

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

DOCKET NO. UE-991606

EXHIBIT NO. ___ (KON-1)

WITNESS: KELLY O. NORWOOD, AVISTA CORP

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DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>204</u>		
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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

709967

The Washington Water Power Company) Docket No. EC98-61-000

NOTICE OF FILING

(September 11, 1998)

Take notice that on September 8, 1998, The Washington Water Power Company (WWP) tendered for filing pursuant to Part 33 of the Commission's regulations an application to assign WWP's interests in an Agreement for Long-Term Purchase and Sale of Firm Capacity between WWP and Portland General Electric, (PGE) to Spokane Energy, LLC., designated as Rate Schedule FERC No. 178 (WWP) and Rate Schedule FERC No. 82 (PGE).

Any person desiring to be heard or to protest such filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). All such motions and protests should be filed on or before October 13, 1998. Protests will be considered by the Commission to determine the appropriate action to be taken, but will not serve to make protestants parties to the proceedings. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

David P. Boergers
Secretary

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Norwood, Avista
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**VanNess
Feldman**
ATTORNEYS AT LAW

FILED
OFFICE OF THE SECRETARY

98 SEP -8 PM 3:41

FEDERAL ENERGY
REGULATORY
COMMISSION

A PROFESSIONAL CORPORATION
1050 Thomas Jefferson Street N.W.
Washington, D.C. 20007-3877
(202) 298-1800 Telephone
(202) 338-2416 Facsimile

Seattle, Washington
(206) 623-9372

Gary D. Bachman
(202) 298-1880

September 8, 1998

VIA HAND DELIVERY

David P. Boergers, Secretary
Federal Energy Regulatory Commission
888 First St., N.E.
Washington, D.C. 20426

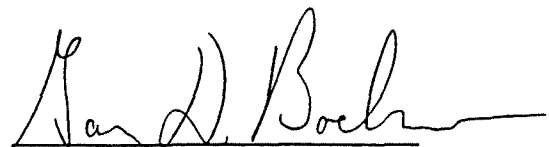
Re: **Application of The Washington Water Power Company for Approval of
Contract Assignment**

Dear Mr. Boergers:

Pursuant to Section 203 of the Federal Power Act, 16 U.S.C. § 824(b), and Part 33 of the Commission's Regulations thereunder, 18 C.F.R. Part 33 (1994), submitted herewith for filing are a verified original and seven copies (two for service upon affected state commissions) of an Application of the Washington Water Power Company for Approval of Assignment of Capacity Sales Agreement.

Thank you for your time and assistance with this matter.

Sincerely,



Gary D. Bachman

**Attorney for The Washington Water
Power Company**

Enclosure

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

THE WASHINGTON WATER
POWER COMPANY

)
)

Docket No. EC98-___-000

APPLICATION OF THE WASHINGTON WATER POWER COMPANY
FOR APPROVAL OF
ASSIGNMENT OF CAPACITY SALES AGREEMENT

FEDERAL ENERGY
REGULATORY
COMMISSION

98 SEP -8 PM 3:41

FILED
OFFICE OF THE SECRETARY

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Finance Department
The Washington Water
Power Company
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Spokane, Washington 99220
Tel: (509) 482-4256
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September 8, 1998

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disposition of jurisdictional facilities, it does not raise any generation or market power concerns.

Second, the proposed intra-corporate assignment will have no effect on WWP's rates.^{14/} Neither WWP nor Spokane Energy propose to change rates for service as a result of the assignment. WWP has no transmission dependent wholesale customers taking requirements service on a cost-of-service basis and, in fact, only has a few cost-of-service based power contracts, all of which are at fixed price rates for a fixed term that cannot be affected by this disposition. Further, both the accounting and ratemaking treatment of the proposed disposition in this Application will assure that all ratepayers, including retail ratepayers, are held harmless by the assignment. Under WWP's accounting and ratemaking proposal for the assignment, the benefits of the Capacity Contract will continue to be passed on to customers in such a manner that the revenue requirement reduction from the assignment proposal equals the revenue requirement reduction from the existing Capacity Contract.

Specifically, WWP intends to record an amortization of a portion of the

disposition of jurisdictional facilities does not raise any generation or transmission market power concerns. 81 FERC at 62,776.

^{14/} See Id., where the Commission determined that "the proposed disposition also will not adversely affect rates because it is an intra-corporate transfer, isolated from rates, that will affect only shareholders."

lump sum payment received to Account 447.74 (power sales) and an appropriate portion to Account 447.71 (transmission)^{15/} through the year 2016. Revenue from the matching sale of capacity to EPMI discussed above of approximately \$1.00/kW-month will also be recorded in Account 447.74. In addition to the amortization "revenues" to be recorded monthly in Accounts 447.74 and 447.71, WWP intends to reflect an additional revenue credit for ratemaking purposes so that the total booked "revenue" in the accounts reflected for ratemaking purposes is equivalent to the revenue that would have occurred absent the assignment of the contract.

Third, the proposed assignment will have no effect on regulation. The Commission's regulatory jurisdiction over WWP and Spokane Energy will continue after the assignment. Likewise, the state commissions' jurisdiction over the retail ratepayer benefits provided by the Capacity Contract remains in place. Therefore, there is also no effect on state regulatory authority.

The assignment of WWP's interests in the WWP/PGE Capacity Contract to Spokane Energy is in the public interest. The assignment maximizes the current value of the contract and minimizes long-term risk and, as demonstrated herein, the assignment of WWP's interests will not adversely effect competition, and will not effect WWP's rates or federal or state regulatory jurisdiction. Because the proposed assignment will have no

^{15/} The assignment of existing transmission rights will be documented in accordance with WWP's Open Access Transmission Tariff obligations.

adverse effect on competition, rates, or regulation, the Commission should approve the proposed assignment as consistent with the public interest.

IV. INFORMATION REQUIRED BY SECTION 33.2 OF THE COMMISSION'S RULES

In support of this Application, WWP hereby submits the following information required by Part 33 of the Commission's regulations.^{16/}

A. The exact name and address of the principal business office - Section 33.2(a):

The name and principal office of WWP are as follows:

The Washington Water Power Company
P.O. Box 3727
Spokane, Washington 99220

^{16/} 18 C.F.R. § 33.2 (1998).