



Christine O. Gregoire

ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

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October 21, 1999

Ms. Carole Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504

Re: Application of Pacificorp Re: Centralia
Docket No. UE-991262

Application of Puget Sound Energy Re: Centralia
Docket No. UE-991409

Application of Avista Corporation Re: Centralia
Docket No. UE-991255

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Ms. Washburn:

The applications listed above are each requests by an investor-owned electric company to sell its ownership interest in the Centralia Steam Plant and any related facilities. Pacificorp and Puget Sound Energy also request approval of a methodology to account for the gain on that sale. Avista, which had originally asked to defer the accounting issue to its next general rate case, will file testimony on November 5, 1999 containing its proposal for treatment of the gain.

The Commission's Notices of Prehearing Conference require each party to submit a list of issues that party wishes the Commission to consider in its disposition of the applications. Staff proposes the following issues for Commission consideration in each proceeding:

1. Should the Commission consolidate the applications or convene joint hearings if it finds issues that are common to the applications?
2. What is the appropriate accounting and regulatory treatment for the gain on sale and any power supply benefits which result from the sale to ensure that the sale is consistent with the public interest?

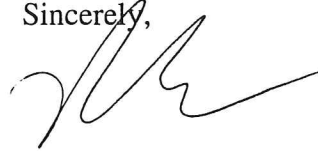
Staff expects that other parties will submit lists that include additional issues. We assume



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that we will be able to comment on those issues, and the issues we have listed, as necessary at the prehearing conferences on October 28, 1999.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Cedarbaum', written over a horizontal line.

Robert D. Cedarbaum
Assistant Attorney General

cc: George Galloway
Matthew Harris
David Meyer
Nancy Hirsch
Brad Van Cleve
Chuck Adams