

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In Re the Matter of)	
)	DOCKET NO. UE-010395
AVISTA CORPORATION d/b/a)	
AVISTA UTILITIES)	NOTICE OF SECOND
)	PREHEARING CONFERENCE
Request Regarding the Recovery of Power)	(August 9, 2001)
Costs through the Deferral Mechanism.)	
.....)	

BACKGROUND

- 1 On August 9, 2000, in its Order *Approving Establishment of a Deferral Mechanism to Track Power Cost Expenses* in Docket No. UE-000972, the Commission approved a deferred accounting mechanism for Avista Corporation d/b/a Avista Utilities (Company).
- 2 On January 24, 2001, in its Order *Granting Request to Modify Power Cost Deferral Mechanism Order* in Docket No. UE-000972, the Commission approved the Company's request to modify the deferral mechanism, effective December 1, 2000. In that order at page 2, Ordering ¶4, the Commission also required the Company to file a proposal that will address:
- a) the prudence of the incurred power costs,
 - b) the optimization of Company-owned resources to the benefit of its retail customers,
 - c) the appropriateness of recovery of power costs through a deferral mechanism,
 - d) a proposal for cost of capital offsets to recognize the shift in risk from shareholders to ratepayers, and
 - e) Company plan to mitigate the deferred power costs.
- 3 On March 23, 2001, the Company responded to the January 24, 2001 Order by filing its proposed direct testimony and exhibits "Regarding the Recovery of Power Costs through the Deferral Mechanism." That matter was assigned Docket No. UE-010395.
- 4 On May 1, 2001, the Company filed a proposed "Settlement Stipulation" in Docket No. UE-010395. On May 15, 2001, the Commission held a hearing on that proposed Settlement Stipulation.

5 On May 23, 2001, the Commission issued its *First Supplemental Order Approving and Adopting Settlement Stipulation* in Docket No. UE-010395. In that order at page 3, ¶9, the Commission stated:

Thus, the Settlement Stipulation provides that if unanticipated or uncontrollable events should cause, or be reasonably anticipated to cause, a substantial increase in Avista's deferral balance, Avista may petition the Commission to alter, amend or terminate the Settlement Stipulation. Absent a petition, which would require further action by the Commission, the Settlement Stipulation provides that Avista's deferral balance cannot be greater than zero for regulatory purposes as of February 28, 2003.

THE CURRENT FILINGS

6 On July 17, 2001, the Company filed a "Petition of Avista Corp" (Petition), and "Original Sheet 93," a proposed tariff called Schedule 93. The effective date of proposed Schedule 93 is September 15, 2001.

7 Proposed Schedule 93 as filed by the Company bears the title "Power Cost Surcharge" and it purports to assess a surcharge on all of the Company's retail tariff rates. According to the Petition, the Company is proposing to increase all retail rates 36.9% for a 27 month period ending December 31, 2003. The Company proposes that a prudence determination of deferred power costs be made later, during a general rate case filed by the Company in November 2001. The Company requests that the rates in Schedule 93 be placed into effect subject to refund.

8 The Company's Petition seeks approval of proposed Schedule 93. The Company asserts that its request for relief is consistent with the Settlement Stipulation; that it has an immediate need for rate relief; and that conditions have "deteriorated substantially" since the Commission approved the Settlement Stipulation in this docket. The Company also describes its problems issuing necessary financings.

9 The foregoing is a general description of the filings, and is not intended to describe all aspects of the filings.

HEARINGS

10 Hearing in this matter is being held pursuant to Part IV of chapter 34.05 RCW pertaining to adjudicative proceedings, including but not limited to RCW 34.05.413, 34.05.422, RCW 35.05.440, RCW 34.05.449, and RCW 34.05.452. The Commission has jurisdiction over this matter pursuant to Title 80 RCW, having legal authority to regulate the rates, services, and practices of electric utilities. Statutes involved, in addition to those previously cited, include those within chapters 80.04 and 80.28 RCW relating to rates, including but not limited to RCW 80.01.040, RCW 80.04.250,

RCW 80.28.010, RCW 80.28.020, RCW 80.28.070, RCW 80.28.090, and RCW 80.28.100. Rules involved include those within chapters 480-09 and 480-100 WAC.

- 11 The ultimate issue involved is what action is appropriate and in the public interest, as provided in the public service laws, for the Commission to take with respect to power costs deferred, or to be deferred by the Company, and with respect to the Petition and proposed Schedule 93.
- 12 Specific issues include, but are not limited to: a) whether proposed Schedule 93, and the rates, terms and conditions requested by the Company therein, should be placed into effect promptly, subject to refund; b) whether the Petition is consistent with the Settlement Stipulation; c) whether the deferral mechanism currently authorized should continue in effect and, if so, on what terms and conditions; d) whether proposed Schedule 93, and the rates terms and conditions therein, are fair, just, reasonable, and sufficient; e) the prudence of the power costs incurred or to be incurred by the Company; f) the optimization of Company-owned resources to the benefit of its retail customers; g) the appropriateness of recovery of power costs through a deferral mechanism; h) a proposal for cost of capital offsets to recognize the shift in risk from shareholders to ratepayers; and i) the Company's plan to mitigate the deferred power costs.
- 13 The Commission acknowledges the Company's request in the Petition to address the prudence of deferrals in a rate case to be filed November 2001. However, these issues were raised by the Commission itself in this docket earlier, and it is appropriate to address them in this docket.
- 14 On or before August 2, 2001, the Company shall file its direct testimony and exhibits regarding its need for emergency rate relief (generally, issue (a) in paragraph 12 above), whether the Petition is consistent with the Settlement Stipulation (generally, issue (b) in paragraph 12 above), and whether the deferral mechanism currently authorized should continue in effect, and if so, on what terms and conditions (generally, issue (c) in paragraph 12 above). This testimony may also bear generally on issue (d) in paragraph 12 above, to the extent the Company can justify the need for emergency rate relief. This statement of issues for this round of testimony is intended to be a guide. Other proposals and positions than those proposed by the Company in its filing, on these and any other relevant issue, may be considered by the Commission.
- 15 The filing requirements for testimony and exhibits of other parties on these issues, and with respect to the remaining issues, will be determined at a later date.
- 16 The burden of proof in this proceeding is on the Company.

NOTICE OF SECOND PREHEARING CONFERENCE

- 17 NOTICE IS HEREBY GIVEN That, in accordance with WAC 480-09-700(1)(a), the Commission has determined that good cause exists for this matter to be heard upon a shortened notice.
- 18 NOTICE IS FURTHER GIVEN That a prehearing conference in this matter will be held at 1:30 p.m., on Thursday, August 9, 2001, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. If you are unable to attend the prehearing conference in person, you may attend via the Commission's teleconference bridge line. The bridge line can be accessed by dialing (360) 664-3846. Please call into the bridge line not later than 1:25 p.m.
- 19 The purpose of this prehearing conference is to consider formulating the issues in the proceeding, and to determine other matters to aid in its disposition, as specified in WAC 480-09-460. The Commission declares this proceeding continues to qualify for application of WAC 480-09-480. Included in the issues for discussion and possible determination at the prehearing conference will be whether the proposed tariff should be withdrawn as unnecessary (since the relief sought is the subject of the Petition), and if not, whether the tariff should be suspended, or what other action should be taken at this time with respect to the tariff. The hearing schedule will also be discussed.
- 20 Petitions to intervene should be made in writing prior to the hearing date or made orally at the hearing. The time and place for the evidentiary hearing will be set at the prehearing conference or by later written notice. Appearances will be taken.
- 21 If any party or witness needs an interpreter or other assistance, please fill out the form attached to this notice and return it to the Commission.
- 22 NOTICE IS FURTHER GIVEN THAT ANY PARTY WHO FAILS TO ATTEND OR PARTICIPATE IN THE HEARING SET BY THIS NOTICE, OR ANY OTHER STAGE OF THIS PROCEEDING, MAY BE HELD IN DEFAULT IN ACCORDANCE WITH RCW 34.05.440. THE PARTIES ARE FURTHER ADVISED THAT THE SANCTION PROVISIONS OF WAC 480-09-700(4) ARE SPECIFICALLY INVOKED.
- 23 The names and mailing addresses of all parties and their known representatives are as follows:

Petitioner:	Thomas D. Dukich
	Don Falkner
	Avista Corporation

1411 East Mission
P. O. Box 3727
Spokane, WA 99220-3727
(509) 489-0500

Representative: David Meyer
Attorney at Law
Avista Corporation
1411 East Mission
P. O. Box 3727
Spokane, WA 99220-3727
(509) 495-4316

Commission: Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive S.W.
P. O. Box 47250
Olympia, WA 98504-7250
(360) 664-1160

Representative: Donald T. Trotter and Jonathan C. Thompson
Assistant Attorneys General
1400 S. Evergreen Park Drive S.W.
P. O. Box 40128
Olympia, WA 98504-0128
(360) 664-1188

Public Counsel: Simon ffitich
Office of Attorney General
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012
(206) 464-7744

24 Dennis J. Moss has been designated as the Administrative Law Judge from the Utilities and Transportation Commission's Administrative Law Division, 1300 S. Evergreen Park Drive S.W., Olympia, Washington 98504-7250, and will preside at the prehearing conference.

25 The Commission will provide at its offices in Olympia, Washington, current records of the hearing for the use of those who may wish to review them. The Public Counsel Section of the Office of Attorney General has been designated to represent the public. The address of the Commission, show below, may be used for inquiries of public

counsel, or public counsel may be contacted directly by writing or calling the address or telephone number listed below.

- 26 Notice of any other procedural phase will be given in writing or on the record as the Commission may deem appropriate during the course of this proceeding.
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN
Executive Secretary

August 1, 2001

Inquires may be addressed to:

Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive S.W.
P. O. Box 47250
Olympia, WA 98504-7250
(360) 664-1160

or Public Counsel Section
Office of Attorney General
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012
(206) 464-7744

NOTICE

PLEASE BE ADVISED that the hearing facilities are accessible to interested people with disabilities; that smoking is prohibited; and that if limited English-speaking or hearing impaired parties or witnesses are involved in a hearing and need an interpreter, a qualified interpreter will be appointed at no cost to the party or witness.

The information needed to provide an appropriate interpreter or other assistance should be designated below and returned to:

Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P. O. Box 47250
Olympia, WA 98504-7250.

(SUPPLY ALL REQUESTED INFORMATION)

Docket No.: UE-010395

Case Name: Avista Corporation d/b/a Avista Utilities

Hearing Date: _____

Hearing Location: _____

Primary
Language: _____

Hearing Impaired (Yes)_____ (No)_____

Do you need a certified sign language interpreter: (Yes)_____ (No)_____

Visual_____ Tactile_____

Other type of assistance
needed: _____

English-speaking person who can be contacted if there are questions:

Name: _____

Address: _____

Phone No.: (____) _____