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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 WASHINGTON UTILITIES AND)
4 TRANSPORTATION COMMISSION,)

5 Complainant,)

6 vs.)

DOCKET NO. UE-070804

7 AVISTA CORPORATION, d/b/a)

UG-070805

8 AVISTA UTILITIES,)

Volume I

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9 Respondent.)

10 A prehearing conference in the above matter
11 was held on May 23, 2007, at 3:02 p.m., at 1300 South
12 Evergreen Park Drive Southwest, Olympia, Washington,
13 before Administrative Law Judge DENNIS J. MOSS.

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15 The parties were present as follows:

16 WASHINGTON UTILITIES AND TRANSPORTATION
17 COMMISSION, by GREGORY J. TRAUTMAN, Assistant Attorney
18 General, 1400 South Evergreen Park Drive Southwest,
19 Post Office Box 40128, Olympia, Washington 98504;
20 telephone, (360) 664-1187.

21 AVISTA CORPORATION, by DAVID MEYER, Vice
22 President and Chief Counsel for Regulatory and
23 Governmental Affairs, 1411 East Mission, Spokane,
24 Washington 99220-3727; telephone, (509) 495-4316.

25 INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES,
by S. BRADLEY VAN CLEVE, Attorney at Law, Davison Van
Cleve, 333 Southwest Taylor, Suite 400, Portland,
Oregon 97204; telephone, (503) 241-7242.

Kathryn T. Wilson, CCR

Court Reporter

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1 THE ENERGY PROJECT, by RONALD L. ROSEMAN,
2 Attorney at Law, 2011 14th Avenue East, Seattle,
3 Washington 98112; telephone, (206) 324-8792.

4 PUBLIC COUNSEL, by SIMON J. FFITCH,
5 Assistant Attorney General, 800 Fifth Avenue, Suite
6 2000, Seattle, Washington 98104-3188; telephone, (206)
7 389-2055.

8 NORTHWEST INDUSTRIAL GAS USERS, by EDWARD A.
9 FINKLEA, Attorney at Law, Cable, Huston, Benedict,
10 Haagensen & Lloyd, 1001 Southwest Fifth Avenue, Suite
11 2000, Portland, Oregon 97204-1136; telephone, (503)
12 224-3092.

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1 P R O C E E D I N G S

2 JUDGE MOSS: Good afternoon, everyone. My
3 name is Dennis Moss. I'm an administrative law judge
4 with the Washington Utilities and Transportation
5 Commission, and we are here this afternoon for our
6 first prehearing conference in three dockets,
7 Washington Utilities and Transportation Commission
8 against Avista Corporation, doing business as Avista
9 Utilities, in Dockets UE-070804 and UG-070805, a
10 general rate case filing, and those are consolidated,
11 and also consolidated in this proceeding is the docket
12 styled, In The Matter of the Petition of Avista
13 Corporation for an Accounting Order Regarding the
14 Appropriate Treatment of the Net Cost Associated With
15 the Repurchase of Debt, and that's Docket UE-070311.

16 The first order of business will be to take
17 appearances, and we will start with the Company.

18 MR. MEYER: Thank you, Your Honor. Appearing
19 for Avista Corporation, and I will give you the long
20 form with all the particulars, David Meyer, vice
21 president, chief counsel for regulatory governmental
22 affairs. The address is East 1411 Mission Avenue,
23 Spokane, Washington, and the zip is 99220. The phone
24 number is (509) 495-4316; fax number, (509) 495-8851,
25 and the e-mail address is david.meyer@avistacorp.com.

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1 JUDGE MOSS: Thank you. Let's go around the
2 table; Mr. Finklea?

3 MR. FINKLEA: My name is Edward Finklea. I'm
4 appearing for the Northwest Industrial Gas Users. I'm
5 with the law firm Cable, Huston, Benedict, Haagensen
6 and Lloyd, at 1001 Southwest Fifth Avenue, Suite 2000,
7 and that's in Portland, Oregon, 97204. Phone is (503)
8 224-3092, and the fax is (503) 224-3176. E-mail is
9 efinklea@chbh.com, and also appearing in the proceeding
10 on behalf of the Gas Users will be Chad M. Stokes of
11 the same law firm, and his e-mail address is
12 cstokes@chbh.com.

13 JUDGE MOSS: Mr. Van Cleve?

14 MR. VAN CLEVE: Thank you, Your Honor. Brad
15 Van Cleve on behalf of the Industrial Customers of
16 Northwest Utilities. I'm with the law firm of Davison
17 Van Cleve, PC, and that's located at 333 Southwest
18 Taylor Street, Suite 400, Portland, Oregon, 97204. The
19 e-mail address is mail@dvclaw.com. The telephone
20 number is (503) 241-7242. The fax number is (503)
21 241-8160, and also appearing for ICNU is Irion Sanger,
22 and his contact information is the same as mine.

23 JUDGE MOSS: Not Mr. Perkins?

24 MR. VAN CLEVE: I think it will just be
25 myself and Mr. Sanger.

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1 JUDGE MOSS: Mr. Roseman?

2 MR. ROSEMAN: Thank you, Your Honor. My name
3 is Ronald L. Roseman. I'm representing the Energy
4 Project. My law office is located at 2011 14th Avenue
5 East, Seattle, Washington, 98112. My phone number is
6 (206) 324-8792. My e-mail address is
7 ronaldroseman@comcast.net.

8 JUDGE MOSS: Mr. ffitch?

9 MR. FFITCH: Good afternoon, Your Honor,
10 Simon ffitch for the office of the public counsel,
11 assistant attorney general, 800 Fifth Avenue, Suite
12 2000, Seattle, Washington, 98104. Phone number is
13 (206) 389-2055. Fax is 206 -- Excuse me; that's not
14 correct. My e-mail address is simonf@atg.wa.gov. We
15 have a new fax number, Your Honor. I'll have to look
16 it up.

17 JUDGE MOSS: We'll check on that later.
18 Mr. Trautman?

19 MR. TRAUTMAN: Gregory J. Trautman, assistant
20 attorney general for Commission staff. My address is
21 1400 South Evergreen Park Drive Southwest, Post Office
22 Box 40128, Olympia, Washington, 98504. My telephone
23 number is area code (360) 664-1187. My fax number is
24 area code (360) 586-5522, and my e-mail address is
25 gtrautma@wutc.wa.gov.

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1 JUDGE MOSS: Mr. ffitch, you are going to
2 give us that number?

3 MR. FFITCH: Yes. The correct fax number for
4 public counsel is (206) 464-6451.

5 JUDGE MOSS: I believe that there is no one
6 else who is present in the hearing room who wishes to
7 enter an appearance, but let me ask whether or not
8 there is anyone on the teleconference bridge line who
9 wishes to enter an appearance today? Hearing nothing,
10 we will take up our next order of business, which is
11 the petitions to intervene. I have written petitions
12 from the Energy Project, the Industrial Customers of
13 Northwest Utilities, and the Northwest Industrial Gas
14 Users. These being common participants in your
15 proceedings, Mr. Meyer, I would assume there is no
16 objection?

17 MR. MEYER: No objection.

18 JUDGE MOSS: The petitions will be granted
19 that. As I recall, when we drafted the complaint and
20 order suspending the rate proceeding, we initiated the
21 discovery process at that time, so that will continue,
22 of course, in accordance with the Commission's
23 discovery rules. Did we do anything about a protective
24 order?

25 MR. MEYER: We didn't, and I wanted to bring

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1 that up. At this time, I would request the standard
2 form issuance of a protective order.

3 JUDGE MOSS: Anybody want to be heard on that
4 subject? We will get that out in the next day or two.

5 MR. MEYER: Thank you, Your Honor.

6 JUDGE MOSS: In the meantime, parties may
7 proceed as if it were in place. You all know its
8 terms. Mr. ffitch, are we going to want to have a
9 public comment hearing?

10 MR. FFITCH: Yes, Your Honor. We have
11 conferred with the Commission's public involvement
12 staff and also with the Company. We have a
13 recommendation. I'm not sure if it's a consensus,
14 fully a consensus. I think the Company indicated they
15 wanted to talk about the scheduling of the hearings in
16 conjunction with the other scheduling discussions, but
17 I can tell you what our recommendation is at this point
18 if you like.

19 JUDGE MOSS: Sure.

20 MR. FFITCH: We are recommending two public
21 comment hearings, one located in Spokane and the second
22 located in either Colville or the Colfax, Pullman area,
23 depending on availability of facilities. We recommend
24 that it be held at seven p.m. to make it easier for
25 people to attend at the end of the workday.

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1 The recommended dates would be between
2 September 18th and October 30th. That time period is
3 selected so that it's after the summer vacation period.
4 In summer, generally people have other activities going
5 on, so people are kind of back into the routine of
6 everyday life after Labor Day, but the weather is still
7 good, better than it will be in November and December,
8 so mid September to the end of October, and the
9 recommendation would be Tuesday, Wednesday, or
10 Thursday. No Monday or Friday hearings. It's my
11 understanding that Ms. Linda Johnson is here from
12 public involvement, and we've discussed it, and I think
13 they are comfortable with this recommendation.

14 JUDGE MOSS: We can discuss the time frame
15 that you've suggested as we discuss the other
16 scheduling issues, which I understand there has not
17 been a meeting of the minds on, much to my
18 disappointment, I must say, but not to my surprise, I
19 might add.

20 If there is nothing else prior to that
21 discussion, we can turn to the procedural schedule.
22 Mr. ffitch, did you have something?

23 MR. FFITCH: Just under the same general
24 heading, Your Honor, there is also the question of the
25 Company notice to the customers. We are not quite as

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1 far along on that. We have initiated contact with the
2 Company. I understand that Brian Hirschcorn (phonetic)
3 is the contact person, and we are in the process of
4 talking with him. We don't have a draft yet. I think
5 we are going to have to keep working on that. With
6 this schedule, we have a bit of time to work with, but
7 we have been able to work out acceptable public notices
8 in the past, so hopefully, we won't have a problem this
9 time around either.

10 JUDGE MOSS: It's been my uniform experience
11 that I haven't had to be involved in that process. I
12 assume it's occurring through high levels of
13 cooperation.

14 I have two proposed schedules in front of me.
15 They are somewhat different. I suppose you all had
16 some opportunity to discuss this among yourselves.

17 MR. MEYER: We have, but it might be
18 worthwhile to spend a few minutes off the record just
19 to make sure we can't, in fact, bring closure to this.
20 I'm somewhat skeptical, but it's worth a try, but
21 before doing so, if there is any guidance or
22 observations from the Bench that would help us in that
23 regard, I would appreciate it.

24 JUDGE MOSS: I can't give you a lot of
25 guidance; although, I did discuss it with the

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1 commissioners' assistants before coming in here today,
2 and I also have my own calendar. I can tell you that
3 the specific hearing dates you've identified won't work
4 because we have commissioner unavailability during that
5 time frame, but that's a couple of days of absence as
6 opposed to a lengthy absence.

7 Other than that, the only guidance I think I
8 can offer you at this juncture is to say that as you
9 know, if I have to work this out, I will strike a happy
10 medium that will probably make everybody unhappy, so if
11 you can work some compromise amongst yourselves that
12 will work for all of you, that will be best. If I have
13 to sit here and listen to you all tell me reasons why
14 you can and cannot do this at this time and so forth, I
15 will be lost and confused in no time, so what I come up
16 with will probably not be entirely satisfactory to
17 anyone but me, which that's okay with me but probably
18 not with you, so I do think you could beneficially use
19 some time off the record to discuss this among
20 yourselves and see if you can strike some compromise
21 between these two schedules, which is certainly what I
22 would do.

23 MR. MEYER: Thank you.

24 (Recess.)

25 JUDGE MOSS: The parties have had an

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1 opportunity to discuss the schedule amongst themselves,
2 and they have something to report.

3 MR. MEYER: We do, and thank you for giving
4 us the time. It was productive, and we have a
5 consensus on hearing dates and process dates subject to
6 squaring it with your calendar and that of the
7 commissioners.

8 The first item would be Staff and Intervenor
9 testimony, and before I give you any of these dates so
10 I don't forget to mention it, we would ask for
11 electronic filing and service with next-day hard
12 copies, so that holds true on these dates.

13 Staff and Intervenor testimony, October 17th.
14 The next interval is settlement conferences. We've set
15 two days aside for that on October 29th and November 1.
16 Next date is Company rebuttal/cross-answering
17 testimony, November 14th; hearings December 10th
18 through the 14th, that week, and I'm told by
19 Mr. Trautman that it appears those dates are available
20 on the calendar.

21 JUDGE MOSS: Yes.

22 MR. MEYER: Briefing is January 23rd, and
23 we've penciled in what I'll call a target date or an
24 aspirational date for an order of March 1.

25 JUDGE MOSS: Just one round of briefs?

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1 MR. MEYER: Yes. In terms of discovery
2 turnaround, once Staff and Intervenor testimony has
3 been filed, the parties have agreed that there will be
4 a seven-business-day turnaround on discovery until such
5 time as the Company files rebuttal or other parties
6 file cross-answering testimony, at which time there
7 will be a five-business-day discovery turnaround.

8 Before I turn it over to Mr. ffitch to talk
9 about public hearing dates, I just want to make sure
10 you have all those dates in mind.

11 JUDGE MOSS: I have the Staff, Intervenor
12 testimony coming October 17th; settlement conferences
13 October 29th and November 1st; Company rebuttal and
14 cross-answering November 14th; hearings December 10
15 through 14; one brief, January 23rd; aspirational date
16 of March 1 for an order; seven-business-day turnaround
17 after response testimony; five-business-day turnaround
18 after rebuttal.

19 MR. MEYER: With the understanding on
20 electronic filing and service, etcetera.

21 JUDGE MOSS: I have that note too.

22 MR. MEYER: Those are points of agreement,
23 and Mr. ffitch?

24 MR. FFITCH: Your Honor, no dramatic change
25 in the recommendation on public comment hearings;

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1 again, recommending two hearings, one in Spokane and
2 then one either north in Colville or south in the
3 Colfax, Pullman area. The time period we are
4 recommending would be mid September through October
5 25th so they can happen before the settlement
6 conferences. There is a preference amongst the parties
7 here in discussion for September, I think, because of
8 better weather, and again, we would request that they
9 be held not on Monday or Friday and that the time be
10 seven p.m. to try to encourage turnout.

11 There is a blackout date for AAG
12 participants. Myself and Mr. Trautman are not
13 available on October 3rd. I'm afraid we didn't have a
14 chance to confer with Kippy Walker regarding any of
15 these hearing arrangements ahead of time. We felt it's
16 a big time period and it's a couple of months out.
17 There is more time to work with.

18 JUDGE MOSS: So the dates I have down then
19 from your earlier comment and just now, September 18
20 through October 25th, that time frame.

21 MR. FFITCH: That's right, Your Honor. It
22 could be the previous week in September might work as
23 well. Our thinking was getting too close to the
24 beginning of school, that's the time when people are
25 distracted too with other activities. That's why we

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1 said the 18th, but the previous week might work as
2 well. We didn't want to go all the way up to Labor Day
3 week.

4 JUDGE MOSS: My practice, Mr. ffitch, would
5 be to consult with the commissioners on this and get
6 their decision as to exactly what they want to do, so
7 I'll be sending some further communication on that
8 subject once I have that opportunity to meet with them,
9 but I have your information in mind and I will pass
10 that along to them.

11 MR. MEYER: If the Company can be of
12 assistance in lining up a room in our service area,
13 give us a call and we will do what we can.

14 JUDGE MOSS: That will be helpful to Kippy
15 Walker. Okay, do you all have any other business that
16 you wish to bring to my attention?

17 MR. MEYER: No, Your Honor.

18 JUDGE MOSS: I have a couple of things. We
19 have all been through this so many times I'm not going
20 to repeat the drill on filing and so on and so forth,
21 but I did check with the records center before coming
22 to the prehearing conference, and currently, the
23 indication is a need for 18 copies for internal
24 distribution.

25 I have requested, however, that there be some

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1 internal communications to see if we can reduce that
2 number, and unfortunately, I have been rather busy with
3 other things and didn't get this process initiated in
4 time to get an answer for that, so the prehearing order
5 will probably be the best thing to rely on in terms of
6 the final number of copies, and I'm hoping to cut it
7 down perhaps by a third.

8 MR. MEYER: One other housekeeping matter
9 that I know we've done in the past is designate a
10 couple of people to receive items, thinking of
11 discovery primarily, so it doesn't just come to me and
12 if I'm out of the office there is a log jam. What is
13 your preference, to establish a separate list for that
14 or just work it out?

15 JUDGE MOSS: If it's just for your
16 communications among the parties, I would say work it
17 out amongst yourselves. If it's a list that you want
18 me to communicate with you, just let me know, and we
19 have an internal ability to send out a group e-mail, so
20 if you will let me know anybody you want things sent
21 to, I'll be happy to do that.

22 MR. MEYER: We'll start on this end and we
23 will circulate an e-mail to everyone saying, we would
24 like you to send a copy of your stuff to not only me,
25 but it might be Liz or Kelly, and try to limit it to no

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1 more than three, and if you will do likewise, we will
2 know who to send the stuff to.

3 MR. FFITCH: We are very supportive of that
4 approach too, and on a number of occasions, we have
5 communicated those addresses to the Bench also because
6 the same thing applies when we are getting
7 communications from the Bench. We want somebody on our
8 staff to see it and be able to process it.

9 JUDGE MOSS: If you will initiate that
10 process, Mr. Meyer, we'll take it from there, and I
11 will be the last recipient if you don't mind.

12 MR. MEYER: We will close the loop that way.

13 JUDGE MOSS: We will take care of it
14 internally. Any other housekeeping matters? We get
15 better at this as we go along. It has worked well in
16 the last proceedings that we've done that.

17 Thank you all for being here today, and look
18 forward to working with you and bringing this case to a
19 satisfactory conclusion. See you next time.

20 (Prehearing conference adjourned at 4:15 p.m.)

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