# BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of	)	DOCKET NO. UE-051852
	)	
AVISTA CORPORATION d/b/a	)	ORDER NO. 01
AVISTA UTILITIES,	)	
	)	
Petitioner,	)	
	)	
For An Accounting Order Regarding	)	
Treatment of Certain Asset	)	ORDER APPROVING
Retirement Obligations (SFAS 143)	)	ACCOUNTING PETITION
	)	

## **BACKGROUND**

- On November 30, 2005, Avista Corporation d/b/a Avista Utilities, (Avista or Company) filed a petition seeking for an Accounting Order under WAC 480-07-370(b)(i) seeking (1) to record, as a regulatory asset or a regulatory liability, the cumulative financial statement impact resulting from the Company's implementation of statement of Financial Accounting Standards (SFAS) 143, as clarified by FASB Interpretation No. (FIN) 47, *Accounting for Conditional Retirement Obligations*; and (2) record on an ongoing basis, as a regulatory asset or liability, an amount equal to the difference between the annual SFAS 143 accretion and depreciation expense and the annual depreciation expense based on Commission-approved depreciation rates.
- In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS 143, Accounting for Asset Retirement Obligations. Under SFAS 143, Avista is required to recognize and account for certain asset retirement obligations that create a different outcome than the current ratemaking method of identifying and including negative salvage in the establishment of recoverable depreciation rates. FIN 47 is effective for fiscal years ending after December 15, 2005.

The proposed accounting treatment allows Avista to comply with SFAS 143 on its balance sheet for financial reporting purposes and recognize no impact on Avista's income statement or effect on ratemaking consistent with SFAS 71

Accounting for the Effects of Certain Types of Regulation.

### FINDINGS AND CONCLUSIONS

- 4 (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 electric companies. *RCW 80.01.040*; *Chapter 80.04 RCW and Chapter 80.28 RCW*.
- 5 (2) Avista is an electric company and is a public service company subject to the jurisdiction of the Commission.
- 6 (3) WAC 480-07-370(b)(i), allows companies to file a petition including that for which Avista seeks approval.
- 7 (4) Staff has reviewed the petition in Docket UE-051852 including related workpapers. Staff believes the proposed accounting petition requested by Avista is reasonable and should be approved.
- 8 (5) This matter was brought before the Commission at its regularly scheduled meeting on January 11, 2006.
- 9 (6) After examination of the petition filed in Docket UE-051852 by Avista on November 30, 2005, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition filed should be approved.

#### **ORDER**

# THE COMMISSION ORDERS:

- 10 (1) Avista Corporation's request to record, as a regulatory asset or a regulatory liability, the cumulative financial statement impact resulting from the Company's implementation of statement of Financial Accounting Standards (SFAS) 143 and record on an ongoing basis, as a regulatory asset or liability, an amount equal to the difference between the annual SFAS 143 accretion and depreciation expense and the annual depreciation expense based on Commission-approved depreciation rates is approved.
- 11 (2) This Order shall in no way affect the authority of this Commission over rates, services, accounts, evaluations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs claimed or asserted.
- 12 (3) The Commission retains jurisdiction over the subject matter and Avista Corporation d/b/a Avista Utilities to effectuate the provisions of this Order.

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

DATED at Olympia, Washington, and effective this 11th day of January, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary