

**March 1, 2002**

**VIA FAX and US Mail (WUTC only)**

Carole Washburn  
Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Pk. Dr. S.W.  
PO Box 47250  
Olympia, WA 98504-7250

Re: Avista Settlement Stipulation, Docket No. UE-11595

Dear Ms. Washburn:

We are writing to express our concern with one aspect of the Settlement Stipulation in the above referenced proceeding—that there will be no low income rate assistance, and no low income weatherization or energy efficiency revenue included in these rate increases. While we understand the serious financial condition of the company, we do not believe it is in the public interest to increase rates without proportional increases in these ratepayer oriented efforts. The “Customer Impact Mitigation Measures” do not represent an appropriate substitute. We also understand the intense public sentiment surrounding these rate increases. We are submitting these written comments to ensure our concerns are on record and appreciate your consideration.

Avista has been a leader in providing rate assistance and energy efficiency services, including weatherization of low-income homes. Avista’s energy efficiency efforts, particularly during the recent energy crisis, benefited all customers by reducing the need for purchase of additional power supply via the expensive wholesale market. Customers who participated directly in the Company’s programs also benefited through reduced energy bills, increased comfort and safety, and an improved ability to respond to reasonable rate increases. Further, the Company’s collaborative process has resulted in programs that efficiently and effectively address low income energy needs.

However, the intention of the original low income rate assistance design was to ensure assistance efforts would remain proportional to rates and overall revenue. Although rates remained constant, the gap between rate assistance resources and low income need widened when revenues fell last summer and autumn due to curtailment and conservation efforts. The annual revenue projection in March, 2001 was \$239,873,000, current projections are approximately 10% lower. This revenue drop, because rate assistance and conservation programs are funded as a percentage of revenue, means a decrease in funding for those programs of approximately 10%. When the 25% rate increase was put in place October, 2001, and did not include the rate assistance and energy efficiency 2.74%, the gap between resources and need increased again. The current situation is the worst of both worlds—there is a decrease in funding if revenues fall without a corresponding increase in resources if rates are increased.

We realize this docket is concerned solely with electric rates, however, for low income people the Avista bill is the issue—rate increases on the gas side exacerbate electric increases. Only now are consumers feeling the full brunt of previous gas increases; last winter and through much of the summer these increases were hidden by the Centralia credit and the buyback program. As this winter's bills hit, our clients, and ratepayers as a whole, were stunned. As evidenced by the large turnout and consistent message from ratepayers speaking at the hearing held in Spokane February 27, 2002, the 25% increase put in place October 1, 2001, on top of a gas rate that has essentially doubled in the past two years, produced rate shock. As you heard in their testimony, low income households are especially hard hit, increasingly forced to trade off basic necessities.

We request inclusion of energy efficiency and rate assistance tariff riders in any and all rate increases, whether those increases are intended as a temporary surcharge to recover power costs or part of base rates. Specifically, we are suggesting application of this tariff rider in both the base rate increase of 11.5% and the remaining 20% surcharge for power cost recovery that will be in effect March 15, 2002, if the settlement is approved. Including this 2.74% (1.95 electric energy efficiency and .79% rate assistance) charge in the current rate increases will delay the recovery of power costs approximately five weeks, but would provide at least two positive effects for the ratepayers; a return to normal levels of conservation activity sooner (by bringing the conservation tariff account back into balance), and critical additional funding for rate assistance.

Thank you for this opportunity to comment.

Sincerely,

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