

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION d/b/a AVISTA
UTILITIES,**

Respondent.

**DOCKETS UE-170485 & UG-170486
(Consolidated)**

**COMMISSION STAFF'S REPORT
TO THE COMMISSION ON PROGRESS IN
THE COST OF SERVICE GENERIC PROCEEDING**

July 26, 2018

2017

In 2017, Commission Staff (Staff) opened an investigation under Dockets UE-170002 and UG-170003 to review cost of service information for all electric and natural gas investor owned utilities in Washington. These investigations were initially contemplated as the beginning of formal proceedings, and have been referred to as “The Cost of Service Generic Proceedings” or “COS Generics.”

At the conclusion of Avista’s 2017 general case, Dockets UE-170485 and UG-170486, in Order 07 the Commission “request[ed] Staff to report to the Commission its progress in the generic proceeding every three months.”¹ Pursuant to this request, Staff reports the following information of the progress made in the COS Generics.

2018 to Present

During discussions in 2017, several stakeholders asked for information on the current state of cost of service in Washington. Staff agreed to tackle this task, providing several documents to the stakeholders at the beginning of 2018. These documents were posted to the Generic Proceedings Dockets, UE-170002 and UG-170003. These documents were, namely:

- A history of cost of service proceedings in Washington from 1986 to present. One document exists for each of the electric and natural gas investor owned utilities (IOUs).
- A document summarizing the peak credit methodology, its history, and its application to each electric IOU.
- Two matrices, one for electric and one for natural gas, of potential issues that could be addressed by the COS Generics. This document also presented pathways for resolution.
- Pacific Power, Avista, and Puget Sound Energy collaboratively produced an excel document that outlined current differences between each Company’s methods for allocating certain costs.

All of the documents listed above were provided to stakeholders at the February 16, 2018 – Electric Only – stakeholder meeting. The first three of the documents listed above were provided to stakeholders at the April 20, 2018 – Natural Gas Only – stakeholder meeting.

At each workshop, Staff provided an overview of the documents listed above and opened the floor to discussion regarding the appropriate path forward. Stakeholders also discussed the procedure a rulemaking would require, and whether issues important to the parties could be addressed in a substantive way through a policy statement. Most stakeholders agreed that a rulemaking should be proposed or were at the least indifferent to the use of such a process.

On July 19, 2018 the Commission filed a Preproposal Statement of Inquiry (CR-101) to address cost of service studies for investor owned utilities in the State of Washington.

¹ *Wash. Utils. & Transp. Comm’n v. Avista Corp.*, Dockets UE-170485 & UG-170486 (consolidated), Order 07/02, 84, ¶ 252 (Apr. 26, 2018).

On July 23, 2018 the Commission filed a Notice of Opportunity to File Written Comments based on the questions identified by the stakeholders in previous workshops.

Stakeholder comments are due by August 31, 2018.