

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

In the Matter of	) DOCKET UE-070623
	)
AVISTA CORPORATION,	) ORDER 01
	)
	)
Energy Recovery Mechanism (ERM)	) ORDER CLOSING DOCKET AFTER
Annual Filing to Review Deferrals for	) REVIEW OF ERM DEFERRALS FOR
Calendar Year 2006	) CALENDAR YEAR 2006
.....	)

**BACKGROUND**

- 1 On March 30, 2007, 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 2006.
  
- 2 Under the Settlement Stipulation approved by the Commission in its Fifth Supplemental Order in Docket 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 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 review period is from April 1, 2007 to June 26, 2007.
  
- 4 The first ERM annual review covered the period July 1, 2002, through December 31, 2002,<sup>1</sup> and resulted in a Commission Order approving a settlement of the issues presented. *WUTC v. Avista Corp., Docket No. UE-030751, Order Approving and Adopting Settlement Stipulation (Order 05, February 3, 2004).* Among other things, the Settlement Stipulation in Docket UE-030751 identified specific documentation the Company would file in future ERM annual review proceedings. *See Settlement Stipulation in Docket 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

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

cost deferrals for the calendar year 2006 period. Although the year-end net power cost differential is within the ERM's "dead band," Staff paid particular attention to the summer 2006 period, a period in which significant net power cost increases occurred, as compared to the more typical variances experienced throughout the year. The Company has provided adequate information justifying the expenses associated with this period. Staff has not identified any other issues to bring to the Commission's attention relating to the power costs deferred during the calendar year 2006 review period. Accordingly, Staff recommends this docket be closed.

6 No other persons or parties filed comments with the Commission within the 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 the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including electric companies. *RCW 80.01.040, RCW 80.04, RCW 80.28, RCW 80.08 and RCW 80.12.*

8 (2) Avista is a public service company subject to Commission regulation. Avista is engaged in the business of providing 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 27, 2007. The Commission received no written or oral comments from any person or party other than Commission Staff.

### ORDER

10 (1) Avista's filing meets the requirements of Dockets UE-011595 and UE-030751 and the power cost deferrals represented are deemed prudent.

11 (2) Avista is still required to make annual filings with supporting documentations consistent with the Orders in Dockets 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, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective June 27, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary