

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

Avista Corp., d/b/a Avista Utilities,

Respondent.

DOCKET NO. UG-031361

MOTION ON BEHALF OF
COMMISSION STAFF FOR
ORDER WITHDRAWING
COMPLAINT AND LIFTING
SUSPENSION

Moving party and relief sought

1 This motion is filed on behalf of the Staff of the Washington Utilities and
Transportation Commission (Staff). Staff seeks an order by the Commission
withdrawing the complaint in this docket and lifting the suspension of the tariffs
Avista filed on August 26, 2003.

Facts

2 On September 10, 2003, the Commission issued a Complaint and Order
Suspending Tariff; Granting Less Than Statutory Notice; Allowing Rates On A
Temporary Basis Subject To Refund (Complaint and Order).

3 Avista filed the tariffs at issue on August 26, 2003. Those tariffs were the
Fourth Revision Sheet 155 and Seventh Revision Sheet 156. The effect of these tariff
changes was to implement a change Avista’s cost of gas by means of its Purchased
Gas Adjustment tariff (PGA).

4 In the Complaint and Order, the Commission allowed the tariff changes to go
into effect on a temporary basis, subject to refund, pending disposition of this docket.

5 A primary reason why Staff recommended the Commission issue the
Complaint and Order was Staff’s concern that Avista’s customers were not getting an
appropriate share of certain benefits that Avista Energy was achieving under the
Benchmark Mechanism Tariff. The Benchmark Mechanism Tariff establishes the cost
of gas to be recovered from customers by Avista through its PGA. This issue is
referred to in the Commission’s Complaint and Order at Paragraph 8 (5).

6 The benefits at issue related to Avista Energy’s purchase of gas from various
basins, and its ability to retain the difference between one basin’s price and the price
generated under the Benchmark Mechanism Tariff. These benefits have been called
“basin optimization benefits.”

7 Based on further analysis conducted since the Complaint and Order were
issued, Staff now believes that the amount of basin optimization benefits Staff would
have argued should more properly have gone to ratepayers, would have been offset

by the detrimental effect on gas costs of higher gas prices in prior periods, which were not tracked through to ratepayers under the Benchmark Mechanism. Staff analyzed this issue by comparing the basin optimization benefits ratepayers would likely have achieved absent the Benchmark Mechanism, with the impact of higher gas prices in prior periods. Using reasonable assumptions, the benefits were offset by the estimated prior period impact of higher gas costs.

8 Accordingly, if this case went to hearing, Staff would not pursue this issue.

Conclusion

9 For the reasons stated above, Staff requests the Commission grant this motion and issue an order withdrawing its Complaint and Order in this docket, and lifting the suspension of the tariff revisions filed by Avista on August 26, 2003.

DATED this 23rd day of March, 2004.

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