

Avista Corp.  
1411 East Mission PO Box 3727  
Spokane, Washington 99220-3727  
Telephone 509-489-0500  
Toll Free 800-727-9170



*Corp.*

January 16, 2004

Carole Washburn, Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Drive S.W.  
Olympia, WA 98504-7250

Re: Financial Reporting Rules  
Docket Nos. A-021178 and TO-030288

Dear Ms. Washburn:

Thank you for the opportunity to review the proposed Financial Reporting Rules. Avista has reviewed the electric (WAC 480-100) and natural gas (WAC 480-90) proposed reporting rule revisions and offers the following comments.

WAC 480-100-X03 and WAC 480-90-X03, Issuing securities

Avista recommends an exclusion be provided for issuance of shares for dividend reinvestment and employee benefit plans. Securities are issued every month for these activities. However, the magnitude and materiality of such issuances suggest that this should not, nor need to, become a monthly filing.

Avista recommends that the words "as currently known" be included in Part (2). Exact terms of a securities issuance may be different upon closing as compared to what is known fifteen days prior to the contemplated transaction.

Avista's securities counsel has informed the Company that, in its opinion, Part (1) does not provide sufficient regulatory specificity for the Company to issue securities under this portion of the rule unless the rule is modified to state that no order is required or that the Commission is willing to issue an order within five days. As a practical matter, the Company's practice has been, and foresees continuing, to file with at least fifteen days notice and, therefore, would file under Part (2) rather than Part (1).

WAC 480-100-X04 and WAC 480-90-X04, Transferring cash or assuming obligation

Avista also understands that part (1)(b)—“Cumulative transactions”—is defined as the net change over the previous twelve months rather than the sum of a running 12 month total of single transactions. For example, assume that \$12 million might be transferred from the utility to a subsidiary and \$20 million might be transferred from the subsidiary to the utility in the prior twelve month period. Further assume that the two percent threshold for the utility is \$14 million. Under this example, the “net” transfer would be \$12 million and would not require an “at least five business days” advance filing. A running 12 month total calculation would consider this to be \$32 million and would require a filing on at least five days notice. If the proper interpretation of this section is something other than the net change over the previous 12 months, Avista seeks clarification.

WAC 480-100-X09 and WAC 480-90-X09, Securities report

Parts (1), (2), and (3) of this proposed rule would have utilities file annual securities reports containing final securities agreements and associated information. This information is also required as part of proposed -X03. It would be redundant and administratively burdensome to provide this information twice. Avista recommends that Parts (1), (2), and (3) of WAC 480-100-X09 and WAC 480-90-X09 be deleted or, in the alternative, that the information requested in Parts (1), (2), and (3) of WAC 480-100-X09 and WAC 480-90-X09 be provided by reference if it has previously been filed with the Commission.

WAC 480-100-X10 and WAC 480-90-X10, Affiliated interest and subsidiary transaction report

Part (2) requires certain information for “each subsidiary that had transactions with the utility during the preceding year.” Part (2)(b) requires “the amount and accounts charged during the year.” Avista Utilities’ accounting system charges accounts receivable from its subsidiaries into one FERC account (i.e., Account No. 186), but separate categories, labor and non-labor. Avista understands that this accounting is, or would be, compliant with WAC 480-100-X10(2)(b) and WAC 480-90-X10(2)(b). As unregulated entities, Avista’s subsidiaries do not use the FERC uniform system of accounts. If the proper interpretation of this section is different than described above, Avista seeks clarification.

WAC 480-100-X11 and WAC 480-90-X10, Essential utilities services contracts report

Proposed WAC 480-100-X11 and WAC 480-90-X11 are redundant to other reporting requirements and are overly burdensome. Much, if not all, of the requested data is currently provided to the Commission. Data is also provided annually in FERC reports. Other data is reported for major construction projects through the annual budget filing. Reliability data associated with the operation of the electric system is provided annually

Avista Comments re A-021178 and TO-030288

January 16, 2004

Page 3

per WAC 480-100-398, reliability plans. Avista recommends that WAC 480-100-X11 and WAC 480-90-X11 be deleted or that the information requested in these sections be provided by reference if it has previously been filed with the Commission.

Thank you for the opportunity to comment on these proposed rules. Please direct any questions on this matter to Bruce Folsom at (509) 495-8706 or Liz Andrews at (509) 495-8601.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly Norwood,  
Vice-President, State and Federal Regulation