

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET U-101206
)	
AVISTA CORPORATION, DBA)	ORDER 01
AVISTA UTILITIES,)	
)	
Petitioner,)	
)	
For An Accounting Order)	ORDER GRANTING ACCOUNTING
Regarding the disposition of refunds)	PETITION
.....)	

BACKGROUND

- 1 On July 9, 2010, Avista Corporation, dba Avista Utilities, (Avista or the Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order under WAC 480-07-370(1)(b) authorizing the accounting treatment of refunds related to certain disallowed miscellaneous contributions and to unexpended environmental remediation funds in connection with the sale of the Centralia coal-fired generating plant.

- 2 The disallowed expenses were the result of Thurston County Superior Court Case No. 09-2-0017-2 in which the Court determined that \$92,084 in miscellaneous contribution expenses should not have been allowed in rates. The Company identified an additional \$38,000 in disallowed expenses based on the Court’s finding. The expenses to be refunded are: (a) \$43,948.19 to electric operations, and (b) \$92,033.36 for gas operations, which includes interest of \$5,897 for a total of \$135,981.55.

- 3 The unexpended environmental remediation funds are the result of Avista’s sale of its 17.5 percent ownership share in the Centralia power plant to TransAlta in May 2000. As part of the sales agreement, portions of the net proceeds were to be held by PacifiCorp for potential environmental claims at the mine. Since no further material actions are expected the environmental remediation funds were returned to Avista. Ratepayer portion of these funds is \$517,541.94.

- 4 The Company is requesting that the refund related to disallowed contributions, and the refund of unexpended Centralia environmental remediation funds be applied (credited)

against the demand side management (DSM) tariff rider balances. This treatment is consistent with the handling of the residual balance associated with the original gain from the sale of the Centralia power plant and other associated facilities. In total, the credits to the DSM tariff rider balances will reduce the electric DSM balance by \$561,491 and the gas DSM balance by \$92,033. This will benefit customers by reducing the amount of DSM program expenditures to be recovered from customers.

FINDINGS AND CONCLUSIONS

- 5 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric and gas companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 6 (2) Avista is an electric and natural gas company and a public service company subject to Commission jurisdiction.
- 7 (3) WAC 480-07-370(1)(b), allows companies to file petitions including that for which Avista seeks approval.
- 8 (4) Staff has reviewed the petition in Docket U-101206 including related work papers.
- 9 (5) Staff believes the proposed accounting order Avista requests is reasonable and within the public interest and should be granted to reduce the DSM balances for disallowed contributions in the amounts of \$43,948.19 (electric), \$92,033.36 (gas) and \$517,541.94 (electric) for the environmental remediation funds.
- 10 (6) This matter came before the Commission at its regularly scheduled meeting on August 26, 2010.
- 11 (7) After reviewing Avista's petition filed in Docket U-101206 on July 9, 2010, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the petition filed should be granted.

ORDER

THE COMMISSION ORDERS:

- 12 (1) Avista Corporation, dba Avista Utilities' request to credit certain disallowed miscellaneous contributions in the amount of \$43,948.19 (electric) and \$92,033.36 (gas), and environmental remediation funds of \$517,541.94 (electric) to the DSM tariff rider balances is granted.
- 13 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 14 (4) The Commission retains jurisdiction over the subject matter and Avista Corporation, dba Avista Utilities to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective August 26, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner