

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

WASHINGTON UTILITIES AND)	DOCKET NO. UG-031361
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	ORDER NO. 02
)	
v.)	
)	
AVISTA CORPORATION d/b/a)	ORDER OF DISMISSAL; LIFTING
AVISTA UTILITIES,)	SUSPENSION AND ALLOWING
)	TARIFF TO BECOME EFFECTIVE
Respondent.)	
.....)	

- 1 **Synopsis:** *The Commission grants Commission Staff's motion to dismiss the complaint against the Avista Purchased Gas Adjustment and Deferral Amortization tariff revisions that Avista filed in this docket. The Commission lifts the suspension earlier ordered and allows the temporary tariffs to become effective on a permanent basis.*

- 2 **Procedural background.** On August 26, 2003, Avista Corporation d/b/a Avista Utilities (Avista) filed certain tariff revisions to its currently effective Tariff WN U-29, Purchased Gas Adjustment (PGA) and Deferral Amortization. The filing would increase charges and rates for service provided by Avista by approximately \$11.9 million (8.7%). Avista requested that these revisions become effective on less than statutory notice.

- 3 The Commission suspended the operation of the tariff revisions on September 10, 2003, pending hearing on the changes and the justness and reasonableness thereof. The Commission allowed the rates to become effective on September 11, 2003, on a temporary basis, subject to later adjustment through the deferred gas cost account.

- 4 Avista asked on January 16, 2004, that inquiry into the tariffs in this docket be delayed until the Commission entered an order in Docket No. UG-021584, a matter addressing the Company's Benchmark Mechanism. The Commission granted the request on January 20, 2004. The Commission entered its final order

in that docket on February 13, 2004, and on February 20, 2004, issued a notice of prehearing conference in this docket, to be held on March 17, 2004.

- 5 At the prehearing conference on March 17, 2004, Commission Staff stated that, in light of the result of the order in Docket No. UG-021584 and further analysis, the Commission Staff was considering whether to ask that the Commission dismiss the complaint against the tariff in this docket. Staff asked that the prehearing conference be recessed. The presiding Administrative Law Judge granted the request, setting a resumed conference for March 26, 2004.
- 6 On March 23, 2004, the Commission Staff filed a motion to dismiss the complaint. The presiding judge cancelled the March 26 prehearing conference, and the Commission in this order considers whether to dismiss the complaint against Avista's PGA tariff.
- 7 **Request for dismissal.** The Commission Staff asks the Commission to dismiss the complaint against the tariff that originated in Order No. 01. It states,

A primary reason why Staff recommended the Commission issue the Complaint and Order was Staff's concern that Avista's customers were not getting an appropriate share of certain benefits that Avista Energy was achieving under the Benchmark Mechanism Tariff. The Benchmark Mechanism Tariff establishes the cost of gas to be recovered from customers by Avista through its PGA. This issue is referred to in the Commission's Complaint and Order at Paragraph 8 (5).

The benefits at issue related to Avista Energy's purchase of gas from various basins, and its ability to retain the difference between one basin's price and the price generated under the Benchmark Mechanism Tariff. These benefits have been called "basin optimization benefits."

Based on further analysis conducted since the Complaint and Order were issued, Staff now believes

that the amount of basin optimization benefits Staff would have argued should more properly have gone to ratepayers, would have been offset by the detrimental effect on gas costs of higher gas prices in prior periods, which were not tracked through to ratepayers under the Benchmark Mechanism. Staff analyzed this issue by comparing the basin optimization benefits ratepayers would likely have achieved absent the Benchmark Mechanism, with the impact of higher gas prices in prior periods. Using reasonable assumptions, the benefits were offset by the estimated prior period impact of higher gas costs.

Accordingly, if this case went to hearing, Staff would not pursue this issue.

- 8 Commission Staff asks the Commission to grant its motion and enter an order withdrawing its Complaint and Order in this docket lifting the suspension of the tariff revisions filed by Avista on August 26, 2003.
- 9 Avista supports the motion. Public Counsel, the only other party in the docket, voices no objection to the motion.
- 10 We have examined the motion to dismiss and its accompanying narrative, and we have reviewed the proposed tariffs and the Commission Staff presentation at the time the Commission determined to suspend the tariff. The Commission observes that if the matter were to proceed to hearing, no party would argue that the tariffs should not become effective. We find no indication that the tariffs should not be allowed to become effective.
- 11 We find that it is appropriate to grant the motion, dismiss the complaint, and in so doing, allow the tariffs to become effective.

ORDER

- 12 The Commission dismisses the complaint issued in this matter on September 11, 2003.
- 13 In so doing, the Commission lifts the suspension and allows the tariffs filed in this docket on August 25, 2004, to become effective as tariffs of the Avista without limitation.

Dated at Olympia, Washington, and effective this 30th day of March, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner

NOTICE TO PARTIES: This is a final order of the Commission. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 or RCW 81.04.200 and WAC 480-07-870.