



Bob Ferguson
ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division
PO Box 40128 • Olympia WA 98504-0128 • (360) 664-1183

Via Electronic Mail

April 24, 2018

Mark Johnson, Executive Director
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

RE: *WUTC v. Avista Corporation d/b/a Avista Utilities (General Rate Case)*
Dockets UE-170485 and UG-170486 Dear Mr. Johnson:

At the conclusion of Avista's 2017 general case, in Order 07 for Dockets UE-170485 and UG170486, the Commission directed Staff to report its progress in the generic proceeding every three months. Pursuant to Order 07, Staff presents the following information on the progress made in the cost of service rulemaking.

Commission Staff held technical workshops on February 21 and 22 to discuss classification and allocation methods that are in the draft rule. The workshops were a collaborative process, and all stakeholders in attendance seemed willing to come to a consensus. The only methods that could not be agreed upon during the workshops were the classification and allocation methods in generation and transmission categories in the electricity workshop, and allocation methods in the distribution main category during the natural gas workshop. Staff is requesting the utilities run a series of scenarios in order to gain a better understanding of how the different methods impact the class parity ratios.

A notice for comments on the draft rule will be issued around the end of April. There will be a 45 day comment period. The results from the scenarios are due back with the comments. Staff expects a workshop will be held in the end of June to discuss the comments and results of the scenarios.

Sincerely,

/s/ *Nash Callaghan*, WSBA No. 49682
Assistant Attorney General
Office of the Attorney General
Utilities and Transportation Division
P.O. Box 40128, Olympia, WA 98504-0128
(360) 664-1187 / nash.callaghan@utc.wa.gov

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cc: Parties