

Exhibit ____ (MPP-7)
Docket Nos. UE-991606, UG-991607
Witness: Michael P. Parvinen

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
)
Complainant,)
)
v.)
)
AVISTA CORPORATION,)
)
Respondent.)
_____)

DOCKET NOS. UE-991606, UG-991607

EXHIBIT
OF
MICHAEL P. PARVINEN
STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

May 5, 2000

WUTC		
DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>615</u>		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

December 28, 1999

Mr. Thomas D. Dukich, Manager, Rates and Tariff Administration
Avista Corp.
PO Box 3727
Spokane WA 98220-3727

Dear Mr. Dukich:

RE: Docket UG-991827, accounting petition for deferral of incremental costs associated with the reclamation of the Hamilton Street Bridge Site

On November 24, 1999, Avista Corp. filed an application requesting authorization to defer incremental costs associated with the Hamilton Bridge Site. The request was to recover the deferred costs, including carrying charges, until a future rate proceeding.

Staff recommends that the Company withdraw the request for an accounting petition and incorporate a normalized level of recovery into the currently filed general rate case. Staff would agree, subject to it determining prudence and customer responsibility, to incorporate a normalized expense level based on a four year average of known costs at the time Staff files its case in the general rate proceeding (UG-991607). Actual remediation costs would be rolled into the average, assuming the costs are in line with the Company's recommended alternative (alternative 2 from the petition).

Staff would be in favor of an accounting treatment which deferred the actual remediation costs if Avista is required to expend substantially more than the estimates for alternatives 1 or 2 from the petition.

Any questions or concerns regarding this letter can be directed to the attention of Mike Parvinen at (360)664-1315, or Merton Lott at (360)664-1312.

Sincerely,

Michael Parvinen
Policy Research Specialist

