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April 14, 2000

Carole Washburn, Secretary
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
P.O. Box 47250
Olympia, WA 98504

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STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION
COMMISSION

Re: Docket Nos. UE-991255, -991262, and -991409

Dear Ms. Washburn:

Enclosed for filing in the above-referenced dockets are the original and 19 copies of the Answer of Commission Staff to Motion of Public Counsel to Reopen Centralia Docket. Also enclosed is a Certificate of Service.

Very truly yours,

ROBERT D. CEDARBAUM
Senior Counsel

pah
Encl.
cc: All Parties (w/Encl.)

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UTILITY AND TRANSPORTATION
COMMISSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the AVISTA)
CORPORATION, for Authority to) DOCKET NO. UE-991255
Sell Its Interest in the Coal-Fired)
Centralia Power Plant)
_____)

In the Matter of the Application of) DOCKET NO. UE-991262
PACIFICORP for an Order)
Approving the Sale of Its Interest in)
(1) the Centralia Steam Electric)
Generating Plant, (2) the Ratebased)
Portion of the Centralia Coal Mine,)
and (3) Related Facilities, for a)
Determination of the Amount of and)
the Proper Ratemaking Treatment)
of the Gain Associated with the)
sale; and for an EWG Determination)
_____)

In the Matter of the Application of) DOCKET NO. UE-991409
PUGET SOUND ENERGY, INC.,)
for (1) Approval of the Proposed)
Sale of PSE's Share of the Centralia)
Facilities, and (2) Authorization to)
Amortize Gain Over a Five-Year)
Period)
_____)

**ANSWER OF COMMISSION STAFF
TO MOTION OF PUBLIC COUNSEL TO REOPEN CENTRALIA DOCKET**

On April 12, 2000, Public Counsel filed with the Commission a Motion to Reopen Centralia Docket. The motion seeks the admission of evidence from Docket No. UE-991606

(Avista's pending general rate case) demonstrating that the sale of Centralia for Avista results in a need for increased rates of \$4.1 million. This contrasts with evidence contained in Exhibit 332 in the current docket which shows an advantage of market over Centralia in the first ten years after the sale. Public Counsel also seeks to have Avista witnesses McKenzie and Johnson recalled to testify on this new information from Docket No. UE-991606.

Staff has no objection to Public Counsel's motion. We note, however, that the Commission stated repeatedly in its Second Supplemental Order that the benefit of all of the forecasts of the market price for power was to inform the Commission of the uncertainty of the future, rather than to predict the future with precision. (¶¶ 43-45.)

The Commission also stated that, despite this unavoidable uncertainty and imprecision, the power cost forecasts suggest that Centralia power is increasingly valuable when compared to market-priced alternatives. Other factors, including technological change, industry restructuring, and the elimination of mine reclamation liability, however, persuaded the Commission that rate payers and the broader public would not suffer from increased rates as a result of the sale. (¶ 63.)

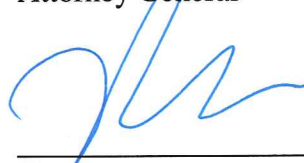
Therefore, while the evidence subject to Public Counsel's motion is as relevant as any other power cost evidence already of record, it is questionable whether that new evidence would require a different conclusion, under the framework of analysis employed by the Commission in

its Second Supplemental Order. That question can only be answered by the Commission itself.
Staff has no objection to the motion being granted to allow the Commission to resolve that issue.

DATED this 14th day of April, 2000.

Respectfully submitted,

CHRISTINE O. GREGOIRE
Attorney General



ROBERT D. CEDARBAUM
Senior Counsel
Attorneys for WUTC Staff

CERTIFICATE OF SERVICE
UE-991255, -991262, and -991409

I certify this day copies of the foregoing Answer of Commission Staff to to Motion of Public Counsel to Reopen Centralia Docket were sent via facsimile and US Mail to the parties listed below.

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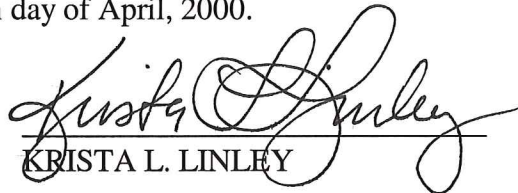
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DATED at Olympia, Washington, this 14th day of April, 2000.


KRISTA L. LINLEY