

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

In the Matter of the Petition of	)	DOCKET UE-131576
	)	
AVISTA CORPORATION	)	ORDER 01
	)	
Petitioner,	)	
	)	
For An Accounting Order to Defer Costs	)	
Related to Improving Dissolved Oxygen	)	ORDER APPROVING ACCOUNTING
Levels in Lake Spokane.	)	PETITION
.....	)	

**BACKGROUND**

- 1     On August 28, 2013, Avista Corporation (Avista or Company), filed a petition seeking an Accounting Order under WAC 480-07-370(b)(i) to defer costs related to the improvement of dissolved oxygen levels in Lake Spokane (the Lake).
- 2     The Company received a FERC Project License numbered 2545 for the Spokane River Project (License) on June 18, 2009. The License included as condition 5.6C a requirement to develop a Water Quality Attainment Plan (Attainment Plan) to improve the oxygen levels of Lake Spokane. During the same time the Company was renewing the License, the Washington Department of Ecology (Ecology) began a Dissolved Oxygen Total Maximum Daily Load Study (TMDL). The TMDL was still ongoing at the issuance of the License.
- 3     The TMDL was completed in 2012 and the License was amended to reflect the TMDL recommendations. The TMDL did not address the method Avista was required to use to address the low oxygen issue in its Attainment Plan. One proposal made during the TMDL discussions was to aerate the lake with an oxygenation facility (Facility). Avista calculated the facility would have an approximate cost of \$8.0 million to build and \$200-300 thousand per year in continuing operations and maintenance costs. As an alternative to this facility, Avista proposed an Attainment Plan that included vegetation management and education programs. Avista estimates the cost of this second plan as approximately \$100 – 150 thousand per year in ongoing operation and maintenance costs. The second alternative was ultimately approved by Ecology and the FERC in October 2012.
- 4     Avista submits that it incurred costs during the development of the Attainment Plan as a legitimate cost of operating as a public utility in the state of Washington and to fulfill obligations imposed by state and federal environmental and regulatory agencies. These

costs include data gathering, estimates of Avista's responsibility for the Lake, technical and legal analysis, and the development of alternatives to an oxygenation facility. Avista recorded costs of \$1.34 million in FERC account 107.0 "Construction Work in Progress" in anticipation of a requirement to build the Facility. Avista intended to capitalize these costs after the construction of the Facility. The Washington allocated share of these costs is \$871,184.

5 Avista requests that the Commission issue an accounting order that authorizes the deferral and transfer of the Washington share of these costs to FERC account 182.3. Avista proposes to seek a determination of the eligibility for recovery of any costs and a determination of their prudence in their next general rate case or in a separate filing. Furthermore, Avista does not seek to accrue interest on the Washington share of the deferrals.

#### FINDINGS AND CONCLUSIONS

- 6 (1) The Washington Utilities and Transportation Commission (Commission) is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including electric companies. RCW 80.01.040, RCW 80.04, RCW 80.28, RCW 80.08 and RCW 80.12.
- 7 (2) Avista is an electric company and is a public service company subject to the jurisdiction of the Commission.
- 8 (3) WAC 480-07-370(b)(i), allows companies to file a petition including that for which Avista seeks approval.
- 9 (4) Staff has reviewed the petition in Docket UE-131576 including related workpapers. Staff believes the proposed accounting petition requested by Avista is reasonable and should be approved.
- 10 (5) This matter was brought before the Commission at its regularly scheduled meeting on September 26, 2013.
- 11 (6) After examination of the petition filed in Docket UE-131576 by Avista on August 28, 2013, and giving due consideration to all relevant matters and for

good cause shown, the Commission finds that the Petition filed should be approved.

**ORDER**

THE COMMISSION ORDERS:

- 12 (1) Avista Corporation's request to defer costs related to improving dissolved oxygen levels in Lake Spokane is approved.
- 13 (2) The deferral will end on the earlier of August 28, 2015, or on the effective date of the final decision by the Commission in any general rate case or appropriate proceeding filed prior to August 28, 2015.
- 14 (3) This Order shall not affect the Commission's authority over rates, services, accounts, evaluations, estimates, or determination of costs in any matters that may come before it, nor be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 15 (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 September 26, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary