

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

WASHINGTON UTILITIES AND	)	DOCKETS UE-090134
TRANSPORTATION COMMISSION,	)	and UG-090135
Complainant,	)	(consolidated)
)	
v.)	
	)	ORDER 06 ¹
AVISTA CORPORATION d/b/a)	
AVISTA UTILITIES,)	
)	
Respondent.)	
.....)	

In the Matter of the Petition of	)	DOCKET UG-060518
	)	(consolidated)
)	
AVISTA CORPORATION, D/B/A)	
AVISTA UTILITIES,	)	ORDER 06
)	

For an Order Authorizing	)	SECOND PREHEARING
Implementation of a Natural Gas	)	CONFERENCE ORDER; ORDER OF
Decoupling Mechanism and to Record	)	CONSOLIDATION; NOTICE OF
Accounting Entries Associated With the	)	FILING SCHEDULE; NOTICE OF
Mechanism.	)	AMENDED NOTICE OF HEARING
.....	)	(Now Set for October 5-9, 2009)

1 NATURE OF PROCEEDINGS: On January 23, 2009, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff WN U-28, Electric Service in Docket UE-090134, and revisions to its currently

¹ Due to the consolidation of existing dockets, each with their own individual procedural histories, the assignment of an appropriate order number is problematic. In the general rate cases, the next number in sequence would normally be 04. However, the decoupling case has already made use of both 04 and 05. Therefore, to avoid confusion when referring to order numbers in the newly consolidated cases, this order is numbered 06. Consequently, there will be a gap in numbering in the rate case dockets.

effective Tariff WN U-29, Gas Service in Docket UG-090135. The Commission suspended the filings on February 3, 2009, consolidated the two dockets, and, following a prehearing conference held on February 24, 2009, set the matters for hearing in October 2009.

2 On April 30, 2009, Avista filed a petition to consolidate Docket UG-060518, a matter regarding the Company's pilot decoupling mechanism, with the rate case proceeding. The Company's petition also seeks to extend the pilot beyond its scheduled termination date of June 30, 2009.

3 **CONFERENCE.** The Commission convened a prehearing conference at Olympia, Washington on Thursday afternoon, May 14, 2009, before Judge Adam E. Torem in Docket UG-060518. Parties to Dockets UE-090134 and UG-090135 also received notice of the proceeding.

4 **PARTY REPRESENTATIVES:**² David J. Meyer, Vice President and Chief Counsel for Regulatory and Governmental Affairs, represents Avista. Simon ffitich, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section of the Washington Office of Attorney General (Public Counsel). Greg Trautman, Assistant Attorney General, Olympia, Washington, represents the Commission's regulatory staff (Commission Staff or Staff).³ Chad M. Stokes and Tommy Brooks, Cable Huston Benedict Haagensen & Lloyd LLP, Portland, Oregon, represent Northwest Industrial Gas Users (NWIGU). David Johnson, Seattle, Washington, represents the Northwest Energy Coalition. Ronald Roseman represents The Energy Project.

5 **PETITIONS FOR INTERVENTION.** The NW Energy Coalition, already a party in the decoupling docket, orally petitioned during the prehearing conference to intervene in the general rate case. Avista did not oppose the petition. Having

² S. Bradley Van Cleve and Irion Sanger, Davison Van Cleve, P.C., Portland, Oregon, represent the Industrial Customers of Northwest Utilities (ICNU) but did not appear at the conference.

³ In formal proceedings, such as this, the Commission's regulatory staff functions as an independent party with the same rights, privileges, and responsibilities as other parties to the proceeding. There is an "*ex parte* wall" separating the Commissioners, the presiding Administrative Law Judge, and the Commissioners' policy and accounting advisors from all parties, including regulatory staff. *RCW 34.05.455*.

demonstrated its substantial interest in this proceeding and that its participation will be in the public interest, the NW Energy Coalition's petition to intervene in the general rate case is granted in accordance with WAC 480-07-355.⁴

6 **EXTENSION OF PILOT DECOUPLING MECHANISM.** Avista seeks to maintain its existing pilot decoupling mechanism and continue to record deferrals for another six months beyond the June 30, 2009, expiration date set in Order 04, *Final Order Approving Decoupling Pilot Program*. The Commission previously indicated that it would “carefully evaluate the mechanism, and will only consider an extension upon a convincing demonstration that the mechanism has enhanced Avista’s conservation efforts in a cost-effective manner.” *Order 04*, ¶ 33.

7 The parties agreed that the most efficient method to take up Avista’s request is through written pleadings and a Commission decision without further hearing. Therefore, the parties agreed to the following pleading schedule:

Responses to Avista’s Petition to Extend Pilot	May 26, 2009
Reply from Company / Cross-Replies from Parties	June 5, 2009

The Commission concurs and adopts these filing deadlines.

8 Avista’s pilot decoupling program cannot be extended “unless the Commission takes affirmative action in that regard.” *Order 05*, ¶ 54. Therefore, the Commission will endeavor to issue a written order ruling on the Company’s request to extend the pilot program no later than June 30, 2009.

9 **CONSOLIDATION.** Avista also seeks to consolidate the issue of the permanent adoption of its decoupling mechanism with Dockets UE-090134 and UG-090135, its pending general rate case. As part of its motion, the Company requested that the rate case’s existing procedural schedule remain in place.

⁴ No updated Appendix with a listing of party representatives is attached hereto. The parties should ensure their individual electronic and hardcopy mailing lists are updated to take into account the consolidation of all dockets and associated personnel now involved in these matters.

10 The Energy Project objected to Avista's motion to consolidate, raising indistinct concerns with the demands of preparing for an additional issue in the rate case. However, all other parties agreed that it was appropriate to consolidate the matters.

11 Public Counsel asked that an additional day of hearing be added to the procedural schedule and also asked that Friday, October 9, 2009, be designated to address all decoupling issues that may arise in the case. The other parties concurred with these requests. The Company expressed its desire that the hearing not begin any earlier than Monday afternoon, October 5, 2009.

12 The Company's motion to consolidate is granted. The Commission adopts the parties' suggestions to amend the procedural schedule adopted for the general rate cases in Order 02 under Dockets UE-090134 / UG-090135 as follows:

First Day of Hearing	Monday, October 5, 2009, at 1:30 p.m.
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"Decoupling" Issues Day	Friday, October 9, 2009
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The remaining dates in the procedural schedule set out in Appendix B to Order 02 (in Dockets UE-090134 and UG-090135) shall remain in effect.

13 **PROTECTIVE ORDERS.** Individual protective orders already exist in both the decoupling docket and the general rate case dockets and shall remain in effect. All parties must ensure that their experts and other appropriate personnel have signed the confidentiality agreements in each respective docket prior to obtaining access to any confidential material.

14 **DISCOVERY.** The Commission previously invoked its formal discovery rules in both the decoupling docket and the general rate case dockets. All matters made known to the parties through discovery in any of the previous dockets shall be available in the newly consolidated matters. The discovery provisions specified in Order 02 (from Dockets UE-090134 and UG-090135), paragraph 8, shall control this consolidated matter.

- 15 **NOTICE OF FILING SCHEDULE.** Parties seeking to file pleadings with regard to Avista's petition to extend the expiration date of its existing natural gas pilot decoupling mechanism shall comply with the following schedule:

Responses to Avista's Petition to Extend Pilot Tuesday, May 26, 2009

Reply from Company / Cross-Replies from Parties Friday, June 5, 2009

The parties may submit these pleadings electronically on the scheduled deadline, and must file the original and required number of paper copies by 12:00 noon on the following business day. *WAC 480-07-145(6)*.

- 16 **AMENDED NOTICE OF HEARING.** The Commission will hold evidentiary hearings in this matter **beginning on Monday, October 5, 2009, at 1:30 p.m.**, and continuing daily thereafter, as necessary, until Friday, **October 9, 2009**, in the Commission's Hearing Room, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. Friday, October 9, 2009, shall be set aside to address all issues related to decoupling.⁵

- 17 **DOCUMENT PREPARATION AND FILING REQUIREMENTS.** All of the provisions contained in Order 02 (Dockets UE-090134 and UG-090135), paragraphs 16 through 23, remain in effect.

⁵ It is the Commission's intention to reconvene the hearing on Friday, October 9, 2009, to hear all decoupling issues regardless of when the remainder of the rate case adjourns.

18 **NOTICE TO PARTIES:** A party who objects to any portion of this Order must file a written objection within ten (10) calendar days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. The service date appears on the first page of the order in the upper right-hand corner. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.

Dated at Olympia, Washington, and effective May 15, 2009.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

ADAM E. TOREM
Administrative Law Judge