



Washington Water Power

WUTC		
DOCKET NO.	UE-9916006	
EXHIBIT #	323	
ADMITTED 13	W/D: 29	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

December 12, 1994

Steve McLellan, Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket Nos. UE-941375/377 and UG-941376/378
WWP DSM Programs and Tariff Rider

Dear Mr. McLellan:

This letter is to state our understanding between WWP and WUTC Staff regarding the Company's proposed tariffs and accounting treatment in the above-mentioned filings.

- 1) WWP will include a notice to customers in the next billing cycle explaining the purpose and magnitude of the Rider. Each year the Rider will be shown in the annual "How to Calculate Your Bill" brochure.
- 2) WWP will commit to work with Staff on a listing of activities that fit broad categories of appropriate DSM spending. The prudence of these expenditures is not presupposed and can be argued in a future rate case. WWP will not object to this review in a future rate case by invoking a legal retroactive ratemaking argument.
- 3) WWP will assume any risk due to adverse IRS tax treatment, subject to being allowed a deferred tax benefit in the event of an adverse IRS finding.
- 4) The Company will begin to amortize post-1991 DSM over 14 years beginning January 1, 1995.

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5) The Company assumes the risk of undercollecting revenues for expenditures committed towards DSM during the period in which the Rider is in effect and must use any overcollections to fund incremental DSM. There will be no surcharges or refunds.

6) Neither the Staff nor the Company is precluded from proposing other kinds of accounting treatments for DSM done in the above amounts currently reflected in Schedules 91 and 191.

7) The Rider will be in effect for two years, coincident with the programs outlined in Schedules 90 and 190, and thereafter be reevaluated.

Sincerely,

A handwritten signature in cursive script that reads "Thomas D. Dukich".

Thomas D. Dukich,
Manager, Rates & Tariff Administration