter months. Furthermore, this is consistent with the Commission's decision in paragraph 315 of the Order that Avista's customers should "benefit from immediate receipt of their portion of the benefits," since the Pumping Service customers will receive their share of the gain in their first major billings after the refund was ordered.

Staff further believes that Avista's November 15, 2000, modification for Schedule 25 customers is appropriate. This provides for a bill credit, rather than refund check, and is consistent with paragraph 316 of the Order.

Staff is providing a copy of this letter to all parties by e-mail (or fax, where necessary) and by regular mail, to allow for expeditious review.

Very truly yours,



GREGORY J. TRAUTMAN  
Assistant Attorney General

GJT:kll  
cc: All Parties