

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

IN THE MATTER OF THE PETITION OF THE)
WASHINGTON WATER POWER COMPANY)
SEEKING BLANKET AUTHORIZATION TO)
SELL AND LEASE SULFUR DIOXIDE)
EMISSION ALLOWANCES AND SEEKING)
AN ASSOCIATED ACCOUNTING ORDER)

DOCKET NO. UE-96_____
PETITION

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

I.

The name of the Petitioner is The Washington Water Power Company (WWP), a Washington corporation, whose principal business office is 1411 East Mission Avenue, Spokane, Washington. Communications in reference to this Petition should be addressed to:

Thomas D. Dukich, Mgr. Rates & Tariff Admin.
Washington Water Power
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Spokane, Washington 99220
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II.

WWP requests blanket authorization under the Commission's property transfer statute, RCW 80.12.020, to sell excess sulfur dioxide (SO₂) emission allowances associated with the Centralia and Colstrip generating plants if and to the extent excess allowances are available to be sold. WWP also requests blanket authorization to lease SO₂ allowances associated with the Centralia and Colstrip generating plants irrespective of there being excess allowances. Finally, WWP requests an accounting order setting forth the proper regulatory reporting of the proceeds from the SO₂ allowance transactions for which regulatory authorization is being sought. The Commission has previously issued orders dated April 13, 1994, and September 14, 1994 in Docket Nos. UE-940466 and UE-940947, respectively, authorizing PacifiCorp to sell excess SO₂ allowances and setting forth the accounting for PacifiCorp to follow.

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III.

WWP is requesting authorization to sell excess SO₂ allowances. As explained later in this Petition, WWP currently does not expect to have an excess of regularly issued SO₂ allowances unless scrubbers are installed at the Centralia generating plant. WWP is also requesting authority to lease allowances. The SO₂ allowance market provides opportunity for WWP to receive a lease fee for WWP's regularly issued SO₂ allowances. An equivalent number of SO₂ allowances could be returned by the lessee to WWP in the future by vintage year. The SO₂ allowances being returned to WWP would likely not be the same allowances that were originally issued to WWP.

IV.

The number of regularly issued SO₂ allowances for Phase II which begins in the year 2000 amount to 58,617 allowances and 10,900 allowances for the Centralia and Colstrip generating plants, respectively. The SO₂ allowances may not be allowed to be fully utilized at the Centralia generating plant due to state implementation of the Clean Air Act. In order to meet state requirements, scrubbers may have to be installed. If scrubbers are installed at the Centralia generating plant, there will be excess SO₂ allowances available to be marketed. WWP is requesting advance authorization to sell SO₂ allowances related to the Centralia and Colstrip generating plants which are deemed to be excess. Although there are currently no projected excess SO₂ allowances for the Colstrip generating plant, WWP requests authorization to sell such allowances without delay, should any become excess. In addition to requesting authorization to sell excess SO₂ allowances, WWP is requesting authorization to lease allowances related to both the Centralia and Colstrip generating plants. Under a lease arrangement the SO₂ allowances would be returned to WWP by vintage year and any allowances which are deemed to be excess would be available to be marketed.

V.

WWP requests blanket authorization under the Commission's property transfer statute, RCW 80.12.020, to sell and/or lease SO₂ allowances related to both the Centralia and Colstrip

1 generating plants. In addition, WWP requests an accounting order setting forth the following
2 proposed method of reporting the proceeds associated with the transactions for which authorization
3 is being sought. The proceeds associated with leasing SO₂ allowances or selling excess SO₂
4 allowances are proposed to be credited to Plant Account 312 - Boiler Plant Equipment for each
5 respective generating plant, Centralia or Colstrip, depending upon the generating plant to which the
6 transaction relates. Crediting the plant account will result in a reduction in rate base and a reduction
7 in depreciation expense and will not require the use of special "regulatory liability accounts" and
8 special "regulatory amortization accounts" and will not require any special treatment in WWP's
9 semi-annual results of operations reports. Deferred taxes would be accounted for in the normal
10 process of analyzing the difference between book and tax bases of utility plant.

11
12 DATED this 13th day of September 1996

13
14 By: 

15 Thomas D. Dukich
16 Manager, Rates and Tariff Administration