

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE AGREEMENT) CASE NO. AVU-E-18-09
FOR PURCHASE AND SALE OF THE)
CHENEY AND FOUR LAKES TAP LINES)
AND THE TRANSFER OF OWNERSHIP) ORDER NO. 34214
AGREEMENT BETWEEN AVISTA AND)
BONNEVILLE POWER ADMINISTRATION)

On August 29, 2018, Avista Corporation (“Avista”) filed an Application requesting approval of an “Agreement for the Purchase and Sale of the Cheney and Four Lakes Tap Lines” and a “Transfer of Ownership Agreement” (collectively “Agreements”) between the Company and Bonneville Power Administration (“BPA”). The Company asks the Commission to approve the Agreements under *Idaho Code* § 61-328. The Commission subsequently set deadlines for interested persons to comment on the Application, and for Avista to file a reply, if necessary. The Commission also scheduled a telephonic public hearing. Order No. 34172.

Commission Staff filed the only comments in the case, and recommended the Commission approve the Application. Avista did not reply. No one testified at the hearing.

Having reviewed the record, the Commission issues this Order approving the Agreements.

BACKGROUND

Idaho Code § 61-328 governs the transfer of electric generation, transmission, and distribution equipment in Idaho. Before such equipment can be transferred, the Commission must determine that: 1) the transaction is consistent with the public interest, 2) the cost of and rates for supplying service will not be increased by reason of such transaction, and 3) the transferee has the bona fide intent and financial ability to operate and maintain the transferred property in the public service. The Commission makes this determination after issuing a public notice and conducting a public hearing. The Commission may attach any terms and conditions to its approval of the agreement that it determines the public convenience and necessity require. *Idaho Code* § 61-328.

THE APPLICATION

The Agreements transfer ownership of 15 miles of BPA’s 115 kV tap lines and easements to Avista in exchange for Avista transferring a 230 kV power breaker to BPA. The Avista-owned power breaker is located in a BPA substation. The BPA-owned tap lines are

transmission lines in Avista's Balancing Authority Area, are physically and electrically separate from BPA's main transmission network, and are entirely surrounded by Avista's transmission system. Avista asserted that maintaining the equipment at issue has posed administrative, maintenance, and North American Electric Reliability Corporation compliance challenges for both companies.

STAFF'S COMMENTS

Staff reviewed the Application and determined the asset transfer satisfies *Idaho Code* § 61-328. Staff thus recommended the Commission approve the Agreements. Staff stated the transfer would be in the public interest because the transfer would result in a more efficient use of resources and reduced costs for both Avista and BPA. Also, Staff stated the additional transmission routing options for Avista resulting from the transfer could enhance reliability to meet future load growth. Staff determined that rate base and depreciation/amortization expenses would not change as a result of the transaction, and therefore there would be no increase in costs or retail rates due to the transaction. Staff recognized the bona fide intent and financial capability of both parties to operate and maintain the assets in the public service.

Staff noted that it served production requests on Avista in this case. Staff stated it was sufficiently satisfied with Avista's narrative responses to those requests, given the relatively small dollar value and the apparent administrative and reliability benefits of the transfer. However, Staff recommended the Commission require Avista to file a quantitative cost/benefit analysis in future transfers in order to more plainly illustrate that customer rates would not increase because of the proposed transaction.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under Title 61 of the Idaho Code, specifically *Idaho Code* §§ 61-328, 61-502 and 61-503. The Commission has reviewed and considered the Company's Application, the Agreements, and Staff's comments. The Commission held a public hearing in conformance with *Idaho Code* § 61-328(2). The Commission finds that the Agreements satisfy *Idaho Code* § 61-328. Specifically, the Agreements are consistent with the public interest, will not increase costs or rates of supplying service, and the transferees have the bona fide intent and ability to operate and maintain the property in the public service.

Last, the Commission finds that a quantitative cost/benefit analysis could be beneficial in determining whether future transfers would raise the cost of supplying service and thereby

increase customer rates. The Commission thus finds it reasonable to direct Avista to provide such analysis upon request in future applications submitted under *Idaho Code* § 61-328.

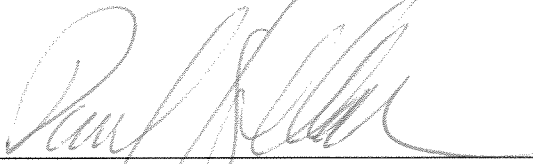
ORDER

IT IS HEREBY ORDERED that Avista’s Application is approved, as set forth above.

IT IS FURTHER ORDERED that Avista shall supply a quantitative cost/benefit analysis if requested in future applications submitted under *Idaho Code* § 61-328.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th day of December 2018.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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