

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION)	DOCKET UE-080416
)	
Complainant,)	and
)	
v.)	DOCKET UG-080417
AVISTA CORPORATION d/b/a)	
AVISTA UTILITIES)	AVISTA’S REQUEST FOR LEAVE TO
)	REPLY TO PUBLIC COUNSEL’S RESPONSE
Respondent.)	TO AVISTA’S MOTION FOR LEAVE TO
.....)	FILE SUPPLEMENTAL TESTIMONY AND
)	EXHIBITS
)	

1 Pursuant to WAC 480-07-370(d) and WAC 480-07-375, Avista Corporation (“Avista” or the “Company”) respectfully requests the opportunity to file this reply to the Response of Public Counsel to Avista’s Motion for Leave to File Supplemental Testimony and Exhibits (the “Motion”).

I. Introduction

2 In response to Avista’s Motion, two responses were filed. For its part, Commission Staff does not object to Avista’s Motion, so long as Staff and other parties are given an additional week to prefile responsive testimony and exhibits (changed from September 12, 2008 to September 19, 2008). As correctly stated by Staff, Avista does not object to such an extension, with the understanding that the date for rebuttal and cross-answering testimony would be moved from October 15, 2008 to October 20, 2008; all other dates on the

established schedule would remain the same. (For its part, Staff concurs; see Staff Response, para. 4)

3 Public Counsel, however, objects to Avista’s Motion to Supplement, contending that such supplementation of testimony raises legal questions, serves no valid purpose, introduces confusion and is otherwise burdensome to the parties.

II. Avista’s Motion Does Not Raise Legal Questions

4 At the outset, Public Counsel contends that Avista’s Motion “raises legal questions,” inasmuch as it seeks to “justify” an electric revenue requirement in excess of what it has requested by way of filed tariffs. (See para. 5) Quite the contrary, Avista has been quite clear in its intent: while it was seeking to supplement the record to correct for errors in its earlier prefiled testimony and to update certain power supply costs, it was expressly “. . . not revis[ing] its tariff filing to reflect these changes, and accordingly is not requesting additional rate relief beyond the requested \$36.6 million.” (See Avista’s Motion at para. 1) Accordingly, the legal issues that were presented in the recent briefing in PSE’s pending rate filing (Dkt. No(s) UE-072300 & UG-072301) concerning PSE’s supplementation of testimony do not come into play. (See Order 08, dated May 5, 2008, in Dkt. No(s) UE-072300 & UG-072301)

5 Indeed, it is not unusual for parties to “justify” with supporting evidence a particular position, but file for and request a different result. For example, Avista “justified” a higher revenue requirement in a previous general rate filing than it actually requested (See Dkt. No. U-87-1570-T). In fact, on an issue-by-issue basis, all parties, including Public Counsel, will

from time to time “justify” one position, eg., on ROE, but ultimately file for and recommend adoption of another.

6 Public Counsel contends that this is “an effort to bias the Commission’s judgment” with “illustrative or contextual evidence.” (Response at para. 7) That is an unusual position: If “[t]he Commission’s paramount interest is in having a full record with the best available evidence upon which to base it’s decision” (See PSE Order 08, supra, at para. 10 (Judge Moss)), how is the introduction of such evidence an attempt to “bias” the Commission’s judgment? The Commission should not ignore known errors that are in need of correction or known changes in, eg., fuel costs. The bigger point is that context for decision-making is important.

III. Avista’s Supplementation is Not Burdensome and Will, In Fact, Promote Efficiency

7 Public Counsel next contends that the supplemental testimony addressing a total of seven (7) adjustments is somehow “burdensome” and will require the parties to undertake additional work. (See Response at para. 6). Just the opposite is true. Avista has submitted the supplemental evidence in a manner that makes it easy for other parties to understand, and the adjustments (7) are few in number. Supplementation at this point will actually reduce the burden on other parties, as compared with what would result from parties having to update or correct Avista’s original filing themselves, based on information made available to them only in data request responses. This will also prove more efficient, by providing the parties the opportunity to address the updated information in their response testimonies (now due September 19th) – something which would not be possible if Avista first provided this

information in Avista's rebuttal testimony. In the final analysis, supplementation will contribute to "a more orderly process and will promote fairness." (See Order, supra, para.9) (Parenthetically, it is to be remembered that Avista agreed to an additional week's delay – until September 19, 2008 – for Staff and intervenors to prefile their testimony, a date that is nearly two months from the filing of the supplemental testimony.)

8 The limited scope of the corrections and revisions should also be recognized. The seven adjustments were previously summarized in the table appearing at para. 2 of Avista's Motion.


- FIT Adjustment: Corrects for an error within an allocation percentage used to calculate allocated deferred federal income tax for the test period.
- Remove A & G Non-Utility Costs: Corrects for certain non-utility expenses that should have been excluded from test period results, eg. sponsorship of sporting events.
- Production Property Adjustment: Corrects for a calculation error, and captures impact of other revisions.
- Pro Forma 2009 Noxon Upgrade: Corrects for inadvertently failing to include the capital investment for the Noxon project in order to properly match the additional generation resulting from the upgrade that was otherwise reflected in the Company's revenue requirement.
- Restate Debt Interest: Simply restates debt interest associated with the production property adjustment and Noxon upgrade, as discussed above.
- Colstrip Mercury Emissions O & M: Adjustment reduces Washington's share of mercury control abatement costs at Colstrip.
- Update to Power Supply Expense: Demonstrates impact on revenue requirement of increased expense caused by higher natural gas fuel prices for 2009 and reflects actual electric and natural gas fuel transactions as of June 30, 2008.

9 While the net effect of these seven adjustments is to increase the demonstrated need for rate relief (driven primarily by increased fuel costs), it is worth noting that four of the seven adjustments actually serve to make corrections that would otherwise serve to lower the revenue requirement.) The foregoing demonstrates that the changes made are few in number and relatively straightforward.

IV. Conclusion

10 In summary, the supplementation of testimony at this juncture of the case is hardly a “burdensome diversion of the parties’ resources,” as suggested by Public Counsel. (See para. 8) To the contrary, it contributes to a more orderly and efficient process. In the final analysis, known errors should be corrected and the Commission should be provided with all information to make its decision. At most, Public Counsel’s objections go to the weight accorded the supplemental testimony, not its admissibility.

Respectfully submitted this 7th day of August, 2008



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