

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-10 \_\_\_\_\_

EXHIBIT NO.\_\_\_\_\_(SJK-5)

SCOTT J. KINNEY

REPRESENTING AVISTA CORPORATION

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 1006 (See also, Exhibit No.\_\_(SJK-6), Schedule 1, for additional supporting documentation):**

**ER Name: Power Transformer Purchases - Distribution**

**Pro Forma Amount: \$4,740,000**

**Expended to date: \$0**

**2010 Transfer to Plant Date: Transfers occur throughout 2010**

**Project Description:**

These transformers are being purchased to replace existing spares that will be installed in 2010 as either replacements or new installations. Transformers are transferred to plant upon receiving them. The purchased transformers will either remain as system spares or placed into service as part of proposed 2011 projects. There are no offsets or savings associated with the purchase of the transformers until they are actually placed in service. There are potential future loss savings but the amount cannot be determined until the location of the transformers is determined.

The Company purchased \$2.6 million in 2008 and \$3.0 million in 2009.

The Company originally planned to purchase a mobile substation for approximately \$2.0 Million in 2010, and therefore was included in the budget. Recently, the Company decided to purchase a less expensive solution. Therefore, the actual capital costs for ER 1006 is approximately \$2.4 Million. This decision was made after the final revenue requirement was completed.

**Offsets:**

Offsets to O&M costs were computed on this distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads

**Timeline:**

The transformers will be ordered in March 2010 with expected deliveries in late summer and fall.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 1, for additional supporting documentation, as listed below):**

- Listing of planned transformer purchases in 2010 pg. 2
- History of costs for 2005 through 2010 pg. 3

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2336 (See also, Exhibit No.\_\_(SJK-6), Schedule 2, for additional supporting documentation):**

**ER Name: Chewelah & Othello Transformers**

**Pro Forma Amount: \$950,000**

**Expended to date: \$321,606**

**2010 Transfer to Plant Date:**

**May 2010: \$400,000**

**July 2010: \$550,000**

**Project Description:**

Othello and Chewelah Transformer Replacements (\$0.950 million) – Since the transformers were purchased and received in 2009, the transformer costs have already been transferred to plant. The costs shown here are all labor costs to install the new transformers at each location. One of the existing transformers at the Othello substation needs to be replaced because of concerns that if it fails it could have an impact on the environment. The transformer at Chewelah Substation is at the end of its useful life and is near capacity. In order to increase the capacity, a 115 kV Circuit Switcher and Air Switch needs to be installed requiring relaying and SCADA to be added to the station. Replacing Chewelah transformer #1 will save \$80,500 per year in energy savings due to the inefficiencies of the current transformer. By replacing this transformer, the load losses will be reduced. The 2011 O&M offset of \$80,500 has been included to offset the cost of this project.

**Offsets:**

This transmission plant investment is included in the production property adjustment, which adjusts rate year costs to match test year loads. The 2010 offset of \$80,500 has been pro formed in this case.

**Timeline:**

The Othello Transformer #2 replacement project has been transmitted for construction and is presently planned for Q2. Depending on resource availability and irrigation and refrigeration loading in the Othello area, this may have to be delayed until Q4. The Chewelah Transformer replacement is scheduled for Q3.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 2, for additional supporting documentation, as listed below):**

- Costs pg. 3
- Othello Capital Project Request (CPR) Forms, including all attachments  
(Scope of Work and Transformer #2 Replacement Drawings) pg. 4-14
- Chewelah Capital Project Request (CPR) Forms, including all attachments  
(Scope of Work and Preliminary 2010 Construction Schedule) pg. 15-18

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2296 (See also, Exhibit No.\_\_(SJK-6), Schedule 3, for additional supporting documentation):**

**ER Name: Northeast Sub – Increase Capacity**

**Pro Forma Amount: \$900,000**

**Expended to date: \$505,760**

**2010 Transfer to Plant Date: December 2010**

**Project Description:**

Northeast Substation - Northeast Substation is being rebuilt to eliminate high fault duty issues caused by the present substation configuration where the two parallel 20 MVA transformers feed the 4-feeder bay switchgear. This project also rebuilds the distribution structures to Avista's present outdoor substation feeder standards, eliminating old metalclad switchgear. The station rebuild is being done to eliminate the risk of equipment failure. We have not experienced any increased maintenance at this substation so we do not anticipate any additional offsets or savings associated with this project.

**Offsets:**

Offsets to O&M costs were computed on this distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads. There are no other identifiable O&M cost reductions for 2010 investments.

**Timeline:**

This project should be completed by November 2010. Construction must begin during the summer of 2010 and coordinate with required transformer shutdown in fall of 2010. Most materials have been ordered and received. Project should be completed by mid to end of November 2010.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 3, for additional supporting documentation, as listed below):**

- ER Cost Summary pg. 2
- Capital Project Request (CPR) Forms, including orig. w/ all revisions/updates pg. 3-6
- Scoping document pg. 7-9

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2514 (See also, Exhibit No.\_\_(SJK-6), Schedule 4, for additional supporting documentation):**

**ER Name: Distribution Spokane North and West**

**Pro Forma Amount: \$1,890,000**

**Expended to date: \$ 315,901**

**2010 Transfer to Plant Date: Throughout 2010**

**Project Description:**

Distribution – Spokane North & West (\$1.890 million) – Nine Distribution feeder upgrade/reconductor projects were identified by Distribution Planning as being thermally constrained. A listing of the projects follows:

<b>Project Number</b>	<b>Description</b>	<b>Amount</b>
95505052	Millwood 12F4	60,000
95605349	NE 12F2	250,000
96005094	Orin 12F3	150,000
96050093	Colville 12F2	250,000
95605352	Colbert 12F1	400,000
-	3HT 12F2 Waste	150,000
-	Monroe St.	100,000
-	SE 12F2	250,000
-	Orin 12F3	250,000
-	Fort Wright 12F4	30,000
<b>Total</b>		<b>1,890,000</b>

Distribution planning is responsible for identifying projects to reinforce the electric distribution system and to satisfy Avista Urban Feeder Plan otherwise known as the 500 Amp feeder plan or Feeder and One-Half plan. This plan has been in existence at Avista since 1960 and was recently updated in 2005.

This is an annual, ongoing program and includes ERs 2514 (Spokane North & West - 100% WA), ER 2515 (Coeur d'Alene North and East 100% Idaho) and ER 2516 (Palouse & L/C Valley – WA/ID combination).

**Offsets:**

The expected annual loss savings associated with these various reconductor projects is \$42,769 (see attached Excel spreadsheet). When overhead cables are replaced, the incremental change in conductor resistance produces real power loss savings over the life of the project. There are no other identifiable O&M cost reductions for 2010 investments. These loss savings were summarized after the revenue requirement was completed and therefore have not been included in this original filing.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**Timeline:**

This is an annual, ongoing project to increase capacity and reinforce feeder ties of various electric distribution feeder lines as identified as “thermally constrained” by Distribution Planning.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 4, for additional supporting documentation, as listed below):**

- ER Cost Detail through 3/15 pg. 3-4
- Loss Savings Calculation pg. 5
- Capital Project Request (CPR) Forms pg. 6-10
- Example of details available for each project (not all sub- projects are included) pg. 11-14

**Note:**

During the course of Avista’s pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2414 (See also, Exhibit No.\_\_(SJK-6), Schedule 5, for additional supporting documentation):**

**ER Name: System Distribution Reliability – Improve Worst Feeders**

**Pro Forma Amount: \$1,150,004**

**Expended to Date: \$177,216**

**2010 Transfer to Plant Date: July through November, 2010**

**Project Description:**

These projects are necessary to meet capacity needs of the system, improve reliability and rebuild aging distribution substations and feeders. Based on a combination of reliability statistics, including CAIDI, SAIFI, and CEMI (Customers Experiencing Multiple Interruptions), several feeders have been selected for reliability improvement work. This work will improve the reliability of these feeders and overall service to customers in these areas. The projects were selected on poor reliability performance, not on cost savings. Our system for tracking maintenance charges does not have the granularity to report maintenance costs for a particular unit or substation; therefore, we are unable to determine the exact future avoided cost savings.

This program covers the entire Avista electric distribution system and is generally associated with rural-land feeder lines that significantly under-perform the shorter, urban feeders with respect to momentary and sustained forced outages. Avista tracks various reliability indices including the frequency of momentary outages (Maifi), sustained outages (Saifi), and the time to restore customer power (Caidi). In 2010, the target values are:

**Maifi - 4.8 average # of momentary interruptions per customer (< 5 minutes)**

**Saifi – 1.42 average # of sustained interruptions per customer (>5 minutes)**

**Caidi – 129 minutes – average time to restore customer service (all outages)**

**Saidi – 175 minutes – average time to restore customer service (sustained outages only)**

Feeders that consistently underperform in these three reliability indices are generally rural, high-exposure (long), feeder and lateral systems. For example, in the Colville area, some of the feeder lines are 70-100 miles long and the sheer exposure on those circuits increase the frequency of outages to all customers. The project goal is to systematically identify and remediate the “worst performing feeders” and to improve reliability performance through a variety of measures included related vegetation management treatment. Specific to this ER, treatment includes the installation of wildlife guards, crossarm and pole replacements, replacement and addition fuselink devices, and the inspection and maintenance of pole ground systems.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**Offsets:**

Offsets to O&M costs were computed on this distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads. In addition, this project is expected to reduce the annual cost of restoration and repair by \$11,000.

**Timeline:**

These projects will be completed throughout 2010.

**Attachment Index (See Exhibit No. \_\_ (SJK-6), Schedule 5, for additional supporting documentation, as listed below):**

- ER 2010 Cost Detail pg. 3
- ER History of costs pg. 4
- Capital Project Request (CPR) Forms, and supporting documentation pg. 5-12

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2055 (See also, Exhibit No.\_\_(SJK-6), Schedule 6, for additional supporting documentation):**

**ER Name: Electric Distribution Minor Blanket**

**Pro Forma Amount: \$7,000,000**

**Expended to date: \$1,773,878**

**2010 Transfer to Plant Date: \$583,000 Monthly**

**Project Description:**

This project includes the replacement of poles and cross-arms on distribution lines in 2010 as required, due to storm damage, wind, fires or obsolescence. The Company spent \$9.22 million in 2009 for these projects. These events which occur are outside of our control, and the damage has to be fixed in order to provide service to our load customers. The Company cannot predict when a car will hit a pole or when weather will damage equipment, and the replaced equipment may be 30 years old or just installed.

The Company has spent on average \$7.118 million per year over the past 5 years.

**Offsets:**

Offsets to O&M costs were computed on this distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads. There are no other identifiable O&M cost reductions for 2010 investments.

**Timeline:**

This project will begin in January 2010 and end December 2010.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 6, for additional supporting documentation, as listed below):**

- Summary of 2010 Costs pg. 2
- History of Costs for 2005 through March 12, 2010 pg. 3-6

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2060 (See also, Exhibit No.\_\_(SJK-6), Schedule 7, for additional supporting documentation):**

**ER Name: Wood Pole Replacement Program and Capital Distribution Feeder Repair**

**Pro Forma Amount: \$6,883,996**

**Expended to date: \$990,597 (Through March 15, 2010)**

**2010 Transfer to Plant Date: Monthly during 2010**

**Project Description:**

Wood Pole Replacement Program and Capital Distribution Feeder Repair (\$6.884 million): The distribution wood-pole management program is a strength evaluation of a certain percentage of the pole population each year. Depending on the test results for a given pole, that pole is either considered satisfactory, reinforced with a steel stub, or replaced. As feeders are inspected as part of the wood-pole management program, issues are identified unrelated to the condition of the pole. This project also funds the work required to resolve those issues (i.e. leaking transformers, transformers older than 1964, failed arrestors, missing grounds, damaged cutouts). Since the pre-World War II buildup wood poles have reached their end of life, Avista's Wood Pole Management program was put into place to prevent the Pole-Rotten events and Crossarm – Rotten events in the Outage Management Tool from increasing. So far, the Wood Pole Management Program has helped keep Pole-Rotten and Crossarm-Rotten events in check. The Company has projected savings from the Wood Pole Management, which came from reducing the growth in failures related to poles and crossarms. Looking at 2007 to 2009 data, Crossarm-Rotten Events went from 46 events to 23 events, however, Pole-Rotten events climbed from 25 events to 44 events in 2008 and 2009. Thus, no offsets are anticipated from the Wood Pole Management program.

**Offsets:**

Offsets to O&M costs were computed on this distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads. There are no other identifiable O&M cost reductions for 2010 investments.

**Timeline:**

This is an annual, ongoing program with capital investments commensurate to achieve a 20-year cycle of inspection, reinforcement, and replacement program. The average age of Avista wood poles on the electric distribution system is nearly 50 years. The assumed end-of-life for utility poles is 50 years.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 7, for additional supporting documentation, as listed below):**

- ER Cost Detail through March 15, 2010. pg. 3-5
- Budget Detail for 2010 pg. 6-7

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

- Construction Services Agreement and amendments – contract #0-4316 pg. 8-63
- Construction Services Agreement and amendments – contract #0-5507 pg. 64-113
- Construction Services Agreement and amendments – contract #0-0663 pg. 114-220

**Note:**

During the course of Avista’s pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2054 (See also, Exhibit No.\_\_(SJK-6), Schedule 8, for additional supporting documentation):**

**ER Name: Electric Underground Replacement**

**Pro Forma Amount: \$4,000,000**

**Expended to date: \$180,170**

**2010 Transfer to Plant Date: \$333,000 Monthly**

**Project Description:**

This project involves replacing the first generation of Underground Residential District (URD) cable, which has been ongoing for the past several years. This project focuses on replacing a vintage and type of cable that has reached its end of life and contributes significantly to URD cable failures. The Company spent \$3.69 million in 2009. The incremental savings in Operation and Maintenance expenses seen in 2009 compared to 2008 was \$120,000 due to reduced number of URD Primary Cable fault reductions. In 2011, we anticipate that we will see the same incremental savings as 2009, which has been included as an offset for the Electric Underground Replacement project.

The Company has spent on average \$3.3 million per year over the past 3 years. Approximately \$1.3 million of these costs were for contract services (contract is provided.)

**Offsets:**

This transmission plant investment is included in the production property adjustment, which adjusts rate year costs to match test year loads. In addition, this project will result in \$120,000 in savings.

**Timeline:**

The project costs pro formed in this case will be incurred and transferred to plant between January 2010 and December 2010.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 8, for additional supporting documentation, as listed below):**

- Summary of 2010 Costs pg. 2
- History of Costs for 2005 through March 12, 2010 pg. 3-4
- Contract with Cascade Cable pg. 5 - 87

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2056 (See also, Exhibit No.\_\_(SJK-6), Schedule 9, for additional supporting documentation):**

**ER Name: Transmission & Distribution Line Relocation**

**Pro Forma Amount: \$2,348,000**

**Expended to date: \$272,594**

**2010 Transfer to Plant Date: \$196,000 Monthly**

**Project Description:**

This project involves relocation of transmission and distribution lines as required, due to road moves requested by State, County or City governments. The Company spent \$2.13 million in 2009 on line relocations associated with road moves. The Company has spent on average \$2.2 million per year over the past 5 years.

**Offsets:**

Offsets to O&M costs were computed on the distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads. There are no other identifiable O&M cost reductions for 2010 investments.

**Timeline:**

The project costs pro formed in this case will be incurred and transferred to plant between January 2010 and December 2010.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 9, for additional supporting documentation, as listed below):**

- Summary of 2010 Costs pg. 2
- History of Costs for 2005 through March 12, 2010 pg. 3-6

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.:** 2059 (See also, Exhibit No.\_\_(SJK-6), Schedule 10, for additional supporting documentation):

**ER Name:** Failed Electric Plant

**Proforma Amount:** \$2,000,000

**Expended to date:** \$125,880

**2010 Transfer to Plant Date:** Monthly during 2010

**Project Description:**

Replacement of distribution equipment throughout the year as required due to equipment failure. The Company must replace the equipment to maintain customer load service. The Company spent \$3.44 million in 2009 and an average of \$2.1 million over the past 5 years.

**Offsets:**

Offsets to O&M costs were computed on the distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads. There are no other identifiable O&M cost reductions for 2010 investments.

**Timeline:**

The project costs pro formed in this case will be incurred and transferred to plant between January 2010 and December 2010.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 10, for additional supporting documentation, as listed below):**

- Summary of 2010 Costs pg 2
- History of Costs for 2005 through March 12, 2010 pg 3-5

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2058 (See also, Exhibit No.\_\_(SJK-6), Schedule 11, for additional supporting documentation):**

**ER Name: Spokane Electric Network Increase Capacity**

**Pro Forma Amount: \$1,355,500**

**Expended to date: \$269,352**

**2010 Transfer to Plant Date: Monthly during 2010**

**Project Description:**

These projects are associated with the Downtown Spokane electric network. The projects involve the installation of vaults, cables, network transformers and protectors, as required, to maintain reliable service to existing customers by replacing overloaded and deteriorated equipment.

ER 2058 associated with Capital Projects in the Downtown Network Underground Distribution System. The project is divided into three subprojects:

Budget Item – XD902 - Vault Lids. Expected 2010 - \$250,000.

This project was identified by asset management group (R. Pickett) and is required to evaluate and replace deteriorating manhole roofs and vault roofs. There are approximately 650 manholes and 137 vaults most of which are located either in city roadways or sidewalk areas. It is imperative that these devices be inspected and maintained to promote public safety and maintain electric reliability. Much of the Spokane Network was constructed in the 1920's and is a legacy system. This is an ongoing, annual inspection and capital upgrade program.

Budget Item – ZV139 - Growth Expected 2010 - \$937,000.

This project is associated with service upgrades, remodeled buildings, and new buildings associated with the downtown Spokane area. For example, in 2010, we plan to construct a new vault at the intersection of First and Avenue to serve "Windows on Jefferson" and the estimated cost of this single project is \$100,000 for the vault construction. Service upgrades often require secondary cable upgrades to provide adequate capacity for new or upgraded loads. This is an ongoing, annual program.

Budget Item – ZV539 – Capital Replacement Expected 2010 - \$468,500.

This project associated with cable inspection and replacement and transformer upgrades in the downtown Spokane Network system. This program primary focused on the 7,620 volt primary system and the 208 volt secondary cable system. This is an ongoing, annual program.

Efficiencies -- New transformers and cables are inherently more efficient than legacy systems. New equipment is manufactured to DOE/ANSI standards and Avista's internal standards. In general, Avista's standards meet or exceed that of DOE/ANSI. For example, in a transformer there are power losses associated with the magnetic core and windings losses. Legacy systems were constructed when the wholesale costs of energy were much lower. Today, those costs are an inherent factor when purchasing a transformer unit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

The Company has spent on average \$1.6 million over the past 5 years. \$2.185 million was spent in 2009. Of the \$1.356 million that will be spent in 2010, approximately \$880,000 will be for labor and the remaining \$476,000 will be for materials, transportation and overhead costs.

The Company budgeted \$1,655,500 as listed above for Vault Lids, Growth and Capital Replacement. The Company also factored in \$300,000 worth of offsets for these amounts making the net budgeted amount \$1,355,500.

**Offsets:**

Offsets to O&M costs were computed on this distribution plant investment by applying a load adjustment factor to the investment, which adjusts rate year costs to match test year loads. There are no other identifiable O&M cost reductions for 2010 investments.

**Timeline:**

Avista employs two (2) full time cable crews and one (1) full time structural/mechanical crew to maintain the downtown Spokane UG Network system. Project resources are allocated on a month by month basis and often subject to permitting and owner construction timelines.

We expect to replace forty (40) manhole roofs and vault roofs. We expect to replace/install approximately 10,000 feet of 208 V secondary cable. We expect to replace/install approximately 3,000 feet of 7,620 V primary cable. We expect to replace/install approximately twelve (12) 7,620-208 V secondary network vault transformers and integrated network protectors.

These costs will be incurred throughout 2010 and will transfer to plant each month.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 11, for additional supporting documentation, as listed below):**

- Summary of 2010 Costs pg. 3
- History of Costs for 2005 through 2009 pg. 4-5

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 2516 (See also, Exhibit No.\_\_(SJK-6), Schedule 12, for additional supporting documentation):**

**Project Name: Distribution Feeder Recond & Ties: Pullman and Lewis Clark Divisions**

**Pro Forma Amount: \$90,000**

**Expended to date: \$72,305 as of March 15, 2010**

**2010 Transfer to Plant Date: Throughout 2010**

**Project Description:**

Distribution planning is responsible for identifying projects to reinforce the electric distribution system and to satisfy Avista Urban Feeder Plan otherwise known as the 500 Amp feeder plan or Feeder and One-Half plan. This plan has been in existence at Avista since 1960 and was recently updated in 2005.

This is an annual, on-going program and includes ERs 2514 (Spokane North & West - 100% WA), ER 2515 (Coeur d' Alene North and East 100% Idaho) and ER 2516 (Palouse & L/C Valley – WA/ID combination).

Specific to ER 2516, three (3) discrete projects are identified to reconductor thermally constrained portions of the feeder trunk lines. Two of the projects are located in Washington and make-up the \$90,000 expected spend in 2010. These projects are identified as Budget Items LD901 Critchfield 1210 Feeder and PD003 Ewan 241 Feeder.

*Historically, ERs 2514, 2515, and 2516 were separated into project specific ERs. In an effort to provide better tracking and monitoring of project costs, Distribution Engineering decided to group all System Planning identified reinforcements into geographically based ERs (as above). History from 2009 and earlier was not financially mapped to these new ERs.*

**Timeline:**

This is an annual, on-going project to increase capacity and reinforce feeder ties of various electric distribution feeder lines as identified as “thermally constrained” by Distribution Planning.

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 12, for additional supporting documentation, as listed below):**

- ER Cost Detail pg. 2
- Capital Project Request Form and support pg. 3

**Note:** During the course of Avista’s pending general rate case, updated information will be available for audit.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**ER No.: 6000 (See also, Exhibit No.\_\_(SJK-6), Schedule 13, for additional supporting documentation):**

**ER Name: PCB Disposal**

**Pro Forma Amount: \$100,000 (Revised estimate of \$500,000)**

**Expended to date: \$139,230**

**2010 Transfer to Plant Date: December 31, 2010**

**Project Description:**

Avista is testing older, pre-1980 transformers for Polychlorinated Biphenyls (PCBs) which are chemicals that were widely used for many applications, especially as dielectric fluids in transformers, capacitors, and coolants. Due to PCB's toxicity and classification as a persistent organic pollutant, PCB production was banned by the United States Congress in 1979.

Avista, like most utilities, has thousands of older transformers in service with oil whose PCB contents are unknown. Avista is working to identify and remove those transformers containing regulated levels of PCBs ( $\geq 50$  ppm, per the federal Toxic Substance Control Act). If PCBs are released to the environment, they are regulated to much lower levels for cleanup. In addition, changes to the federal rules are under consideration, which will increase the cost of managing these materials.

Avista has taken a proactive approach to remove PCB-containing, older equipment from service to minimize risk and potentially expensive cleanup costs in the case of accidents. We carry out this effort to make efficient use of staff resources and to accomplish system efficiency improvements at the same time. Much of this work is opportunistic, as testing reveals PCB-containing equipment. Therefore, our planned and executed effort, as reflected in budgets, has been somewhat inconsistent. In 2009, testing indicated a higher-than-expected occurrence of PCB-containing transformers, and given reduced growth in new service requests, we were able to remove a higher number of transformers than originally planned. That has also been the case for 2010 to date, a trend we expect to continue for much of the year. We plan to establish a broader plan and budget for ongoing PCB removal in upcoming budget cycles. Although we included \$100,000 for 2010 Transfer to Plant Additions for PCB removal in the pro forma adjustment, revised 2010 estimated spend indicates an amount in the range of \$500,000 or more.

**Offsets:**

This transmission plant investment is included in the production property adjustment, which adjusts rate year costs to match test year loads. There are no other identifiable O&M cost reductions for 2010 investments.

**AVISTA UTILITIES  
2010 CAPITAL PROJECTS**

**Timeline:**

This project is ongoing throughout 12/31/2010

**Attachment Index (See Exhibit No.\_\_(SJK-6), Schedule 13, for additional supporting documentation, as listed below):**

- Cost of PCB Disposal pg. 3

**Note:**

During the course of Avista's pending general rate case, updated information will be available for audit.