

January 14, 2000

Carole Washburn, Executive Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

**Re: Docket No. U-991928—Special Contract Rule Review  
WAC 480-80-335**

Dear Ms. Washburn:

Avista Utilities appreciates the opportunity to provide comments in the above-cited docket. The Company has two comments to provide regarding the special contracts rule.

First, Avista Utilities believes that this rule has been beneficial for general customers, for customers who sign special contracts, and for the Company. When customers have legitimate options for alternative provision of service, it benefits all general customers and the Company to retain these customers at below tariff prices if those prices provide a contribution to fixed costs borne by other customers.

Second, the Company believes that the portion of the rule dealing with discrimination should be clarified. Specifically, Avista Utilities suggests the following edits.

- add “undue or unreasonable” before “discrimination” in paragraph (5). The telecommunications contract rule contains such language and is an accurate representation of the intent and implementation of the special contracts rule for electric, water, and natural gas utilities.
- add “incremental” before “costs” and add “during the term of the contract” after “service” in paragraph (5). It would then read: “...provides for the recovery of all incremental costs associated with the provision of the service during the term of the contract”. The present language states “the recovery of all costs” which can be interpreted to mean anything from incremental to fully distributed/allocated costs. If the contract at least recovers incremental costs, no other customers

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are harmed. Tying estimated incremental costs to the term of the contract makes sense, as long as the utility does not continue to file one-year agreements with a customer in order to minimize the incremental costs.

- add a new sentence in paragraph (5): “Customers who have alternatives to taking service from the utility are not considered to be served under substantially similar circumstances as customers who do not have service alternatives.” This statement makes it clear that a competitive option is a not undue or unreasonable discrimination.

By way of reference, Avista Utilities currently has five customers under special contract.

Please direct any questions on this matter to Bruce Folsom at (509) 495-8706. An electronic version of these comments has been sent by e-mail to the WUTC Records Center and to Mr. Fred Ottavelli of the Commission Staff.

Sincerely,

Thomas D. Dukich  
Manager, Rates and Tariff Administration