**BEFORE THE**

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| In the Matter of the Petition ofAvista Corporation, d/b/a Avista Utilities For an Order Approving the Lease AgreementBetween Avista Corporation and Mobius Science Center  | ))))))) | Docket No. UE-15\_\_\_\_\_\_PETITION OF AVISTA CORPORATION |

# I. INTRODUCTION

1. In accordance with WAC 480-143-120, Avista Corporation, doing business as Avista Utilities ("Avista" or "Company"), at 1411 East Mission Avenue, Spokane, Washington, hereby petitions the Commission for an order approving the lease agreement related to the Post Street Annex between Avista and the Mobius Spokane ("Mobius"). A copy of the lease agreement is provided as Attachment A.
2. Avista provides service to approximately 367,000 electric customers and 229,000 natural gas customers in a 26,000 square-mile area in eastern Washington and northern Idaho. The Company also serves approximately 97,000 natural gas customers in Oregon. The largest community served by Avista is Spokane, Washington, which is the location of its corporate headquarters.
3. Rules and statutes that may be brought at issue in this Petition include RCW 80.01.040, RCW 80.28.020, and WAC 480-07-370(1)(b).
4. Please direct all correspondence related to this Petition as follows:

 David J. Meyer, Esq. Kelly Norwood

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# II. BACKGROUND

1. Located on the banks of the Spokane River in downtown Spokane, and adjacent to the Monroe Street Hydroelectric Development, is the Post Street Substation. This substation has provided electric service to our downtown Spokane customers since 1909. Immediately adjacent to the substation is the Post Street Annex, which was built in 1911. The Post Street Annex is a 3-story facility, with the top floor being at street level, and the bottom level being close to river level. Pictures of the Annex have been provided as Attachment B.
2. The original purpose for the Post Street Annex was to provide housing for back-up power equipment for the Post Street Substation. However, for the past 60 years, approximately two-thirds of the building has been used for storage and Company-vehicle parking, while the remaining one-third has been used as the operations center for the downtown Spokane electric network.
3. Mobius, a non-profit science center, opened in Spokane in 2012 and provides educational resources and opportunities for students and lifelong learners who are inspired to explore the scientific world. In its former location, Mobius occupied over 20,000 square feet of exhibit, classroom and administrative space in a retail building in downtown Spokane. In 2014, Mobius hosted more than 134,000 visitors of all ages, approximately 12,700 school-age children on educational field trips, and interacted electronically with nearly 10,000 students in communities all throughout the Inland Northwest.
4. The current lease between Mobius and its landlord, however, expired on March 31, 2015. Until such time as Mobius finds a new location, it is temporarily housed in the Spokane Public Library in downtown Spokane. Prior to the expiration of Mobius’ lease, Avista met with Mobius’ executive leadership in a effort to both provide Mobius with a longer term solution for their location (i.e., the Post Street Annex), as well as to provide Avista with a channel for educating our electric and natural gas customers on a number of energy-related issues, impacting them now and in the future, as discussed in more detail below.

# III. AVISTA AND MOBIUS EDUCATIONAL PARTNERSHIP

1. The lease of the Post Street Annex to Mobius provides Avista with a unique opportunity to partner with Mobius in an effort to better educate our customers and the community on a number of energy-related issues, such as conservation, safety, and energy efficiency. In the process, Avista will be able to leverage the knowledge and expertise of the Mobius staff in the development of meaningful outreach programs on energy-related issues, based on exhibits and displays within the Mobius-occupied space. This will ensure a large audience for purposes of communicating with the public on energy-related issues. Under the terms of the lease agreement discussed later, Mobius will provide Avista with permanent exhibition space. This exhibition space will allow Avista, through Mobius, to provide educational opportunities for our customers on issues including, but not limited to, the following:[[1]](#footnote-2)
2. Spokane River FERC License Education – under the terms of Avista’s Federal Energy Regulatory Commission (“FERC”) License for the Spokane River, Avista is required to provide educational materials and outreach on a number of items. Some of those include:
3. Under FERC License Article 408, Avista implements the Spokane River Wild Rainbow Trout Public Education and Outreach Plan. The purpose of the plan is to educate the public about Avista’s Washington Spokane River Hydroelectric Development’s protection and enhancement measures for wild rainbow (redband) trout, and the measures that the public can take to minimize their impacts on the trout and their habitat.

1. Avista coordinates educational components with entities involved in aquatic weed management on Lake Spokane.  Avista also implements education and outreach activities relevant to minimizing the spread of aquatic weeds as part of its comprehensive Interpretation and Education Plan required by FERC License Article 418.

1. The Interpretation and Education Plan, required by FERC License Article 418, identifies themes and messages that can be used to increase the public’s understanding and appreciation of natural and historical resources, enhance their experiences, inform them of recreational opportunities and increase their safety and enjoyment. Potential themes for interpretation include bald eagle protection and habitat, fisheries protection and enhancement, Ice age flood events, water quality and invasive species, and historic and archaeological appreciation.
2. Energy Efficiency – As a part of the Company’s electric and natural gas energy efficiency tariffs Avista provides energy efficiency education to our customers, as well as training and informational activities that enhance electric efficiency. This may include technology or customer-segment specific seminars, literature, trade-show or community events, advertising or other approaches to increase the awareness and adoption of resource efficient measures and behaviors.
3. Electric and Natural Gas Safety – Avista promotes ongoing communication and education related to utility operations and safety. This includes, among other things, 811 Call before you Dig, the chemistry of natural gas, compressed and liquefied natural gas, electric circuitry, hydroelectric operations, electric transformation, etc.
4. New Technologies –The exhibit space would provide for exhibit and educational opportunities for people of all ages in the areas of science, technology, engineering and math (“STEM”), consistent with Governor Inslee’s Policy Brief from January 2014, specifically “getting more students more real-world experience in STEM fields”.[[2]](#footnote-3) These may include how electric vehicles work, LED lighting, smart grid technologies, and advanced metering, among other things.

# IV. THE BUILDING AND ITS LOCATION

1. The Post Street Annex is adjacent not only to the Monroe Street Hydroelectric Project and to Post Street Substation, but also to Riverfront Park, Huntington Park, City of Spokane’s City Hall, and Riverpark Square. The location of the Post Street Annex therefore provides Mobius with a well-established and convenient venue, which we believe will provide Mobius much better exposure than it had at its old location. This is ideal for Avista’s dedicated exhibition space for energy-related exhibits. With an excellent location and a higher level of foot traffic, Avista’s educational materials will be able to reach more members of our community and the public.[[3]](#footnote-4)
2. In consideration of the value that Avista will receive from having the dedicated exhibition space, as well as having Mobius’ technical and professional expertise in designing and displaying energy-related educational materials, Mobius and Avista have negotiated a nominal lease rate of $1 per year for the first floor of the Post Street Annex, with an option to extend and/or expand the lease for additional space in the future.
3. As shown on Attachment B, the Post Street Annex is a 3-story facility, with the top floor being at street level, and the bottom level being close to river level. Each floor is approximately 60 feet by 135 feet, or 8,100 square feet. The Company will incur approximately $550,000 of make-ready costs in order to facilitate the basic mechanical and structural improvements of the building necessary to accommodate its use by a third party. At present, the leased space is used for the parking of Avista vehicles and those of its employees. Mobius, itself, will be responsible for all tenant improvements to make the space suitable for its purposes. It is currently estimated that Mobius will spend approximately $1.1 million on its own tenant improvements.

# V. TERMS OF THE LEASE

1. A summary of the primary terms of the lease is as follows (see attachment A):
2. Lease Term – 10 years, with two additional 10 year options to renew.
3. Space – Avista will lease Mobius the street level (first floor) of the three story Post Street Annex. The first floor space is approximately 60 feet by 135 feet, or 8,100 square feet. Avista will continue to use the other two floors of the Post Street Annex in a similar manner, as it is today, however Mobius has the option for the lease of additional space in the Post Street Annex, if Avista determines that it no longer requires use of the additional space and if Mobius wishes to lease the additional space.
4. Annual Lease Payment - $1 per year.
5. Operations and Maintenance – Any operations and maintenance costs related to occupation of the space by Mobius will be the responsibility of Mobius. Any operations and maintenance costs related to the common areas of the building and grounds surrounding the building will continue to be Avista’s responsibility.
6. Tenant Improvements – Mobius will make all improvements and renovations required for the permitted uses specified in the Lease at its own cost and expense, but with prior approval from Avista.
7. Exhibit Space – Mobius will develop, construct and display in a prominent location and in collaboration with Avista, exhibits demonstrating and promoting electric and gas utility operations, energy efficiency, public awareness of safety issues, scientific and technological innovations related to the utility industry and Spokane River hydroelectric operations, including related protection and enhancement measures, understanding and appreciation of natural and historic resources, and water quality and fisheries protection. Mobius will develop and offer at least three (3) different educational programs per year that coordinate with such exhibits in collaboration with Avista. Avista will have input into all displays, exhibits and educational programs including the location and placement.[[4]](#footnote-5)
8. Board Position – Mobius agrees that during the term and any extended term of the lease, Avista will have a permanent seat on its Board of Directors in order to ensure that Avista’s interests related to exhibit space are promoted. (See Attachment A, Post Street Annex lease, section 7.)

# VI. APPROVAL OF THE LEASE IS IN THE PUBLIC INTEREST

1. As explained above, this lease is in the public interest. The space that will be leased to Mobius is currently being used for employee parking and storage. Repurposing this space into a facility that will provide our customers and the community with important educational resources. As discussed above, exhibit space will be dedicated for energy-related educational items such as:
* Spokane River FERC License Education
* Energy Efficiency
* Electric and Natural Gas Safety
* New Technologies

Finally, the Company retains a board position with Mobius, which helps to ensure the Company’s rights under the lease are protected. The leased space will provide an important avenue for reaching the public with meaningful information pertaining to the safe and efficient use of energy and will further educate the public on a variety of energy-related matters.

# VII. REQUEST FOR RELIEF

1. WHEREFORE, for the above mentioned reasons, Avista respectfully requests that the Commission issue an Order approving the lease agreement between Avista and Mobius.

 DATED this \_\_­­\_\_\_ day of May 2015

 By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Kelly Norwood

 Vice President, State & Federal Regulation

 Avista Corporation

# VERIFICATION

 STATE OF WASHINGTON )

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 County of Spokane )

 Kelly O. Norwood, being first duly sworn on oath, deposes and says: That he is a Vice President of Avista Corporation and makes this verification for and on behalf of said corporation, being thereto duly authorized;

 That he has read the foregoing Petition, knows the contents thereof, and believes the same to be true.

 SIGNED AND SWORN to before me on this \_\_\_\_\_ day of May 2015

NOTARY PUBLIC in and for the State of
Washington, residing at Spokane.

Commission Expires:

1. Under the terms of the lease, section 8b states that “as a material condition of, this Lease, Tenant agrees that at all times during the Lease Term and any extension thereof, Tenant shall develop, construct and display in a prominent location and in collaboration with Landlord, exhibits demonstrating and promoting electric and gas utility operations, energy efficiency, public awareness of safety issues, scientific and technological innovations related to the utility industry, Spokane River hydroelectric operations, including related protection and enhancement measures, understanding and appreciation of natural and historic resources, and water quality and fisheries protection. Tenant shall develop and offer at least three (3) different educational programs per year that coordinate with such displays and exhibits in collaboration with Landlord. Landlord shall have input into all such displays, exhibits and educational programs including the location and placement thereof.” [↑](#footnote-ref-2)
2. <http://www.governor.wa.gov/sites/default/files/policy_briefs/pb_EducationBrief_2014.pdf> [↑](#footnote-ref-3)
3. The new Mobius location faces Riverfront Park, which serves as the hub for many community events – e.g., the annual Bloomsday race (approximately 50,000 participants), Hoopfest (approximately 27,000 participants), etc. [↑](#footnote-ref-4)
4. See footnote 1. [↑](#footnote-ref-5)