

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION G-3249
MARCH 18, 1999**

RESOLUTION

RESOLUTION G-3249. WASHINGTON WATER POWER COMPANY (WWP) REQUESTS APPROVAL OF ITS AFFILIATE TRANSACTION COMPLIANCE PLAN. APPROVED AS MODIFIED.

BY ADVICE LETTER C-28G, FILED ON DECEMBER 31, 1997.

SUMMARY

1. By Advice Letter (AL) C-28G, WP Natural Gas (WPNG), a division of Washington Water Power Company (WWP) seeks approval of its affiliate transaction compliance plan, as ordered by Ordering Paragraph 2 of Decision (D.) 97-12-088.
2. No protest was filed in this matter.
3. AL C-28G is approved, subject to modification.

BACKGROUND

1. On December 31, 1997, WPNG, a division of WWP, filed AL C-28G requesting approval of its affiliate transaction compliance plan.
2. WPNG has approximately 17,500 natural gas customers in the South Lake Tahoe area and has been serving customers in California since 1991. WPNG
3. WWP states that no affiliate of either WWP or WPNG will offer any service in WPNG's California service territory. Further, WWP states that WPNG will not offer any products or services in California beyond the utility services it is permitted under the rules. WWP argues that it will have no opportunity for preference to be accorded to customers of affiliates, or requests from affiliates, relative to nonaffiliated suppliers and their customers.
4. WWP also states that customer information such as operating, marketing, and proprietary

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information will not be disclosed to marketing affiliates because no affiliates of WWP or WPNG will offer services in WPNG's California service area. Further, no customer referrals will be provided, and, therefore, related record keeping is unnecessary.

5. In accordance with Federal Energy Regulatory Commission (FERC) Letter Orders, WWP Resources Services, Inc. (Formerly Avista Energy, Inc.) and Howard/Avista Energy, LLC, operate separate affiliate merchant functions for electric power from both WWP and WPNG.¹

6. Specifically, WWP Resources Services, Inc. (WWP Resource) is physically separate from WWP as there are no common officers or employees between WWP, WPNG and WWP Resource other than the Chief Executive Officer of WWP Resource who is a Senior Vice President of WWP. Shared services are limited to certain administrative services. The appropriate charge for the value of the item will be made to the account of WWP Resource, and the books and records of WWP will be subject to inspection and audit to verify that the appropriate charges to WWP Resource have been made.

7. Howard/Avista Energy will operate only in the Midwest and is, therefore, separate from WWP and WPNG.

8. On December 31, 1997, WWP also filed an application requesting an exemption from the Affiliate Transaction Rules (Rules) in Order Instituting Rulemaking (R.) 97-04-011 and Order Instituting Investigation (I.97-04-012).

9. In its application, WWP voluntarily agreed that any affiliate covered by the Rules will not participate directly or indirectly in its California service territory. Further, WWP did not object to filing periodic reports of an independent auditor verifying that the affiliates covered by the Rules have not participated directly or indirectly in its California service territory.

10. On January 20, 1999, in Decision 99-01-015, the Commission granted WWP its Application for Exemption to the Rules, provided that WWP complies with its voluntary agreement that any of its affiliates covered by the Rules will not participate directly or indirectly in its California service territory.

¹WWP cites FERC Letter Orders in Docket No. ER 97-2003-00 (WWP Resource Services, Inc.), 76 FERC IP 61, 255; and Docket No. ER 98-181-000 (Howard/Avista Energy, LLC) as authority to sell power at market-based rates.

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NOTICE

1. Notice of AL C-28G was made by mailing copies of the filing and to the parties listed on the service list for R. 97-04-011/1.97-04-012 and other interested parties.

PROTEST

1. No protests were received on this matter.

DISCUSSION

1. AL C-28G should be approved as the Commission has granted WWP exemption from the affiliate transaction rules, provided that WWP complies with its voluntary agreement that any of its affiliates covered by the Rules will not participate directly or indirectly in its California service territory.
2. The WWP compliance plan appears to be reasonable.

COMMENTS

The draft resolution of the Energy Division in this matter was mailed to the parties in accordance with PU Code Section 311(g). No comments were received.

FINDINGS

1. D. 99-01-015 granted WWP application for exemption to the Rules provided that WWP complies with its voluntary agreement that any of its affiliates covered by the Rules will not participate directly or indirectly in its California service territory.
2. The WWP compliance plan appears to be reasonable because no affiliate of either WWP or WPNG will offer any service in WPNG's California service territory. Further, WWP states that WPNG will not offer any products or services in California beyond the utility services it is permitted under the rules. Moreover, WWP states it will have no opportunity for preference to be accorded to customers of affiliates, or to requests from affiliates, relative to nonaffiliated suppliers and their customers.

THEREFORE IT IS ORDERED THAT:

1. Washington Water Power Company, Advice Letter C-28G is approved, provided that

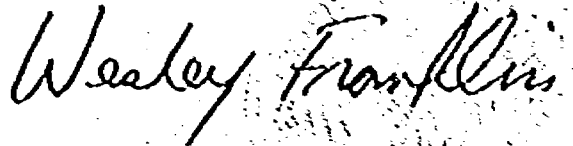
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WWP complies with its voluntary agreement that any of its affiliates covered by the Rules will not participate directly or indirectly in its California service territory.

2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on March 18, 1999. The following Commissioners voting favorably thereon:



WESLEY M. FRANKLIN
Executor Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEPPER
Commissioners