

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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3	IN THE MATTER OF THE PETITION OF THE)	DOCKET NO. UE-97_____
4	WASHINGTON WATER POWER COMPANY)	PETITION (Revised 1/23/97)
5	SEEKING BLANKET AUTHORIZATION TO)	
6	SELL AND LEASE SULFUR DIOXIDE)	
7	EMISSION ALLOWANCES AND SEEKING)	
8	AN ASSOCIATED ACCOUNTING ORDER)	
9		

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:

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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.

1 III.

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

9 IV.

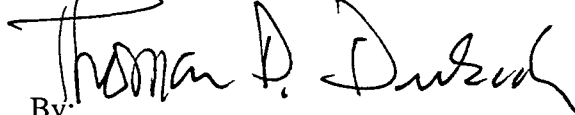
10 The number of regularly issued SO₂ allowances for Phase II which begins in the year 2000
11 amount to 58,617 allowances and 10,900 allowances for the Centralia and Colstrip generating
12 plants, respectively. The SO₂ allowances may not be allowed to be fully utilized at the Centralia
13 generating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

24 V.

25
26 WWP requests blanket authorization under the Commission's property transfer statute,
27 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 are proposed to be credited
4 to Account 411.8 - Gains from Disposition of Allowances. The proceeds associated with selling
5 excess SO₂ allowances are proposed to be credited to Account 254 - Other Regulatory Liabilities
6 and amortized to Account 407.04 - Regulatory Credits. The amortization period is proposed to be
7 the shorter of ten years or the remaining life of the respective generating plant to which the sold
8 SO₂ allowances relate. Deferred taxes would be accounted for in the normal process of analyzing
9 the difference between the reporting of net income for book and tax purposes. Account 254 -
10 Other Regulatory Liabilites and any associated deferred taxes would be reflected in rate base for
11 regulatory reporting.

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13 DATED this 23rd day of January 1997.

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15 By: _____
16 Thomas D. Dukich
17 Manager, Rates and Tariff Administration