

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

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| In the Matter of the Application of |) | DOCKET UG-121584 |
| |) | |
| AVISTA CORPORATION, |) | ORDER 01 |
| |) | |
| |) | |
| To Amend its Certificate of Public |) | |
| Convenience and Necessity to Operate a |) | |
| Gas Plant for Hire within Franklin County |) | ORDER GRANTING APPLICATION |
| |) | |

BACKGROUND

- 1 On September 25, 2012, in compliance with RCW 80.28.190 Avista Corporation (Avista or the Company) filed an application to amend its present Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire, to include an additional area in Franklin County which is contiguous to its presently certified area. (Exhibits A¹ & B²).

- 2 Avista is presently certificated for and is now providing gas service in Franklin County. Avista is requesting a certificate to expand the service area in and around the town of Connell. The additional area requested is contiguous to the existing certificated area.³

- 3 This filing requests no determination at this time as to the reasonableness of the gas pipeline facility to service this addition to Avista's service area, and recognizes the right of the Commission to determine such reasonable services and expenditures, together with the treatment of same, in any formal proceeding before the Commission dealing with Avista's results of operation for ratemaking purposes.

- 4 It appears that Avista is best suited to serve the requested service territory economically, therefore, the application should be granted to satisfy the public convenience and necessity. No other gas provider is currently serving the area proposed for service in this application by Avista.

¹ Feasibility Study, Exhibit A, Docket UG-121584, (September, 25, 2012).

² Legal Description and Map, Exhibit B, Docket UG-121584, (September, 25, 2012).

³ Ibid.

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 rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including gas companies. RCW 80.01.040; RCW 80.04, RCW 80.08, RCW 80.16 and RCW 80.28.
- 6 (2) Avista is a gas company and is a public service company subject to the jurisdiction of the Commission.
- 7 (3) RCW 80.28.190 states no gas company shall operate in this state any gas plant for hire without first having obtained from the Commission a certificate declaring that public convenience and necessity requires or will require such operation and setting forth the area or areas within which service is to be rendered.
- 8 (4) Avista has previously been issued a Certificate of Public Convenience and Necessity to operate a gas plant for hire.
- 9 (5) Avista has filed an application to amend its Certificate of Public Convenience and Necessity to include an additional area in Franklin County. This area is contiguous to Avista's presently certificated area.
- 10 (6) Commission Staff has reviewed the Company's application and recommends the operation of a gas plant for hire in the additional area requested is required for the public convenience and necessity.
- 11 (7) This matter was brought before the Commission at its regularly scheduled meeting on November 8, 2012.
- 12 (8) After review of the request filed in Docket UG-121584 by Avista and giving due consideration, the Commission finds it is consistent with the public convenience and necessity that the Certificate of Avista be amended to reflect the addition of areas in and around the town of Connell in Franklin County.

ORDER

THE COMMISSION ORDERS:

- 13 (1) The application of Avista to amend its Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire within the certificated area in Franklin County is granted and the Certificate shall be in accordance with the attached Exhibit A.
- 14 (2) This Order makes no determination at this time as to the reasonableness of the gas pipeline facility to serve this addition to Avista's service area, and recognizes the right of the Commission to determine such reasonable services and expenditures, together with treatment of same, in any formal proceeding before the Commission dealing with Avista's results of operations for ratemaking purposes.
- 15 (3) The Commission retains jurisdiction over the subject matter and Avista to effectuate the provisions of this Order.

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

DATED at Olympia, Washington, and effective November 8, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary

“EXHIBIT A -- CONFIDENTIAL”

Feasibility Study

The following information is **CONFIDENTIAL** per WAC 480-07-160.

Avista Corporation (Avista or the Company) is involved in the production, transmission and distribution of energy, as well as, other energy related businesses. Avista was founded in 1889 as the Washington Water Power Company and has been providing reliable, efficient and competitively priced energy to customers for over 120 years.

Avista entered the natural gas business with the purchase of Spokane Natural Gas Company in 1958. In 1970, it expanded into natural gas storage with Washington Natural Gas (now Puget Sound Energy) and El Paso Natural Gas (its interest subsequently purchased by Williams-Northwest Pipeline (NWP)) to develop the Jackson Prairie natural gas underground storage facility in Chehalis, Washington. Avista currently provides natural gas service to approximately 318,000 customers in eastern Washington, northern Idaho and several communities in northeast and southwest Oregon. Avista owns and maintains a total of 7,650 miles of natural gas distribution lines, and is served off of the Williams Northwest and Gas Transmission Northwest (GTN) pipelines. In eastern Washington and northern Idaho, the Company covers about 26,000 square miles. Over 840,000 people live in Avista’s Washington/Idaho service area. It includes urban areas, farms, and timberlands. Spokane is the largest metropolitan area with a regional population of approximately 450,000 followed by the Lewiston Idaho/Clarkston, Wash. and Coeur d’Alene, Idaho. This area has about 74 miles of natural gas distribution mains and 5,000 miles of distribution lines. Natural gas is received at more than 40 points along interstate pipelines and distributed to over 222,000 customers.

The Company seeks to expand its current natural gas service area within Franklin County to provide service to a new customer who is seeking access to natural gas. A customer with a large thermal load has contacted Avista requesting natural gas service. This customer currently uses propane.

The proposal is to install a six-inch (6”) diameter plastic intermediate pressure natural gas main approximately 33,000 feet along Highway 260 and Warehouse Road northwest of Connell, Washington. This project will also provide capacity for future growth and possible service to additional customers in the area.

The total cost of this project is currently estimated at \$1,000,000. Approximately \$350,000 of that cost would be paid by Avista while the balance of the project cost would be covered by the requesting new customer.

The annual revenue associated with this expansion is projected to be roughly \$117,000. The anticipated revenues would increase as more customers sign up for natural gas service along the new line. The expected rate of return for the additional costs is contained in the Company's last approved general rate case.

“Exhibit B – CONFIDENTIAL”

Legal Description & Map

The following information is **CONFIDENTIAL** per WAC 480-07-160.

All of the incorporated Town of Connell and additional portions of Franklin County adjacent thereto lying with the area described as follow:

Beginning at the Northeast corner of Sec. 11, Twp. 14 N., Rge. 32 East, W.M.; thence South along the East line of Secs. 11, 14, 23, 26 and 35, Twp. 14 N., Rge. 32 East, W.M., and Secs. 2 and 11, T. 13 N., Rge. 32 East W. M. to the Southeast corner of Sec. 11, T. 13 N., Rge. 32 East, W.M.; thence West along the South line of Secs. 11, 10, 9, 8 and 7, Twp. 13 N., Rge. 32 East, W.M., and Secs. 12, 11, 10, 9 and 8, Twp. 13 N., Rge. 31 East, W.M. to the Southwest corner of Sec. 8, Twp. 13 N., Rge. 31 East, W.M.; thence North along the West line of Secs. 8 and 5, Twp. 13 N., Rge. 31 East, W.M., and Secs. 32, 29, 20, 17 and 8, Twp. 14 N., Rge. 31 East, W.M., to the Northwest corner of Sec. 8, Twp. 14 N., Rge. 31 East, W.M.; thence East along the North line of Secs. 8, 9, 10, 11 and 12, Twp. 14 N., Rge. 31 East, W.M. and Secs. 7, 8, 9, 10 and 11, Twp. 14 N., Rge. 32 East, W.M. to the Northeast corner of Sec. 11, Twp. 14 N., Rge. 32 East, W.M., and the Point of the Beginning.

Attachment: Confidential Detailed Map