

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST

DATE PREPARED: October 14, 2009  
DOCKETS: UE-090134/UG-090135  
REQUESTER: Bench

WITNESS: Michael Parvinen  
RESPONDER: Michael Parvinen  
TELEPHONE: 360-664-1315

**BENCH REQUEST NO. 12:** Do RCW 80.80 and WAC 480-100-405 and -415 apply to the Lancaster Power Purchase Agreement (PPA)? Why or why not?

**RESPONSE:** Staff believes that the above statutes and rules do not apply to the Lancaster PPA in this rate case. RCW 80.80.040(1) states, “Beginning July 1, 2008, the greenhouse gases emissions performance standard for all baseload electric generation for which electric utilities enter into long-term financial commitments on or after such date is the lower of : (a) One thousand one hundred pounds of greenhouse gases per megawatt-hour, or (b) the average available greenhouse gases emissions output as determined under RCW 80.80.050.” (Emphasis added). WAC 480-100-405 and 480-100-415 further carry out this mandate.

The Lancaster PPA was originally executed prior to July 1, 2008, by Avista Energy, and affiliate controlled by Avista Corporation d/b/a Avista Utilities. As shown on Exhibit RLS 19-X, page 3, Avista Energy assigned the Lancaster PPA to Avista Turbine Power (ATP), another affiliate controlled by Avista Utilities, on June 11, 1999. Later, effective June 30, 2007, Avista Turbine entered into a contract assigning the right to the capacity and electrical output under Lancaster to Coral Energy, but for only a two-and-a-half year term, until December 31, 2009, after which the rights under the Lancaster PPA revert back to Avista Utilities. This is shown in Exhibit RLS-1T, page 9, lines 17-19, which states, “As part of the April 17, 2007 announcement of the sale of Avista Energy to Coral Energy, the Company also announced that Avista Utilities would have the rights to the Lancaster PPA beginning on January 1, 2010.”

Thus, Avista Utilities, through its affiliates (subsidiaries), has continuously held the capacity and electrical rights under the Lancaster PPA since 1998, with the exception of the limited term when those rights were assigned to Coral, with reversionary rights to Avista Utilities (through Avista Turbine) in 2010. This was accomplished by the contract enacted in 2007. The Lancaster PPA itself runs through 2026. These are all contracts that pre-date June 30, 2008. Staff is not aware of any new contracts for baseload generation enacted since that date (See WAC 480-100-405 (2)(d), defining “long-term financial commitment ” after June 30, 2008, as including “a new or renewed contract for baseload generation.”) Staff, therefore, believes that the RCW 80.80 and WAC 480-100-405 and 480-100-415 are not applicable here.

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**BENCH REQUEST NO. 13:** What, if any, evidence has the Company previously provided in this record to support its request for a greenhouse gas compliance determination?

**RESPONSE:** In light of Staff's response to Bench Request 12, this question becomes moot.