



Christine O. Gregoire

ATTORNEY GENERAL OF WASHINGTON

900 Fourth Avenue #2000 • Seattle WA 98164-1012

February 17, 2000

Carole Washburn
WUTC
1300 S. Evergreen Pk. Dr. S.W.
PO Box 47250
Olympia, WA 98504-7250

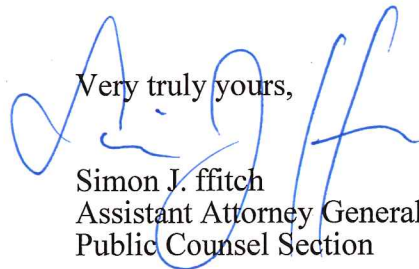
RE: ***UE-991255 Avista/Centralia***
UE-991262 Pacificorp/Centralia
UE-991409 PSE/Centralia

Dear Ms. Washburn:

Enclosed please find an original and nineteen copies of Public Counsel's Answer to Avista's Motion to Strike Portions of Public Counsel's Brief. The Answer contains material designated as "super confidential" in this proceeding. Accordingly, the filing set contains one original super confidential version under seal and one original redacted version, together with 19 copies of the redacted public version.

Thank you for your assistance.

Very truly yours,



Simon J. Ffitch
Assistant Attorney General
Public Counsel Section

cc: Service List (redacted version, super confidential version to Staff)
ALJ Schaer via electronic mail (super confidential version)

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COMMISSION

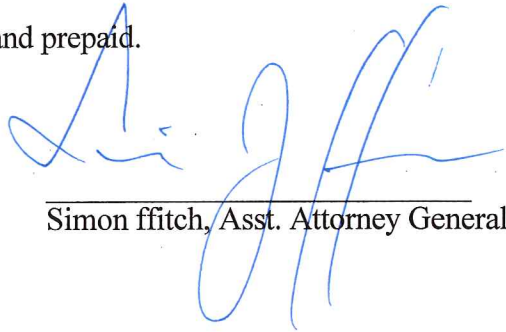


CERTIFICATE OF SERVICE

Avista/Centralia UE-991255
PSE/Centralia UE-991409
PacifiCorp/Centralia UE-991262

I hereby certify that I have this day served one hard copy of Public Counsel's Answer to Avista Motion to Strike Portions of Brief upon all parties of record in this proceeding, as shown on the attached service list, by US Mail, properly addressed and prepaid.

Dated this 17th Day of February, 2000.



Simon ffitch, Asst. Attorney General

Avista – Centralia
PacifiCorp – Centralia
PSE – Centralia

UE-991255
UE-991262
UE-991409

SERVICE LIST

Matthew R Wright
Vice President, Regulation
PacifiCorp
825 NE Multnomah Street
Portland, OR 97232

George M Galloway
Stoel Rives
900 SW Fifth Avenue, #2600
Portland, OR 97204-1268

Ronald McKenzie
Senior Rate Accountant
Avista Corporation
1411 E Mission
PO Box 3727
Spokane, WA 99220-3727

R. Blair Strong
Paine Hamblen, et al.
717 W Sprague Ave, #1200
Spokane, WA 99204

Christy Omohundro
Director of Regulation
Puget Sound Energy, Inc.
411 108th Avenue NE, ste 300
Bellevue, WA 98004

Matthew Harris
Summit Law Group
1505 Westlake Avenue N, #300
Seattle, WA 98109

Michael T Brooks
Duncan Weinberg Genzer &
Pembroke
1300 SW Fifth Avenue, #2915
Portland, OR 97201

Nancy Hirsh
Northwest Energy Coalition
219 First Avenue S, #100
Seattle, WA 98104

Robert Lavitt
Schwerin, Campbell, Barnard
18 W Mercer Street, #400
Seattle, WA 98119-3971

John Bishop
Bennett, Hartman & Reynolds
851 SW Sixth Avenue
Portland, OR 97204

Robert D Cedarbaum
Assistant Attorney General
1400 S Evergreen Pk Dr SW
PO Box 40128
Olympia, WA 98504-0128

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of
AVISTA CORPORATION
for Authority to Sell its Interest in the
Coal-Fired Centralia Power Plant

NO. UE-991255,

In the Matter of the Application of
PACIFICORP for an Order Approving
the Sale of its Interest in (1) the
Centralia Steam Electric Generating
Plant, (2) the Rate Based Portion of the
Centralia Coal Mine, and (3) Related
Facilities; for a Determination of the
Amount of and the Proper Rate Making
Treatment of the Gain Associated with
the Sale, and for an EWG Determination

NO. UE-991262,

In the Matter of the Application of
PUGET SOUND ENERGY, INC. for
(1) Approval of the Proposed Sale of
PSE's Share of the Centralia Power Plant
and Associated Transmission Facilities,
and (2) Authorization to Amortize Gain
over a Five Year Period,

NO. UE-991409

PUBLIC COUNSEL'S ANSWER TO
AVISTA MOTION TO STRIKE
PORTIONS OF BRIEF

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COMMISSION

PUBLIC REDACTED VERSION

I. INTRODUCTION

Public Counsel files this Answer in response to the motion of Avista to strike portions of Public Counsel's post-hearing brief in this matter, or in the alternative, to admit new evidence by way of a supplemental exhibit. On the first issue Avista raises regarding inaccurate references to Exhibit 304, Public Counsel acknowledges the need for corrections and submits corrected values. The corrections do not change the validity of Public Counsel's basic argument. On the second issue, as more fully set out below, Public Counsel does not agree that the brief is misleading or inaccurate in its comparison of the shaped value of power. Public Counsel objects to the admission of the unexamined Exhibit SC-333 offered by Avista.

II. ARGUMENT



Both issues raised by Avista relate to the table on page 20 of the Public Counsel brief containing a comparison of the “Shaped Value of Centralia Power” as reflected in different exhibits in the record.

A. Public Counsel Provides Corrections for the Values Shown in The Table for Ex. 304. The Corrections Do Not Affect Public Counsel’s Basic Argument.

Public Counsel does not dispute that the numerical values shown on the table under the heading “Ex. 304” are not found in the exhibit, due to an error in preparation of the brief. These specific numbers may be stricken from the brief. Public Counsel requests that the Commission permit the correction of that portion of the table by substitution of the following numbers from Ex. 304.

	Ex. 304
	Medium Market Purchase
	Rate (\$/MWh)
2001	26.12
2002	27.04
2003	27.68

Changing these numbers does not affect the validity of the comparison which Public Counsel makes in its brief between the Avista market forecasts and the rate at which



B. Avista's Argument Regarding the Comparison of the Value of Power is Without Merit. Avista's Request to Place New Evidence in the Record Should be Denied.

1. Public Counsel's Brief compares "apples to apples."

The second portion of Avista's motion to strike asserts that Public Counsel improperly compares [REDACTED]

[REDACTED]. Avista's assertion is incorrect and the motion should be denied. The values set out in the tables three columns are indeed properly compared and do represent an "apples to apples" comparison.

Exhibit 332 (column 2 - Avista's revised analysis) is the "shaped" value of Centralia power, based on a 69.3 percent capacity factor. Ex. 304. This is approximately 8.3 months at full power output. In other words, the spring run-off months are effectively excluded.¹ [REDACTED]

Accordingly, both Centralia (at 69.3 percent capacity factor) and [REDACTED]

[REDACTED] Avista's arguments to the contrary are based on an inaccurate depiction of the underlying characteristics of the resources at issue.

¹ The information underlying this shaping adjustment argument is contained in the record with the exception of forced-outage data. In order to provide a complete response to Avista's motion and new exhibit, Public Counsel offers the forced-outage data for Centralia in the attached proposed Exhibit _____. The exhibit, Avista's response to Public Counsel Data Request No. 15, reflects a forced outage rate for the Centralia plant of 6.5 percent.

2. Avista's Proposed Exhibit SC-333 should not be admitted.

Public Counsel objects in the strongest terms to the admission of Ex. SC-333. Avista had the opportunity during the hearing process and in its brief to address the issue of comparative resource characteristics. The Commission adopted a simultaneous post-hearing briefing procedure. Avista may not now offer an additional exhibit by way of rebuttal, with no opportunity for Public Counsel or other parties to respond with additional evidence or to cross-examine Avista's witnesses on this point. At a minimum, before the Commission decides whether to admit the exhibit, the hearing should be reopened for the purpose of permitting testimony and cross-examination of witnesses on this issue.

If the Commission decides to admit the proposed exhibit without further proceedings, Public Counsel urges that it only do so with the following clarification, and in conjunction with the admission of Public Counsel's proposed exhibit attached. The Company has oversimplified the issue of analyzing the value of Centralia power

[REDACTED]

In fact, Centralia has been operating in precisely this manner.

[REDACTED]

In dry years, when power costs are high, the plant gets run very hard. In wet years, when power costs are low, it runs much less. Exhibit 505 provides the capacity factors. Exhibit 504

provides annual prices. The table below shows the prices and capacity factors for the last 14 years.

Year	Ex. 504 Value of Power	Ex. 505 Centralia Capacity Factor
1986	11.71	45.53%
1987	15.49	73.46%
1988	19.44	77.79%
1989	22.95	76.64%
1990	19.17	65.66%
1991	15.98	68.77%
1992	21.70	83.45%
1993	25.75	76.48%
1994	22.34	83.28%
1995	12.46	49.87%
1996	13.80	68.48%
1997	13.41	59.30%
1998	24.02	79.16%

The correlation between value of power and capacity factor is obvious, even without sophisticated mathematical analysis. The lowest years for output (1986, 1995) were also the lowest year for prices. The years when prices were over 20 mills/kwh (1989, 1992, 1993, 1994, 1998) were also the highest years for output. [REDACTED]

[REDACTED]

[REDACTED]

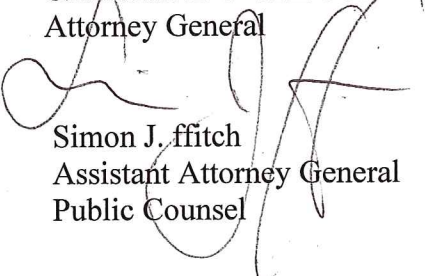
We object in the strongest possible terms to the admission of proposed Exhibit SC-333 without this clarification and without admission of Public Counsel's attached proposed exhibit. With the clarification, we believe that the Ex. SC-333 only adds more emphasis to the key point we have attempted to make in this proceeding: retention of Centralia will save consumers money.

III. CONCLUSION

Public Counsel submits that the Commission should deny the Avista motion to strike, except as to the corrections to the table for Ex. 304 values, where it should allow the changes listed in this Answer. With respect to the issue of the comparison of values of shaped power, as this Answer explains, Public Counsel's brief properly compares resources with like characteristics – an “apples to apples” comparison. Avista's attempts to demonstrate otherwise in its motion and proposed Exhibit SC 333 are without merit. Should the Commission, however, be inclined to consider admission of Ex. SC 333, it should only do so after reopening the hearing to allow live testimony and cross examination of witnesses. At a bare minimum, in the absence of a hearing, the Commission should not admit Avista's proposed exhibit without the clarifications set out in this Answer, and the proposed exhibit of Public Counsel.

Dated this 17th day of February, 2000.

CHRISTINE O GREGOIRE
Attorney General



Simon J. Ffitch
Assistant Attorney General
Public Counsel

**AVISTA UTILITIES
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	Washington	DATE PREPARED:	10/29/99
DOCKET NO:	UE-991255	WITNESS:	William G. Johnson
REQUESTER:	Public Counsel	RESPONDER:	Ronald L. McKenzie
TYPE:	Data Request	DEPT:	Rates & Tariff Admin.
DUE DATE:	November 1, 1999	TELEPHONE:	(509) 495-4320
REQUEST NO.:	15		

REQUEST:

Provide a copy of the Company's most recent long-term load/resource forecast submitted to the Pacific Northwest Utilities Conference Committee and/or the Western System Coordinating Council.

RESPONSE:

See attached.

GENERATING RESOURCES

APPENDIX 3

Resource Name: CENTRALIA #1

Resource Type: Thermal

Location (City/State): Centralia, WA

Commercial Operation Date: July 1973

Decommissioning Date: _____

Ownership by Percent:
 PPL 47.5% PGE 2.5% WWP 15% SCL 8% SHPD 8%
 PSPL 11% GH 0%
Regional Percent Available:² 100%

Operating Information

Capacity - January Peak: 670 MW

Energy - Annual Average: 596 MWa

Forced Outage Rate: 6.5%

Nameplate Rating: 671.5 MW

Resource Fuel: Coal

Fuel Heat Content (HHV):³ 8,133 Btu/cu.ft.

Peak Capacity: 670 MW

Net Heat Rate (HHV): 10,335 Btu/kWh

Least Cost Capacity: _____ MW

Net Heat Rate (HHV): _____ Btu/kWh

Minimum Capacity: 326 MW

Net Heat Rate (HHV): 12,000 Btu/kWh

Maintenance Schedule¹

1996		to	
1997		to	
1998	3-29	to	5-9
1999		to	
2000	5-1	to	5-29
2001		to	
2002	5-1	to	5-29
2003		to	
2004	3-29	to	5-9
2005		to	
2006	5-1	to	5-29
2007		to	
2008	5-1	to	5-29
2009		to	
2010	3-29	to	5-9
2011		to	
2012	5-1	to	5-29
2013		to	
2014	5-1	to	5-29
2015		to	
2016	3-29	to	5-9

10000-10

¹ Net maintenance calculated using both units as one.

GENERATING RESOURCES

APPENDIX 3

Resource Name: **CENTRALIA #2**
 Resource Type: **Thermal**
 Location (City/State): **Centralia, WA**
 Commercial Operation Date: **July 1973**
 Decommissioning Date: _____
 Ownership by Percent: **PPL 47.5% PGE 2.5% WWP 15% SCL 8% SHPD 8%**
PSPL 11% GH 0%
 Regional Percent Available:² **100%**

Operating Information

Capacity - January Peak: **670 MW**
 Energy - Annual Average: **596 MWa**
 Forced Outage Rate: **6.5%**
 Nameplate Rating: **671.5 MW**
 Resource Fuel: **Coal**
 Fuel Heat Content (HHV):³ **8,133 Btu/cu.ft.**
 Peak Capacity: **670 MW**
 Net Heat Rate (HHV): **10,335 Btu/kWh**
 Least Cost Capacity: _____ **MW**
 Net Heat Rate (HHV): _____ **Btu/kWh**
 Minimum Capacity: **326 MW**
 Net Heat Rate (HHV): **12,000 Btu/kWh**

Maintenance Schedule¹

1996		to	
1997	3-29	to	5-25
1998		to	
1999	5-1	to	5-29
2000		to	
2001	5-1	to	5-29
2002		to	
2003	5-1	to	5-29
2004		to	
2005	3-29	to	5-9
2006		to	
2007	5-1	to	5-29
2008		to	
2009	5-1	to	5-29
2010		to	
2011	3-29	to	5-9
2012		to	
2013	5-1	to	5-29
2014		to	
2015	5-1	to	5-29
2016		to	

¹ Maintenance schedule based on historical data.