

May 1, 2009

**NOTICE CANCELLING WORKSHOP
(Scheduled for May 14, 2009)**

**NOTICE OF PREHEARING CONFERENCE
(Set for May 14, 2009, at 1:30 p.m.)**

RE: *In the Matter of the Petition of Avista Corporation d/b/a Avista Utilities For an Order Authorizing Implementation of a Natural Gas Decoupling Mechanism and to Record Accounting Entries Associated With the Mechanism; Docket UG-060518*

TO ALL PARTIES OF RECORD:

On February 1, 2007, the Washington Utilities and Transportation Commission (Commission) entered Order 04 in this proceeding, conditionally approving a settlement agreement (Settlement) in which the parties agree to implement a pilot decoupling program. In the Settlement, the parties agreed that Avista Corporation, d/b/a Avista Utilities (Avista or the Company), Commission Staff, and other interested parties will develop, through a collaborative process, a draft evaluation plan to be filed with the Commission no later than December 31, 2007.” *Settlement, ¶ 6.J.*

On April 11, 2008, the Commission entered Order 05 in this proceeding, extending the filing deadline for the draft evaluation plan to April 30, 2008. In addition, Order 05 required Avista to file a final evaluation report of its pilot decoupling mechanism no later than March 31, 2009.

On March 31, 2009, Avista timely filed its “Evaluation of Avista Natural Gas Decoupling Mechanism Pilot” report with the Commission.

On April 22, 2009, the Commission served a Notice of Workshop to Discuss Final Evaluation Report on Avista’s Pilot Decoupling Program and scheduled a workshop on May 14, 2009, to seek the parties’ views and public comment on the

comprehensiveness of the evaluation report and what, if any, additional information would be beneficial to assessment of Avista's pilot decoupling program.

On April 30, 2009, Avista filed a Petition to (a) continue its existing pilot decoupling mechanism on an interim basis and (b) adopt the Company's proposed decoupling mechanism, with one minor modification, on a permanent basis. Avista's filing also included a Motion to Consolidate its Petition with Docket UG-090135, its existing natural gas general rate case (GRC). Neither the Petition nor the Motion purports to have the agreement of the other parties in either this docket or in the GRC.

In light of Avista's filing, the Commission deems it appropriate to cancel the workshop and instead conduct a prehearing conference to take up the following procedural and scheduling matters raised by Avista's filing:

- a. Extension of Avista's Pilot Decoupling Mechanism on Interim Basis
- b. Motion to Consolidate Issues Raised in Petition with Docket UG-090135
- c. Modification of Procedural Schedule in Docket UG-090135 (*If Necessary*)

STATUTORY AUTHORITY: The Commission has jurisdiction over this matter under RCW Title 80, and has legal authority to regulate the rates, services, and practices of electric and gas utilities. The statutes that apply to this matter include RCW 80.01, RCW 80.04, and RCW 80.28, including but not limited to RCW 80.01.040, RCW 80.04.020, RCW 80.28.020, RCW 80.28.030, RCW 80.28.070, RCW 80.28.090, and RCW 80.28.100. The rules that apply to this matter include those within WAC 480-07, WAC 480-90, and 480-100.

The Commission will hear this matter under the Administrative Procedure Act (APA), particularly Part IV of RCW 34.05 relating to adjudications. The provisions of the APA that relate to this proceeding include, but are not limited to RCW 34.05.413, RCW 34.05.422, RCW 34.05.431, RCW 34.05.434, RCW 34.05.440, RCW 34.05.449, and RCW 34.05.452. The Commission will also follow its procedural rules in WAC 480-07 in this proceeding.

THE COMMISSION GIVES NOTICE That the Workshop previously scheduled to begin at 1:30 p.m. on Thursday, May 14, 2009, is CANCELLED.

THE COMMISSION GIVES FURTHER NOTICE That in place of the workshop it will hold a prehearing conference in this matter to begin at 1:30 p.m., on Thursday, May 14, 2009, in the Commission's Hearing Room, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.

The purpose of the prehearing conference is to consider requests for intervention, resolve scheduling matters including establishing dates for distributing evidence and workpapers, to identify the issues in the proceeding, address the parties' positions on an interim extension of Avista's pilot decoupling mechanism, schedule a hearing on the interim extension of that pilot program, hear arguments on the motion to consolidate the decoupling docket with Avista's general rate case, and determine other matters to assist the Commission in resolving the matter, as listed in WAC 480-07-430. **Parties are encouraged to consult informally prior to the prehearing conference to develop a proposed schedule for the Commission's consideration regarding both the need and timing for a hearing on extending the Company's pilot decoupling mechanism and the filing of additional testimony in the GRC.**

INTERVENTION: Persons who wish to intervene should file a petition to intervene in writing at least three business days before the date of the prehearing conference. *See WAC 480-07-355(a)*. The Commission will consider oral petitions to intervene during the conference, but strongly prefers written petitions to intervene. Party representatives must file a notice of appearance with the Commission no later than the business day before the conference. *See WAC 480-07-345(2)*. If any party or witness needs an interpreter or other assistance, they should fill out the form attached to this notice and return it to the Commission. The Commission will set the time and place for any evidentiary hearings at the prehearing conference, on the record of a later conference or hearing session, or by later written notice.

THE COMMISSION GIVES NOTICE that any party who fails to attend or participate in the prehearing conference set by this Notice, or any other stage of this proceeding, may be held in default under RCW 34.05.440.

The Commissioners of the Washington Utilities and Transportation Commission and Administrative Law Judge Adam E. Torem, from the Commission's Administrative Law Division, will preside during this proceeding.

The Commission will give parties notice of any other procedural phase of the proceeding in writing or on the record, as appropriate during this proceeding.

DATED at Olympia, Washington, and effective May 1, 2009.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

ADAM E. TOREM
Administrative Law Judge