

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In Re the Matter of	)	
	)	DOCKET NO. UE-010395
AVISTA CORPORATION d/b/a	)	
AVISTA UTILITIES	)	NOTICE OF PREHEARING
	)	CONFERENCE
Request Regarding the Recovery of Power	)	(April 23, 2001)
Costs through the Deferral Mechanism.	)	
.....	)	

1 In Docket No. UE-000972, the Commission required Avista Corporation d/b/a Avista Utilities (Company) to file “by March 20, 2001, a proposal that will address:

- a) the prudence of the incurred power costs,
- 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,
- d) a proposal for cost of capital offsets to recognize the shift in risk from shareholders to ratepayers, and
- e) Company plan to mitigate the deferred power costs.”

2 Order Granting Request to Modify Power Cost Deferral Mechanism, Docket No. UE-000972 (hereafter “January 24, 2001 Order”) at page 2, Ordering ¶4. The filing deadline was subsequently extended to March 23, 2001.

3 On March 23, 2001, the Company filed with the Commission a cover letter dated March 22, 2001, together with proposed direct testimony and exhibits “Regarding the Recovery of Power Costs through the Deferral Mechanism.”

4 In its March 22, 2001 cover letter (which the Commission will consider a petition), the Company indicates that its filing is submitted in compliance with the Commission’s January 24, 2001 Order. The Company also makes the following requests for Commission action:

- (1) As speedily as possible, we ask the Commission find the deferred power costs incurred through March 31, 2001 to be prudent and enter an order declaring such. We request that the Commission issue this order no later than July 1, 2001.

(2) Through an accounting order we request that the Commission extend the current deferral mechanism through the end of 2002 to allow deferral offsets to occur. The current mechanism is scheduled to end on June 30, 2001.

(3) Finally, we ask that by September 1, 2001 the Commission approve the power cost deferral recovery plan as outlined by Mr. Norwood.

- 5 The Commission in this proceeding is not necessarily limited to this list of Company requested actions, or the timing of those actions. The Commission may consider any lawful action, and the timing thereof, consistent with applicable statute and/or rules, and within the scope of the hearing in this matter.
- 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, 34.05.422, RCW 335.05.440, RCW 34.05.449, and RCW 34.05.452. The Commission has jurisdiction over this matter pursuant to Title 80 RCW, having legal authority to regulate the rates, services, and practices of electric utilities. Statutes involved, in addition to those previously cited, include those within chapters 80.04 and 80.28 RCW relating to rates, including but not limited to RCW 80.01.040, RCW 80.04.250, RCW 80.28.010, RCW 80.28.020, RCW 80.28.070, RCW 80.28.090, and RCW 80.28.100. Rules involved include those within chapters 480-09 and 480-100 WAC.
- 7 The ultimate issue involved is what action is appropriate and in the public interest, as provided in the public service laws, for the Commission to take with respect to power costs deferred, or to be deferred by the Company. Issues 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, d) a proposal for cost of capital offsets to recognize the shift in risk from shareholders to ratepayers, and e) the Company's plan to mitigate the deferred power costs. Other proposals and positions than those proposed by the Company in its filing received March 23, 2001, on these and any other relevant issue, may be considered by the Commission.
- 8 In its Order Approving Establishment of a Deferral Mechanism to Track Power Cost Expenses, Docket No. UE-000972 (hereafter "August 9, 2000 Order") at page 3, Ordering ¶4, and in its January 24, 2001 Order at page 2, Ordering ¶4 the Commission stated:

This order shall in no way affect the authority of this Commission over rates, services, accounts, evaluations, estimates, or determination of cost or any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs claimed or asserted.

- 9 The Commission also stated in its August 9, 2000 Order at page 2, Ordering ¶3 that the burden of proof was on the Company to prove, *inter alia*, that its recovery of costs through a deferral mechanism was appropriate.
- 10 The burden of proof in this proceeding is on the Company.
- 11 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.
- 12 **NOTICE IS FURTHER GIVEN That a prehearing conference in this matter will be held at 10:30 a.m., on Monday, April 23, 2001, in the Commission's Hearing Room, Second Floor, Chandler Plaza Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington**
- 13 The purpose of the prehearing conference is to consider formulating the issues in the proceeding, and to determine other matters to aid in its disposition, as specified in WAC 480-09-460. The Commission declares this proceeding to be precedential in nature, so the provisions of WAC 480-09-480 apply pursuant to the terms of that rule, and any order in this matter implementing that rule.
- 14 Petitions to intervene should be made in writing prior to the hearing date or made orally at the hearing. The time and place for the evidentiary hearing will be set at the prehearing conference or by later written notice. Appearances will be taken.
- 15 If any party or witness needs an interpreter or other assistance, please fill out the form attached to this notice and return it to the Commission.
- 16 NOTICE IS FURTHER GIVEN THAT ANY PARTY WHO FAILS TO ATTEND OR PARTICIPATE IN THE HEARING SET BY THIS NOTICE, OR ANY OTHER STAGE OF THIS PROCEEDING, MAY BE HELD IN DEFAULT IN ACCORDANCE WITH RCW 34.05.440. THE PARTIES ARE FURTHER ADVISED THAT THE SANCTION PROVISIONS OF WAC 480-09-700(4) ARE SPECIFICALLY INVOKED.
- 17 The names and mailing addresses of all parties and their known representatives are as follows:

Petitioner:

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- 18 Dennis Moss has been designated as the Administrative Law Judge from the Utilities and Transportation Commission's Administrative Law Division, 1300 S. Evergreen Park Drive S.W., Olympia, Washington 98504-7250, and will preside at the prehearing conference.
- 19 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, show 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.

20 Notice of any other procedural phase will be given in writing or on the record as the Commission may deem appropriate during the course of this proceeding.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN  
Executive Secretary

April , 2001

Inquires may be addressed to:

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