



UE-200900

Avista Corp.

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

March 31, 2022

State of Washington
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

RE: Docket UE-200900, UG-200901, and UE-200894 (Consolidated) - Special Contract
Treatment in Electric Cost of Service

In the Commission's Final Order (08/05) in Docket No.'s UE-200900, UG-200901, and UE-200894 (Consolidated), Section B(1)iii on page 18, the following Settlement provision was approved:

"The Settling Parties agree to support and incorporate into rates the IEP Special Contract between Avista and Inland Empire Paper subject to certain conditions. Those conditions include an agreement that Avista meet with interested parties to discuss how the IEP Special Contract will be treated in future cost of service studies, Avista file a report with the Commission a within 180 days of this Order indicating whether the interested parties have reached an agreement."

In accordance with this provision, the Company coordinated a virtual meeting with all interested parties who participated in these dockets. The meeting was held March 9, 2022 and the interested parties represented at the meeting were Commission Staff, Public Counsel, Alliance of Western Energy Consumers and the Inland Empire Paper Company.

At the meeting, Avista presented the results of three scenarios for including the Special Contract in future cost of service studies. After a robust discussion, the interested parties reached a consensus on the following approach:

Future cost of service studies will exclude the Special Contract characteristics. Revenue associated with the Special Contract will be included as “other revenue” that offsets costs for all other customer groups in proportion to production and transmission rate base, if feasible, or alternatively by production and transmission plant.

Avista presented the results of this approach to interested parties on March 14, 2022 via e-mail with an opportunity for interested parties to respond with any concerns. There were no concerns raised with this approach and therefore, it is our understanding that all interested parties support this approach for the Special Contract’s inclusion in future cost of service studies. This agreement does not preclude any party from proposing different methodologies in future proceeding.

If you have any questions, please feel free to contact Marcus Garbarino via email at marcus.garbarino@avistacorp.com or via telephone at (509) 495-2567.

Sincerely,

/s/Joe Miller

Joe Miller
Senior Manager of Rates and Tariffs
Regulatory Affairs

