

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

<p>In the Matter of the Petition of</p> <p>AVISTA CORPORATION d/b/a AVISTA UTILITIES,</p> <p style="text-align: center;">Petitioner,</p> <p>For An Accounting Order authorizing the Company to utilize deferred accounting for the Company’s remaining investment in the Turner Energy Storage Project</p>	<p>DOCKET UE-210949</p> <p>ORDER 01</p> <p>GRANTING AMENDED ACCOUNTING PETITION</p>
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BACKGROUND

- 1 On December 15, 2021, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order under WAC 480-07-370(1)(b) and WAC 480-90-203(3) authorizing Avista to utilize deferred accounting for the Company’s remaining investment in the failed Turner Energy Storage (TES) project.
- 2 On December 12, 2022, Avista filed an amended petition (Amended Petition), which removed the Company’s request for a carrying charge on the deferral amount and removed the request for site remediation costs.
- 3 Approval of this Amended Petition would authorize the Company to track its remaining investment, approximately \$3.7 million, as well as any proceeds that result from legal action in deferred Federal Energy Regulatory Commission (FERC) account (186), until the Company files for recovery of these amounts in its next rate proceeding. No interest will accrue on the deferral balance.
- 4 The TES pilot project was installed and commissioned in the spring of 2015 and failed in June 2018. It was partly funded by the Washington State Department of Commerce’s Clean Energy Fund. The construction of the battery, inverter set (#1), and transformer set (#1) was completed and moved into production in April 2015. In February 2018, an additional inverter (#2) and transformer (#2) were added, and in April 2018, the testing was completed, and the system was functioning. Although these additional assets were useful, they were not yet being used and remained as Construction Work in Progress.

5 After the battery failed in June 2018, Avista worked with UniEnergy Technologies (UET) to get a warranty replacement of the battery. In May of 2021, Avista learned that UET was experiencing financial difficulties. In July 2021, Avista sent a letter to UET demanding that it either: (a) provide a date that a replacement battery would be delivered and post a performance bond; or (b) refund Avista all amounts paid to UET.

6 Counsel for UET responded that it was not capable of refunding Avista, nor could it come up with a replacement because it had lost its office and lab spaces, it had furloughed all employees, and its executives had all resigned. In September 2021, Avista learned that UET's senior secured creditor had taken possession of UET's assets and sold those assets to a third party. In November 2021, UET's counsel informed Avista that involuntary bankruptcy proceedings had been instituted against UET.

7 Avista has retained outside counsel to monitor the status of the bankruptcy proceedings. Depending on the outcome of those proceedings, Avista may either: (a) file a creditor claim in UET's bankruptcy; or (b) request a stipulated judgment from UET. In either case, it is unlikely Avista will recover given Avista's status as an unsecured creditor and UET's lack of assets.

8 On January 4, 2023, Public Counsel filed comments in this Docket requesting that if the Commission approves the Amended Petition, it should make clear to Avista that its approval is not evidence in support of a future finding of prudence of the project and that prudence will be evaluated when Avista requests cost recovery from ratepayers.

DISCUSSION

9 We agree that the circumstances here are extraordinary and that these costs are beyond Avista's control. Accordingly, we find that tracking these deferred costs in FERC Account 186 is appropriate. We agree with Public Counsel that approving the Amended Petition has no bearing on the prudence of the TES project, and that prudence will be evaluated in a future proceeding when Avista seeks to recover the deferred costs. Accordingly, we grant the Company's Amended Petition.

FINDINGS AND CONCLUSIONS

10 (1) The 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.

- 11 (2) Avista is an electric company and a public service company subject to Commission jurisdiction.
- 12 (3) The Commission has jurisdiction over the subject matter of this proceeding and over Avista.
- 13 (4) WAC 480-07-370(3) allows companies to file petitions including that for which Avista seeks approval.
- 14 (5) Staff has reviewed the Amended Petition in Docket UE-210949.
- 15 (6) Staff recommends the Commission grant the Amended Petition.
- 16 (7) This matter came before the Commission at its regularly scheduled meeting on January 12, 2023.
- 17 (8) After reviewing Avista's Amended Petition filed in Docket UE-210949 and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Amended Petition should be granted.

ORDER

THE COMMISSION ORDERS:

- 18 (1) Avista Corporation d/b/a Avista Utilities' request to utilize deferred accounting for the remaining investment in the Turner Energy Storage Project is granted.
- 19 (2) 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 Amended Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted, or to the possible recovery of the amounts deferred to the regulatory asset.
- 20 (3) The Commission retains jurisdiction to effectuate the provisions of this Order.

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

DATED at Lacey, Washington, and effective January 12, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary