

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-011595

ANSWER BY AVISTA  
CORPORATION TO MOTION  
FOR PREHEARING  
CONFERENCE

1           Avista Corporation (Avista or Company) hereby responds to the motion, filed on May 8, 2003, by the Staff of the Commission, the Industrial Customers of Northwest Utilities (ICNU) and the Public Counsel Section of the Attorney General's Office (Public Counsel) seeking a prehearing conference in Commission Docket No. UE-011595 to address procedures regarding a prudence review of Avista's power cost deferrals (Motion). While the Company does not agree that its filings have not been sufficient to allow for a meaningful

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review of power cost deferrals, the Company does not object to a prehearing conference to discuss the process by which the annual review may be completed.

2           The Company does not agree with the Movants' characterization that the March 28, 2003 Energy Recovery Recovery Mechanism (ERM) filing made by the Company was deficient or would not support a meaningful review. The filing covers a six-month period, July 1, 2002 through December 31, 2002, that contained largely standard power supply transactions including transactions that were a continuation of items previously reviewed and detailed in the Company's Prudence filing, Docket No. UE-011514, which was noted in the Motion. Moreover, the Company has filed monthly ERM reports containing monthly accounting journals and supporting workpapers that detailed the components of the power supply costs and revenues comprising the monthly deferral amounts. Furthermore, Avista itself initiated a meeting of all parties in Olympia, prior to its annual filing, for the purpose of eliciting any comments or concerns.

3           The Company has had a similar power cost adjustment mechanism (PCA) in Idaho since 1989, and long established purchased gas adjustment mechanisms (PGA) in both Washington and Idaho. All those mechanisms require regulatory filings for approval of the deferrals made pursuant to them. The process by which the Company made its ERM filing

in this instance was not unlike the process followed in the context of prior PCA and PGA filings.

### **CONCLUSION**

4 While the Company does not agree with several statements made by the parties in support of their Motion, it does not oppose the setting of a prehearing conference to discuss the process for a review of the ERM filing.

DATED this 14<sup>th</sup> day of May, 2003.

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DAVID J. MEYER  
Senior Vice President and General Counsel  
Avista Corporation