

Avista Corp.  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170



May 15, 2012

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

Attention: Mr. David Danner, Executive Director & Secretary

RE: Avista Corporation – Dockets UE-120436 & UG-120437

Enclosed for filing with the Commission are an original and 20 copies of Avista Corporation's "Motion for Leave to File Letter of Clarification" and its "Clarification of Open Meeting Comments" letter. Please direct any questions on this matter to Liz Andrews at 509.495.8601.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood  
Vice President, State & Federal Regulation

Enclosures

cc: See attached service list

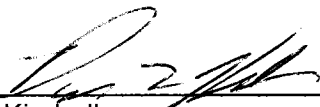
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UTIL. AND TRANS.  
COMMISSION

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's Motion and Clarification of Open Meeting Comments in its Washington Electric and Gas General Rate Case Filing, by mailing a copy thereof, postage prepaid to the following:

David Danner Executive Director & Secretary Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 ddanner@utc.wa.gov	Simon J. ffitc Senior Assistant Attorney General Public Counsel Section 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 simonf@atg.wa.gov
Mark Vasconi Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 mvasconi@utc.wa.gov	Ronald L. Roseman Attorney At Law 2011 14 <sup>th</sup> Avenue East Seattle, WA 98112 ronaldroseman@comcast.net
Chuck Eberdt The Energy Project 3406 Redwood Ave. Bellingham, WA 98225 Chuck_Eberdt@opportunitycouncil.org	Donald T. Trotter Washington Utilities & Trans. Comm. 1400 S. Evergreen Park Dr. SW Olympia, WA 98504-0128 dtrotter@utc.wa.gov
Chad Stokes Tommy Brooks Cable Huston Benedict Haagensen & Lloyd LLP 1001 SW Fifth Avenue, Ste 2000 Portland, OR 97204-1136 cstokes@cablehuston.com tbrooks@cablehuston.com	Melinda J. Davison Davison Van Cleve, P.C. 333 S.W. Taylor, Suite 400 Portland, OR 97204 mjd@dvclaw.com mail@dvclaw.com
Ms. Paula Pyron Executive Director Northwest Industrial Gas Users 4113 Wolfberry Court Lake Oswego, OR 97035 ppyron@nwigu.org	Donald Schoenbeck Regulatory & Cogeneration Services, Inc. 900 Washington St., Suite 780 Vancouver, WA 98660 dws@r-c-s-inc.com
Tom Schooley Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 tschooley@utc.wa.gov	Nancy Hirsh Northwest Energy Coalition 811 – 1 <sup>st</sup> Avenue, Suite 305 Seattle, WA 98104
Todd True Managing Attorney Earthjustice 705 Second Ave., Suite 203 Seattle, WA 98104	

I declare under penalty of perjury that the foregoing is true and correct.  
Dated at Spokane, Washington this 15th day of May, 2012.

  
\_\_\_\_\_  
Paul Kimball  
Sr. Regulatory Analyst

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

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WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKET No. UE-120436
	)	DOCKET No. UG-120437
Complainant,	)	
v.	)	
AVISTA CORPORATION, d/b/a AVISTA UTILITIES,	)	AVISTA CORPORATION'S
	)	MOTION FOR LEAVE TO
Respondent.	)	FILE LETTER OF
	)	CLARIFICATION
	)	

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1 COMES NOW, Avista Corporation (hereinafter "Avista" or the "Company"), pursuant to WAC 480-07-375, and respectfully moves the Commission for leave to file a letter of clarification of remarks made during the April 26, 2012, open meeting at which time Avista's rate cases were suspended and set for hearing. (Letter attached)

2 In response to a question by Commissioner Oshie during the April 26, 2012 open meeting to address the suspension of Avista's proposed tariffs, Ms. Breda, on behalf of Staff, represented Avista's 2011 restated electric earnings Rate of Return (ROR) to be 8.32%, presumably relying on Company Exhibit No. \_\_ (EMA-2), page 7. Contributing to the possible confusion, the column on page 7 was labeled "Restated Total" and does, in fact, reference an 8.32% ROR. The attached letter explains that this 8.32% does not represent the Company's 2011 restated results of operations on a normalized or "Commission" basis. The Company's electric earnings for 2011 on a normalized basis has been provided, however, in Avista's prefiled testimony and exhibits in this case. Included with the Company's direct filed case, in Exhibit No. \_\_\_ (MNL-5), page 2, column titled "2011 Commission Basis Report Restated Totals," row 49, are the results of the Company's 2011 Washington electric Commission Basis Report filed with the Commission, showing a 2011 normalized ROR of 6.56%. Company witness Mr. Norwood also shows in Exhibit No. \_\_\_ (KON-

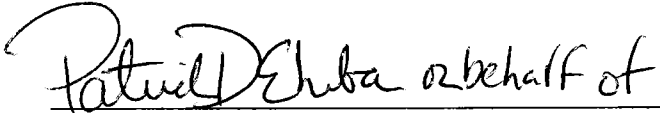
1T), page 9, Illustration No. 4, the Company's 2011 combined Commission Basis Return on Equity (ROE) for Washington electric and natural gas of 7.4%.

3 Avista believes that the colloquy between Commissioner Oshie, staff representative Breda, and Company representative Norwood may have resulted in some misunderstanding concerning Avista's earned returns in 2011. The purpose of this Motion and the attached letter is simply to provide clarification in that regard. Avista believes it is important, especially at an early stage of this proceeding, to correct any misunderstandings that may have occurred. Indeed, parties have the responsibility to bring matters to the attention of the Commission on a timely basis, where it believes confusion or misunderstanding may exist.

4 By bringing this to the attention of the Commission and all parties at an early stage in these proceedings, it will serve to: (1) eliminate any confusion with respect to the answer to Commissioner Oshie's question concerning 2011 earned returns, and/or (2) will help identify an issue early on that may require further discussion in the testimony of the parties to be filed at a later date. (In this manner, Staff and intervenors can address this in their direct case.)

5 WHEREFORE, Avista respectfully requests that the Commission enter an order granting leave to file this attached letter of clarification in these dockets.

RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of May, 2012.

  
David J. Meyer, Vice President and Chief Counsel  
for Regulatory and Governmental Affairs

cc: Service List

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Attention: Mr. David Danner, Executive Director & Secretary

RE: Clarification of Open Meeting Comments (Avista Corporation – Dockets UE-120436 & UG-120437)

In response to a question by Commissioner Oshie during the April 26, 2012 open meeting to address the suspension of Avista's proposed tariffs, Ms. Breda, on behalf of Staff, represented Avista's 2011 restated electric earnings Rate of Return (ROR) to be 8.32%, presumably relying on Company Exhibit No. \_\_ (EMA-2), page 7. Contributing to the possible confusion, the column on page 7 was labeled "Restated Total" and references an 8.32% ROR. This, however, does not represent the Company's 2011 restated results of operations on a normalized or "Commission" basis.

Exhibit No. \_\_ (EMA-2), includes several adjustments, consistent with past Company general rate case filings, that cause the "Restated Total" ROR of 8.32% to not represent the 2011 earned return for Avista. For example, the electric Revenue Normalization Adjustment reprices the Company's 2011 revenue to include the 2012 currently authorized rates approved in Docket No. UE-110876 that went into effect on January 1, 2012. (This adjustment also adjusts for weather normalization and a recalculation of unbilled revenue.) The impact of this particular adjustment increased the 2011 "Restated Total" net operating income by \$10.1 million (\$15.6 million pre-tax), as shown on page 7 of Exhibit No. \_\_ (EMA-2). Moreover, the "Restated Total" net operating income on page 7 is increased by \$8.3 million (\$12.8 million pre-tax) to eliminate the Energy Recovery Mechanism (ERM) deferral from the 2011 operations, as part of normalizing the 2011 test year, as shown on page 6 of Exhibit No. \_\_ (EMA-2). Therefore, in looking at just these two adjustments, the net operating income in the 8.32% "Restated Total" is increased by \$18.4 million (\$28.4 million pre-tax), thus the "Restated Total" column is not intended in any way to represent the earned return for Avista in 2011.

Included with the Company's direct filed case, in Dr. Lowry's Exhibit No. \_\_ (MNL-5), page 2, column titled "2011 Commission Basis Report Restated Totals," row 49, are the results of the Company's 2011 electric Commission Basis Report filed with the Commission (see Docket No. UE-120447), showing a 2011 normalized ROR of 6.56%.<sup>1</sup>

<sup>1</sup> Company witness Mr. Norwood shows at Exhibit No. \_\_ (KON-1T), page 9, Illustration No. 4, the Company's 2011 combined Commission Basis Return on Equity (ROE) for Washington electric and natural gas of 7.4%.

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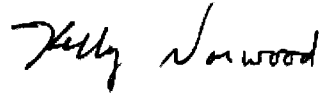
Letter to Mr. David Danner

May 15, 2012

Page 2 of 2

Please direct any questions on this matter to Liz Andrews at 509.495.8601.

Sincerely,

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Kelly Norwood

Vice President, State & Federal Regulation

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cc: See attached service list