

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET UE-100080
)	
AVISTA CORPORATION, d/b/a)	ORDER 01
AVISTA UTILITIES,)	
)	
Petitioner,)	
)	
For Approval Of Proposed Accounting)	
Methods And Details Regarding The)	
Deferral Of Lancaster Generating)	ORDER GRANTING ACCOUNTING
Facility Costs.)	PETITION
.....)	

BACKGROUND

- 1 On January 11, 2010, Avista Corporation, (Avista or the Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order under WAC 480-07-370(1)(b) and in compliance with Order 10 in Dockets UE-090134 and UG-090135, dated December 23, 2009, as clarified in paragraph 6 of Order 11, dated January 6, 2010. The accounting petition requests Commission approval of the proposed accounting methods and details regarding the Lancaster Power Purchase Agreement (PPA).
- 2 The Company proposes to account for the Lancaster deferred costs in Account 186 – Miscellaneous Deferred Debits. The account would use a separate subaccount specific to the Lancaster PPA. The Company will recognize monthly, the net cost of Lancaster based on daily and long-term transactions, tracking both net costs and benefits of operating the plant.
- 3 The Company also proposes, consistent with paragraph 230 in Order 10, an accrual of a carrying charge on the Lancaster deferred balance using the same method and at the same rate as applied to its Energy Recovery Mechanism (ERM) deferral balances. Recognizing the effect of this accounting order, Avista would calculate its monthly ERM deferral by removing the actual deferred Lancaster net power supply costs. When determining its monthly ERM deferrals, the comparison would be limited to the net authorized ERM costs which exclude Lancaster.

4 Staff has reviewed the accounting and deferral methodology proposed by Avista and recommends acceptance by the Commission. Staff also recommends that the Company provide to the Commission a monthly Lancaster deferral report that is integrated with the current ERM report.

FINDINGS AND CONCLUSIONS

- 5 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 6 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 7 (3) WAC 480-07-370(1)(b), allows companies to file petitions including that for which Avista seeks approval.
- 8 (4) Staff has reviewed the petition in Docket UE-100080 including related work papers.
- 9 (5) Staff believes the proposed accounting order Avista requests is reasonable and should be granted.
- 10 (6) This matter came before the Commission at its regularly scheduled meeting on February 11, 2010.
- 11 (7) After reviewing Avista's petition filed in Docket UE-100080 on January 11, 2010, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Company with this Petition is in compliance with paragraph 230 of Order 10 and paragraph 6 of Order 11 in Dockets UE-090134 and UG-090135, and should be granted.

O R D E R

THE COMMISSION ORDERS:

- 12 (1) Avista Corporation's request for the approval of its accounting methods and details in Docket UE-100080 is granted.
- 13 (2) Avista Corporation must file with the Commission the monthly Lancaster deferral amount showing its derivation and accumulated balance. The Lancaster deferral report will be combined with and become part of the Company's current Energy Recovery Mechanism report.
- 14 (2) The deferral will end on the earlier of December 31, 2011, or on the effective date of the final decision by the Commission in any general rate case filed prior to December 31, 2011.
- 15 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting the petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 16 (4) The Commission retains jurisdiction over the subject matter and Avista Corporation to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective February 11, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary