

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

|   |   |                      |
|---|---|----------------------|
| In the Matter of the Petition of        | ) |                      |
| AVISTA Corporation d/b/a Avista         | ) | DOCKET NO. UE-011514 |
| Utilities For an Order Finding Avista's | ) |                      |
| Deferred Power Costs Were Prudently     | ) | NOTICE OF PREHEARING |
| Incurred And Are Recoverable            | ) | CONFERENCE           |
|   | ) | (December 6, 2001)   |
| .....                                   | ) | (9:30 a.m.)          |

- 1 On November 9, 2001, Avista Corporation, d/b/a Avista Utilities (hereafter "Avista," "Company", or "Petitioner") filed a petition with the Commission. The petition requests that the Commission issue an Order finding that "deferred costs of \$198.5 million as of September 30, 2001 were prudently incurred and are recoverable."
- 2 Avista is not proposing an adjustment to retail rates in this filing. No tariffs were filed with the petition. Instead, the petition states that "the time period over which the costs would be recovered would be determined in the Company's upcoming general rate case." Based on a prior Order of the Commission, Avista will file that general rate case on or before December 1, 2001.
- 3 In its petition, the Company seeks expedited consideration. Avista requests that the Commission issue an Order by February 18, 2001.
- 4 The Company accompanied its petition with prepared direct testimony and exhibits purporting to support the petition.
- 5 The petition arises from Commission directives in prior dockets. In the Commission's Sixth Supplemental Order in Docket No. UE-010395, page 31, the Commission stated: "We require Avista to address in its general rate filing the power cost issues reserved for determination by our *Second Supplemental Order: Prehearing Conference Order* entered in this docket on August 14, 2001." In paragraph 14 of that Order, the Commission identified the issues reserved for determination as follows:

"In this phase of the proceedings, the Commission will not determine

the prudence of Avista's power costs or make determinations regarding substantive issues that may be raised in subsequent proceedings concerning the appropriate treatment of such costs for rate and accounting purposes. Specific issues that will be considered in a subsequent phase of this proceeding, or in other proceedings Avista proposes to initiate via filings later this year, include but are not limited to: a) the prudence of the power costs incurred or to be incurred by the Company; b) the optimization of Company-owned resources to the benefit of its retail customers; c) the appropriateness of recovery of power costs through a deferral mechanism and; d) a proposal for cost of capital offsets to recognize any shift in risk from shareholders to ratepayers." These issues were also identified in prior Orders of the Commission in Docket No. UE-000972, which is the docket in which the Commission first authorized deferred accounting for the types of costs at issue.

- 6 Hearing in this matter is being held pursuant to Part IV of chapter 34.05 RCW pertaining to Adjudicative Proceedings, including but not limited to RCW 34.05.413, 34.05.419, 34.05.440, 34.05.443, 34.05.449, 34.05.452 and 34.05.455. The Commission has jurisdiction over this matter under Title 80 RCW, having legal authority to regulate the rates, services, and practices of electric utilities pursuant to RCW 80.28.040, 80.28.060, *et al.* Statutes involved, in addition to those previously cited, include those within chapters 80.01, 80.04 and 80.28 RCW, including but not limited to RCW 80.01.040, 80.04.250, 80.28.010, 80.28.020, 80.28.040, 80.28.070, 80.28.090, and 80.28.100. Rules involved include those within chapters 480-100 and 480-09 WAC.
- 7 The ultimate issue is whether Avista has demonstrated that it has satisfied Commission requirements with respect to the \$198.5 million Avista has identified in its petition. Those requirements are described in part in paragraph five of this Notice. As the petitioning party, and consistent with the directives of prior Commission Orders in Docket Nos. UE-010395 and UE-000972, the burden of proof shall be upon the Petitioner, Avista.
- 8 Issues of how any deferred costs found to have met the Commission's requirements should be recovered through rates, including associated rate design issues, if any, will be reserved for the general rate case, or other appropriate docket. Nothing in this Notice affects the right of the Commission to consolidate this docket with the general rate case if circumstances justify consolidation.
- 9 NOTICE IS HEREBY GIVEN That in accordance with WAC 480-09-700(1)(a), the Commission has determined that good cause exists for this matter to be heard on

shortened notice.

10 NOTICE IS HEREBY GIVEN That a prehearing conference in this docket will be convened at 9:30 a.m., on December 6, 2001, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive SW, Olympia, Washington. The time and place for the evidentiary hearings will be set at the prehearing conference or by later written notice. The purposes of the prehearing conference are to consider formulating the issues in these proceedings, to establish procedures, and to determine other matters to aid in their disposition, as specified in WAC 480-09-460. Petitioner will be expected to have available at that time for distribution to all parties and interested persons copies of the direct testimony and exhibits that it proposes to present. Those documents may at that time be marked for identification as exhibits. Petitions to intervene should be made in writing prior to that date or made orally at that time. Appearances will be taken.

11 Please see the form attached to this Notice which should be filled out and returned if any party or witness needs an interpreter or other assistance.

12 NOTICE IS FURTHER GIVEN THAT ANY PARTY WHO FAILS TO ATTEND OR PARTICIPATE IN THE HEARING SET HEREIN, OR OTHER STAGE OF THIS PROCEEDING, MAY BE HELD IN DEFAULT IN ACCORDANCE WITH THE TERMS OF RCW 34.05.440.

13 An Administrative Law Judge from the Washington Utilities and Transportation Commission's Administrative Law Division, 1300 S. Evergreen Park Drive S.W., Olympia, Washington 98504-7250 will be designated to preside at the prehearing conference.

14 The names and mailing addresses of all parties and their known representatives are as follows:

15 Commission: Washington Utilities and  
Transportation Commission  
1300 S. Evergreen Park Drive SW  
P. O. Box 47250  
Olympia, WA 98504-7250  
(360) 753-6423

16 Representative: Donald T. Trotter, Senior Counsel  
Jonathan C. Thompson, Assistant Attorney General  
1400 S. Evergreen Park Drive SW

P. O. Box 40128  
Olympia, WA 98504-0128  
(360) 664-1183

17 Petitioner: Kelly O. Norwood, Vice President  
Avista Corp.  
1411 E. Mission Avenue  
P.O. Box 3727  
MSC 29  
Spokane, WA 99220-3727  
(509) 495-4267

18 Representative David J. Meyer, Senior Vice President  
and General Counsel  
Avista Corp.  
1411 E. Mission Avenue  
P.O. Box 3727  
MSC 13  
Spokane, WA 99220-3727  
(509) 495-4316

19 Hearings for the purpose of receiving the testimony of members of the public may held at a time and place to be set later. The Commission will provide at its offices in Olympia, Washington, current records of the hearing for the use of those who may wish to review them. The Public Counsel Section of the Office of Attorney General has been designated to represent the public. The address of the Commission, shown below, may be used for inquiries of public counsel, or public counsel may be contacted directly by writing or calling the address or telephone number listed below. Public counsel will be able to help members of the public prepare their testimony if assistance is desired.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE WASHBURN  
Executive Secretary

Inquiries should be addressed to:

The Secretary  
Washington Utilities and  
Transportation Commission  
Chandler Plaza Building  
1300 S. Evergreen Park Drive SW  
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-or-

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900 Fourth Avenue, TB-14  
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