



**Avista Corp.**

1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170

August 28, 2018

Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Attention: Mr. Mark Johnson, Executive Director & Secretary

**RE: Avista Corporation Transfer of Property filing pursuant to WAC 480-143-120.**

Dear Mr. Johnson,

Pursuant to WAC 480-143-120, please find enclosed for filing an original and three copies of the "Agreement for the Purchase and Sale of the Cheney and Four Lakes Tap Lines" and the "Transfer of Ownership Agreement" between Avista Corp. ("Avista") and Bonneville Power Administration ("BPA").

Pursuant to an agreement with BPA (attached hereto as Attachment A), Avista acquired certain tap lines and easements associated with those tap lines, which are described in that agreement as the Four Lakes Tap Line and the Cheney Tap Line ("Facilities"). The purchase price for the Facilities was \$0. As consideration for the Facilities, Avista transferred the Avista Hatwai 230 kV power breaker to BPA pursuant to a separate Transfer of Ownership Agreement, Contract No. 18TX-16631 (See Attachments B - C).<sup>1</sup> This asset was selected because the Hatwai 230 kV power breaker was an oddity where an Avista owned breaker resided in a Bonneville Power Administration (BPA) substation. Given the federal reliability standards owning a power breaker in BPA's substation created burdensome compliance difficulties for both Avista and BPA. Maintenance and access to the breaker were also becoming increasingly difficult with heightening security precautions. Additionally, the power breaker at Hatwai was installed to BPA's specifications and was an Avista non-standard piece of equipment. The Facilities that Avista is acquiring are tap lines comprised of approximately 15 miles of BPA's 115kV transmission assets in the Airway Heights, Washington area. The acquired assets currently reside within Avista's Balancing Authority Area, are physically and electrically separate from BPA's

<sup>1</sup> Concurrent with this transaction, BPA is acquiring Avista's 230kV power circuit breaker and appurtenant equipment that is located within BPA's Hatwai 500/230kV Substation.

Received  
Records Management  
08/28/18 13:32  
State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

main transmission network, and are entirely surrounded by Avista's transmission system. The acquired assets provide transmission interconnection and load service to two of BPA's wholesale utility customers. Avista provides Network Integration Transmission Service to BPA for service to these two wholesale utility customers. Ownership and maintenance of equipment inside another entity's station has presented administrative burdens to both parties in their efforts to comply with certain NERC standards. The Transaction will simplify both parties' ability to comply with mandatory NERC reliability standards governing the operation and maintenance of Bulk Electric System equipment.

The Transactions are necessary to enable both parties to better comply with mandatory reliability standards governing maintenance of bulk electric system equipment. The Transactions eliminate Avista's ownership of an asset inside one of BPA's stations, thereby simplifying operation and maintenance responsibilities.

### **The Transaction is in the Public Interest**

These transactions will not change rates for service, and does not raise the possibility of any rate increases for existing cost-based wholesale power sales customers or transmission customers. The only potential impact on rates is the recovery of costs and expenses of any incremental operation and maintenance ("O&M") performed by Avista on the subject facilities. Such incremental cost and expense of O&M will be offset by reduced O&M as a result of the transfer of certain facilities to BPA. Accordingly, any O&M performed on the subject facilities we believe will have a de minimis effect on rates. The Transactions also have no adverse effect on the rates for wholesale power sales. Avista makes wholesale power sales pursuant to its Commission-accepted market-based rate tariff. The Commission has concluded that such market-based rate sales do not raise any concerns about a transaction's possible adverse effects on rates.

Avista respectfully requests that the Commission complete its review of this agreement and promptly notify the Company if it believes that the agreement is inconsistent with public interest. Please direct any question regarding this filing to Jennifer Smith at (509) 495-2098.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick D. Ehrbar', with a long horizontal flourish extending to the right.

Patrick D. Ehrbar  
Director of Regulatory Affairs