

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of) DOCKET NO. UE-050492
)
AVISTA CORPORATION,) ORDER NO. 01
)
)
Energy Recovery Mechanism (ERM)) ORDER CLOSING DOCKET AFTER
Annual Filing to Review Deferrals for) REVIEW OF ERM DEFERRALS FOR
Calendar Year 2004) CALENDAR YEAR 2004
.....)

BACKGROUND

- 1 On March 30, 2005, in this docket, Avista Corporation (Avista or Company) filed testimony, exhibits and supporting documentation relating to power costs deferred under the Energy Recovery Mechanism (ERM) for calendar year 2004.

- 2 Under the Settlement Stipulation approved by the Commission in its Fifth Supplemental Order in Docket No. UE-011595 (June 18, 2002), Avista is required to make a filing by April 1 of each year regarding the power costs it deferred the prior calendar year under the ERM. *Settlement Stipulation in Docket No. UE-011595 at 6-7, ¶ 4.b.*

- 3 The Company's April 1 filings are intended to be sufficient to provide the Commission and interested parties an opportunity to review the prudence of, and audit, the ERM deferrals for the year in question. *Id.* A 90-day review period is contemplated, though that period can be extended. *Id.* In this docket, the 90-day review period was from April 1, 2005 to June 30, 2005.

- 4 The first ERM annual review covered the period July 1, 2002, through December 31, 2002,¹ and resulted in a Commission Order approving a settlement of the issues presented. *WUTC v. Avista Corp., Docket No. UE-030751, Order*

¹ The review period was less than one year because the ERM did not begin until July 1, 2002.

Approving and Adopting Settlement Stipulation (Order No. 5, February 3, 2004). Among other things, the Settlement Stipulation in Docket No. UE-030751 identified specific documentation the Company would file in ERM annual review proceedings. *See Settlement Stipulation in Docket No. UE-030751 at 6-7, ¶ III.C.*

- 5 Staff has conducted a review of the Company's ERM annual review filing in this Docket, and is satisfied that the Company provided adequate documentation of its ERM power cost deferrals for the calendar year 2004 period. Staff identified one potential issue related to Coyote II outages during the review period. The Company has provided adequate information justifying the expenses associated with the Coyote II outages. Staff has not identified any other issues to bring to the Commission's attention relating to the power costs deferred during the calendar year 2004 review period. Accordingly, Staff recommends this docket be closed.
- 6 No other persons or parties filed comments with the Commission within the 90-day review period. Nor has any person or party asked the Commission to extend that review period.

FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including Avista Corporation.
- 8 (2) Avista is engaged in the business of electric and natural gas service within the state of Washington.

- 9 (3) This matter was brought before the Commission at its regularly scheduled meeting on June 29, 2005.

ORDER

- 10 (1) Avista Corporation filing meets the requirements of Docket Nos. UE-011595 and UE-030751 and the power cost deferrals represented are deemed prudent.
- 11 (2) Avista Corporation is still required to make annual filings with supporting documentations consistent with the Orders in Docket Nos. UE-011595 and UE-030751.
- 12 (3) This Order shall in no way affect the authority of this Commission over rates, services, accounts, valuations, estimations, or determination of costs, or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs, or any valuation of property claimed or asserted.
- 13 (4) This docket is hereby closed.

The Commissioners have directed the Commission's Secretary to enter this Order.

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DATED at Olympia, Washington, and effective this 29th day of June, 2005.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary