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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR THE)
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC AND)
NATURAL GAS SERVICE TO ELECTRIC)
AND NATURAL GAS CUSTOMERS IN THE)
STATE OF IDAHO)
_____)

CASE NO. AVU-E-10-01

DIRECT TESTIMONY
OF
SCOTT J. KINNEY

FOR AVISTA CORPORATION

(ELECTRIC ONLY)

1 I. INTRODUCTION

2 Q. Please state your name, employer and business
3 address.

4 A. My name is Scott J. Kinney. I am employed by
5 Avista Corporation as Director, Transmission Operations.
6 My business address is 1411 East Mission, Spokane,
7 Washington.

8 Q. Please briefly describe your education background
9 and professional experience.

10 A. I graduated from Gonzaga University in 1991 with
11 a B.S. in Electrical Engineering. I am a licensed
12 Professional Engineer in the State of Washington. I joined
13 the Company in 1999 after spending eight years with the
14 Bonneville Power Administration. I have held several
15 different positions in the Transmission Department. I
16 started at Avista as a Senior Transmission Planning
17 Engineer. In 2002, I moved to the System Operations
18 Department as a supervisor and support engineer. In 2004,
19 I was appointed as the Chief Engineer, System Operations.
20 In June of 2008 I was selected to my current position as
21 Director, Transmission Operations.

22 Q. What is the scope of your testimony?

23 A. My testimony describes Avista's pro forma period
24 transmission revenues and expenses. I also discuss the
25 Transmission and Distribution expenditures that are part of

1 the capital additions testimony provided by Company witness
2 Mr. Dave DeFelice. Company witness Ms. Andrews
3 incorporates the Idaho share of the net transmission
4 expenses and the transmission and distribution capital
5 additions.

6 Q. Are you sponsoring any exhibits?

7 A. Yes. I am sponsoring Exhibit 8, Schedule 1.
8 Schedule 1, provides the transmission pro forma
9 adjustments.

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16

17 **II. PRO FORMA TRANSMISSION EXPENSES**

18 Q. Please describe the pro forma transmission
19 expense revisions included in this filing.

20 A. Adjustments were made in this filing to
21 incorporate updated information for any changes in
22 transmission expenses from the 2009 test year to the
23 October 2010 to September 2011 Pro forma period. Each
24 expense item described below is at a system level, with the
25 exception of the \$71,000 Grid West adjustment which is

1 Idaho only, and is included in Exhibit 8, Schedule 1.
2 Supporting workpapers for each expense item described below
3 have been provided with the Company's filing.

4 Northwest Power Pool (NWPP) - Avista pays its share of
5 the NWPP operating costs. The NWPP serves the electric
6 utilities in the Northwest by supporting regional
7 transmission planning coordination and providing
8 coordinated transmission operations, generation reserve
9 sharing and Columbia River water coordination. Actual 2009
10 transmission-related NWPP expenses were \$36,000 and a
11 \$4,000 adjustment was made to the pro forma period to
12 reflect planned NWPP expenses allocated to the Company.

13 Colstrip Transmission - Avista is required to pay its
14 portion of the O&M costs associated with its share of the
15 Colstrip transmission system pursuant to the joint Colstrip
16 contract. In accordance with NorthWestern Energy's (NWE)
17 proposed Colstrip transmission plan provided to the
18 Company, NWE will bill Avista \$589,000 for Avista's share
19 of the Colstrip O&M expense during the pro forma period.
20 This is an increase of \$98,000 from the actual expense of
21 \$491,000 incurred during the 2009 test year.

22 ColumbiaGrid RTO - Avista became a member of the
23 ColumbiaGrid regional transmission organization (RTO) in
24 2006. ColumbiaGrid's purpose is to enhance transmission

1 system reliability and efficiency, provide cost-effective
2 coordinated regional transmission planning, develop and
3 facilitate the implementation of solutions relating to
4 improved use and expansion of the interconnected Northwest
5 transmission system, reduce transmission system congestion,
6 and support effective market monitoring within the
7 Northwest and the entire Western interconnection. Avista
8 supports ColumbiaGrid's general developmental and regional
9 coordination activities under a General Funding Agreement
10 and supports specific functional activities under the
11 Planning and Expansion Functional Agreement and the OASIS
12 Functional Agreement. The current General Funding
13 Agreement for ColumbiaGrid expires September 30, 2010. The
14 Company expects to execute a successor General Funding
15 Agreement in the spring of 2010 to provide for ongoing
16 funding of ColumbiaGrid general development activities
17 while shifting a portion of ColumbiaGrid's administrative
18 costs to its other functional agreements. Accordingly,
19 while ColumbiaGrid is engaging in significant new
20 developmental activities in coordination with other
21 regional organizations (e.g. the review of consolidated
22 balancing area operations and the development of revised
23 scheduling practices to accommodate the impacts of
24 intermittent generation), the Company's expected
25 ColumbiaGrid general funding expenses will decrease.

1 Avista's ColumbiaGrid general funding expenses for the 2009
2 test year were \$202,000 while pro forma period general
3 funding expenses are expected to be \$192,000. This amount
4 is the Company's best estimate at this time until the
5 successor General Funding Agreement is approved in the
6 Spring of 2010.

7 ColumbiaGrid Transmission Planning - The ColumbiaGrid
8 Planning and Expansion Functional Agreement (PEFA) was
9 accepted by the Federal Energy Regulatory Commission (FERC)
10 on April 3, 2007 and Avista entered into the PEFA on April
11 4, 2007. Coordinated transmission planning activities
12 under the PEFA allow the Company to meet the coordinated
13 regional transmission planning requirements set forth in
14 FERC's Order 890 issued in February 2007, and outlined in
15 the Company's Open Access Transmission Tariff, Attachment
16 K. Funding under the PEFA is on a two-year cycle with
17 provisions to adjust for inflation. Actual PEFA expenses
18 for the 2009 test year were \$142,000. The Company's PEFA
19 expenses for the pro forma period are expected to reach the
20 maximum total payment obligation of \$215,000, reflecting
21 ColumbiaGrid's final staffing levels to support the PEFA
22 and the allocation of a portion of ColumbiaGrid's
23 administrative expenses to this functional agreement. This
24 amount is the Company's best estimate at this time until

1 the successor General Funding Agreement is approved in the
2 Spring of 2010.

3 ColumbiaGrid Open Access Same-Time Information System
4 (OASIS) - Avista entered into the ColumbiaGrid OASIS
5 Functional Agreement in February of 2008. This agreement
6 provides for the development of a common Open Access Same-
7 time Information System (OASIS) which would give
8 transmission customers the ability to purchase transmission
9 capacity from all ColumbiaGrid members via a single common
10 OASIS site instead of having to submit multiple
11 transmission service requests to each member individually
12 on each member's respective OASIS sites. Avista's 2009
13 test year expenses of \$35,000 reflected initial
14 developmental activities under this functional agreement.
15 Avista's ColumbiaGrid OASIS expenses for the pro forma
16 period are expected to be \$80,000, reflecting operational
17 capability of the ColumbiaGrid OASIS and the allocation of
18 a portion of ColumbiaGrid's administrative expenses to this
19 functional agreement. This amount is the Company's best
20 estimate at this time until the successor General Funding
21 Agreement is approved in the Spring of 2010.

22 Grid West (ID Direct) - Included in transmission
23 expense is an annual amount of \$71,000 to recover costs
24 associated with Grid West (and its forerunner, RTO West).

1 Avista signed an initial funding agreement in 2000, as did
2 all other Pacific Northwest investor-owned electric
3 utilities, to provide funding for the start-up phase of
4 Grid West (then named "RTO West"). Grid West had planned
5 to repay the loans to Avista and other funding utilities
6 through surcharges to customers once it became operational.
7 With the dissolution of Grid West, this repayment did not
8 occur. As a result, Avista filed an application with the
9 Commission to defer these costs. The Commission approved,
10 on October 24, 2006, in Order No. 30151, the Company's
11 request for an order authorizing deferred accounting
12 treatment for loan amounts made to Grid West. In its Order
13 the IPUC found these costs to be "prudent and in the public
14 interest" and required the Company to begin amortization of
15 the Idaho share of the loan principal (\$422,000) beginning
16 January 2007, for five years. During the pro forma period
17 Avista will amortize a total of \$71,000 associated with
18 Grid West development costs.

19 Electric Scheduling and Accounting Services - The
20 \$12,000 decrease in the pro forma period compared to test
21 year expense for electric scheduling and accounting
22 services is a result of continued reductions in services
23 provided by third party vendors. These services are no
24 longer required because of the development of an internal
25 accounting program and the development of a regional

1 transmission interchange tool by the Western Electricity
2 Coordinating Council (WECC). These new applications replace
3 the services provided by third parties.

4 NERC Critical Infrastructure Protection - The Company
5 has purchased two software products to assist in protecting
6 critical transmission system data from intrusion and to
7 meet applicable North American Electric Reliability
8 Corporation (NERC) standards. The Company expects no
9 change from the actual 2009 test year expense of \$25,000.

10 OASIS Expenses - These OASIS expenses are associated
11 with travel and training costs for transmission pre-
12 scheduling and OASIS personnel. This travel is required to
13 monitor and adhere to NERC reliability standards and FERC
14 OASIS requirements. The costs associated with OASIS
15 expenses in the pro forma period are \$5,000 more than in
16 the 2009 test year. This increase is a result of training
17 required for two new replacement transmission scheduling
18 employees and the implementation of new OASIS functions
19 required by FERC associated with network and native load
20 transmission service.

21 Power Factor Penalty - Power factor penalty costs are
22 associated with the Bonneville Power Administration's
23 (Bonneville) General Transmission Rate Schedule Provisions.
24 Bonneville charges a power factor penalty at all
25 interconnections with Avista that exceed a given threshold

1 for reactive power flow during each month. If the reactive
2 flow from Bonneville's transmission system into Avista's
3 system or from Avista's system to Bonneville's system
4 exceeds a given threshold, then Bonneville bills Avista
5 according to its rate schedule. The charge includes a 12-
6 month rolling ratchet provision. Avista currently pays
7 Bonneville a power factor penalty at several points of
8 interconnection. Avista incurred \$167,000 of power factory
9 penalty charges in 2008 and \$124,000 during the 2009 test
10 year. The Company's pro forma expenses are set at \$146,000
11 representing an average of the power factor penalty charges
12 incurred in 2008 and 2009.

13 WECC - System Security Monitor and WECC Administration
14 & Net Operating Committee Fees - The Company's total WECC
15 fees have increased, and are expected to continue to
16 increase, from year to year. The increase is driven
17 primarily by compliance with mandatory national reliability
18 standards. WECC is responsible for monitoring and
19 measuring Avista's compliance with the standards and
20 therefore has substantially increased its staff and other
21 resources to meet this FERC requirement. The Company's
22 2009 test year WECC assessments were \$159,000 for system
23 security monitoring and \$329,000 for dues and net Operating
24 Committee fees, for a total 2009 WECC assessment of

1 \$488,000. The Company paid its 2010 WECC assessments in
2 January 2010: \$168,000 for system security monitoring and
3 \$370,000 for dues and net Operating Committee fees, for a
4 total WECC assessment of \$538,000. The Company's pro forma
5 expenses have been set equal to these amounts paid in
6 January 2010.

7 WECC - Loop Flow - Loop Flow charges are spread across
8 all transmission owners in the West to compensate utilities
9 that make system adjustments to eliminate transmission
10 system congestion throughout the operating year. WECC Loop
11 Flow charges can vary from year to year since the costs
12 incurred are dependent on transmission system usage and
13 congestion. Therefore a five-year average is used to
14 determine future Loop Flow costs. Based upon the WECC Loop
15 Flow charges incurred by the Company during the five-year
16 period from 2005 through 2009, pro forma Loop Flow expenses
17 are expected to be \$34,000. This is \$6,000 less than
18 actual 2009 test year charges of \$40,000.

19

20 **III. PRO FORMA TRANSMISSION REVENUES**

21 **Q. Please describe the pro forma transmission**
22 **revenue revisions included in this filing.**

23 A. Adjustments have been made in this filing to
24 incorporate updated information associated with known
25 changes in transmission revenue for the 2010/2011 pro forma

1 period as compared to the 2009 test year. Each revenue
2 item described below is at a system level and is included
3 in Exhibit 8, Schedule 1. In particular, in December 2009
4 the Company successfully attained FERC acceptance for an
5 increase in generally applicable transmission rates under
6 Avista's Open Access Transmission Tariff, effective January
7 1, 2010. The Company was able to increase its point-to-
8 point transmission service rates by 43% (long-term firm
9 point-to-point rates increased from \$16.79/kW-year to
10 \$24.00/kW-year) and was able to increase its annual FERC
11 transmission revenue requirement applicable to network
12 transmission service (e.g. borderline wheeling service
13 provided to Bonneville) by 73%. Accordingly, adjustments
14 have been made in the pro forma period to reflect these
15 increases in transmission rates. Supporting workpapers for
16 each revenue item described below have been provided with
17 the Company's filing.

18 Borderline Wheeling - Total borderline wheeling
19 revenues for the 2009 test year were \$5,552,000. Total
20 borderline wheeling revenue in the pro forma period has
21 been set at \$7,838,000, which reflects a four-year average
22 (2006 through 2009) of revenues from borderline wheeling
23 service provided to Bonneville and adjustments to reflect
24 the impact of new transmission rates on the Company's

1 borderline wheeling contracts with Bonneville and Avista's
2 other borderline wheeling customers, which include Grant
3 County PUD, East Greenacres Irrigation District, the
4 Spokane Tribe of Indians and Consolidated Irrigation
5 District. Each of these contracts are described further
6 below.

7 a) Borderline Wheeling - Bonneville Power Administration

8 Actual test year revenue from borderline wheeling
9 service provided to Bonneville was \$5,334,000. Avista
10 typically uses a five-year average of actual annual
11 revenue to estimate future borderline wheeling revenue
12 from Bonneville. This helps levelize the revenue
13 requirement since it is based on a rolling twelve-
14 month average of Bonneville's load ratio share usage
15 of the Company's transmission system. For this case
16 Avista is only using a four-year average since 2006
17 through 2009 are the only years operating under new
18 contracts signed with Bonneville that became effective
19 January 1, 2006. This four-year average of borderline
20 wheeling service provided to Bonneville is \$5,113,000.
21 This revenue covers borderline wheeling service to
22 Bonneville over both transmission and low-voltage
23 facilities. As a result of the Company's recent FERC
24 transmission rate case, the FERC transmission revenue

1 requirement, to which Bonneville's load ratio share
2 usage of the Company's transmission system is applied,
3 was increased by 73%. Accordingly, the low-voltage
4 revenue component of the four-year average remains the
5 same while the transmission revenue component of the
6 four-year average has been increased by 73% for the
7 2011 pro forma period, resulting in a revenue figure
8 of \$7,597,000 for borderline wheeling service to
9 Bonneville.

10 b) Borderline Wheeling - Grant County PUD - The Company
11 provides borderline wheeling service to two Grant
12 County PUD substations under a Power Transfer
13 Agreement executed in 1980. Charges under this
14 agreement are not impacted by the Company's
15 transmission service rates under Avista's Open Access
16 Transmission Tariff so the Company is not proposing
17 any adjustment from the 2009 test year revenue of
18 \$27,000.

19 c) Borderline Wheeling - East Greenacres Irrigation
20 District - The Company restructured its contract to
21 provide borderline wheeling service to the East
22 Greenacres Irrigation District in April, 2009,
23 resulting in monthly wheeling revenue of \$5,000.
24 Revenue under this agreement for the 2009 test year

1 was \$51,000. Revenue for the pro forma period has
2 been increased to \$60,000 to reflect the terms of the
3 restructured contract over the entire pro forma rate
4 period.

5 d) Borderline Wheeling - Spokane Tribe of Indians and
6 Consolidated Irrigation District - The Company
7 provides borderline wheeling service over both
8 transmission and low-voltage facilities to the Spokane
9 Tribe of Indians and Consolidated Irrigation District.
10 Total transmission and low-voltage wheeling revenue
11 under these contracts for the 2009 test year was
12 \$140,000. Revenues associated with the transmission
13 components of these contracts have been adjusted for
14 the pro forma period to reflect the 43% increase in
15 the Company's long-term firm point-to-point
16 transmission service rate. Accordingly, pro forma
17 period revenue under these two contracts is set at
18 \$154,000.

19 OASIS Non-Firm and Short-Term Firm Transmission
20 Service - OASIS is an acronym for Open Access Same-time
21 Information System. This is the system used by electric
22 transmission providers for selling and scheduling available
23 transmission capacity to eligible customers. The terms and
24 conditions under which the Company sells its transmission
25 capacity via its OASIS are pursuant to FERC regulations and

1 Avista's FERC Open Access Transmission Tariff. OASIS
2 revenues vary from year to year depending upon a variety of
3 factors, including electric energy market conditions, load
4 and resource conditions of regional electric utilities, and
5 available transmission capacity (ATC) on adjacent
6 transmission provider systems. Due to these uncertainties,
7 Avista has, in previous rate cases, used the most recent
8 five-year average as being representative of future
9 expectations for OASIS revenue unless there are known
10 events or factors for which adjustments are appropriate.
11 In this filing, the Company is using the most recent five-
12 year average and is proposing an adjustment to reflect the
13 results of the Company's recent FERC transmission rate
14 case.

15 OASIS revenues for the 2009 test year were \$2,962,000
16 and the five-year average of OASIS revenues from 2005
17 through 2009 is \$3,067,000. For the pro forma period the
18 Company proposes a 22% increase over the five-year average
19 to reflect the potential for recovering additional OASIS
20 revenue under the Company's new transmission rates accepted
21 by FERC which became effective January 1, 2010.

22 While the Company is able to increase its non-firm and
23 short-term firm transmission service rates by 43% as a
24 result of its FERC rate case, the Company expects to be
25 limited in its ability to successfully sell capacity at its

1 maximum rates. Bonneville, the predominant transmission
2 provider in the region, operates its transmission system in
3 parallel with the Company's transmission system.
4 Bonneville's current hourly point-to-point transmission
5 service rate is \$4.33/MWh with a loss factor of 1.9%.
6 Avista's new maximum hourly point-to-point transmission
7 service rate is \$5.77/MWh with a loss factor of 3%. Where
8 Bonneville's system has available parallel capacity, the
9 Company would expect to have limited opportunity to sell
10 transmission capacity above an hourly rate of \$4.33/MWh.
11 Increasing the Company's transmission rate to match
12 Bonneville's current rate (notwithstanding the fact that
13 the Company's loss factor is 58% higher than Bonneville's
14 which would further limit the Company's ability to compete
15 with parallel capacity on Bonneville's system) would add
16 only about one-fifth ($0.33 / 1.77 = 19\%$) of the Company's
17 potential rate increase, resulting in an estimated increase
18 in OASIS revenue of 8%. Nevertheless, the Company is
19 estimating an increase in short-term firm and non-firm
20 OASIS revenue comparable to implementing half of the
21 potential rate increase. Accordingly, the Company proposes
22 an OASIS revenue amount of \$3,741,000 for the pro forma
23 period, an amount \$779,000, or 22%, greater than the most
24 recent five-year average of \$2,962,000.

1 Seattle and Tacoma Revenues Associated with the Main
2 Canal Project - Effective March 1, 2008, the Company
3 entered into long-term point-to-point transmission service
4 arrangements with the City of Seattle and the City of
5 Tacoma to transfer output from the Main Canal hydroelectric
6 project, net of local Grant County PUD load service, to the
7 Company's transmission interconnections with Grant County
8 PUD. Service is provided during the eight months of the
9 year (March through October) in which the Main Canal
10 project operates and the agreements include a three-year
11 ratchet demand provision. Revenues under these agreements
12 totaled \$193,000 during the 2009 test year. Adjusting for
13 the increase in the Company's transmission rate as a result
14 of its FERC rate case, revenues under these agreements are
15 expected to be \$276,000 during the pro forma period.

16 Seattle and Tacoma Revenues Associated with the Summer
17 Falls Project - Effective March 1, 2008, the Company
18 entered into long-term use-of-facilities arrangements with
19 the City of Seattle and the City of Tacoma to transfer
20 output from the Summer Falls hydroelectric project across
21 the Company's Stratford Switching Station facilities to the
22 Company's Stratford interconnection with Grant County PUD.
23 Charges under this use-of-facilities arrangement are based
24 upon the Company's investment in its Stratford Switching

1 Station and are not impacted by the Company's transmission
2 service rates under its Open Access Transmission Tariff.
3 Revenues under these two contracts totaled \$74,000 in the
4 2009 test year and are expected to remain the same for the
5 pro forma period.

6 PacifiCorp Dry Gulch - Revenue under the Dry Gulch
7 use-of-facilities agreement has been adjusted to \$249,000
8 for the pro forma period, which is a \$43,000 increase from
9 the 2009 test year actual revenue of \$206,000. The current
10 methodology used to forecast Dry Gulch revenue is a five-
11 year average of actual revenue. A five-year average is
12 used since the revenue can vary from year to year depending
13 upon PacifiCorp's monthly peak demands. The contract
14 includes a twelve-month rolling ratchet demand provision
15 and charges under this agreement are not impacted by the
16 Company's open access transmission service tariff rates.
17 The five-year average of revenue was calculated using years
18 2005 through 2009.

19 Spokane Waste to Energy Plant - No adjustments to
20 Spokane Waste to Energy Plant revenue of \$160,000 were made
21 for the pro forma period compared to the 2009 test year.
22 This revenue is the result of a long-term transmission
23 service agreement with the City of Spokane that expires
24 December 31, 2011. Charges under this agreement are not

1 impacted by the Company's open access transmission service
2 tariff rates.

3 Vaagen Wheeling - The Vaagen generation plant was
4 permanently damaged by fire in November, 2009. Pursuant to
5 its terms and conditions, the Vaagen wheeling contract was
6 terminated effective December 1, 2009. Revenues under this
7 contract were \$97,000 during the 2009 test year but have
8 been adjusted to zero for the pro forma period.

9 Grant County PUD - Revenues from a long-term firm
10 point-to-point transmission service agreement with Grant
11 County PUD during the 2009 test year were \$56,000. This
12 agreement expires December 31, 2010. Accordingly,
13 associated revenue for the pro forma period has been
14 reduced to \$42,000.

15 Grand Coulee Project Hydroelectric Authority - The
16 Company provides operations and maintenance services on the
17 Stratford - Summer Falls 115kV Transmission Line to the
18 Grand Coulee Project Hydroelectric authority under a
19 contract signed in March 2006. These services are provided
20 for a fixed annual fee. Annual charges under this contract
21 totaled \$8,100 in the 2009 test year and will remain the
22 same for the pro forma period.

23 PP&L Series Capacitors - PP&L Series Capacitor revenue
24 under this 1978 agreement was reduced from \$5,000 in the

1 test year to zero in the pro forma period since the 20-year
2 amortization of the original contract expired in June 2009.

3 NaturEnergy Dynamic Signal - The Company was
4 reimbursed during the 2009 test year for expected one-time
5 expenses related to connecting a NaturEnergy dynamic signal
6 via the WECC ICCP system to Avista's SCADA-EMS system.
7 Accordingly, the 2009 test year revenue of \$10,000 has been
8 adjusted to zero for the pro forma period.

9 FERC Settlement - The Company received a settlement
10 benefit from the FERC in 2009 relating to the Western
11 energy crisis of 2000-2001. This 2009 test year revenue of
12 \$115,000 has been adjusted to zero for the pro forma
13 period.

14

15 **IV. TRANSMISSION AND DISTRIBUTION CAPITAL PROJECTS**

16 **Q. Please describe the Company's capital**
17 **transmission projects that will be completed in 2010.**

18 A. Avista continuously needs to invest in its
19 transmission system to maintain reliable customer service
20 and meet mandatory reliability standards. The 2010 capital
21 transmission projects are being constructed to meet either
22 compliance requirements, improve system reliability, fix
23 broken equipment, or replace aging equipment that is
24 anticipated to fail.

1 Included in the compliance requirements are the North
2 American Electric Reliability Corporation (NERC) standards,
3 which are national standards that utilities must meet to
4 ensure interconnected system reliability. Beginning June
5 2007 compliance with these standards was made mandatory and
6 failure to meet the requirements could result in monetary
7 penalties of up to \$1 million per day per infraction. The
8 majority of the reliability standards pertain to
9 transmission planning, operation, and equipment
10 maintenance. The standards require utilities to plan and
11 operate their transmission systems in such a way as to
12 avoid the loss of customers or impact to neighboring
13 utility systems due to the loss of transmission facilities.
14 The transmission system must be designed and operated so
15 that the loss of up to two facilities simultaneously will
16 not impact to the interconnected transmission system.
17 These requirements drive the need for Avista to continually
18 invest in its transmission system. Avista is required to
19 perform system studies in both the near term (1-5 years)
20 and long term (5-10 years). If a potential violation is
21 observed in the future years, then Avista must develop a
22 project plan to ensure that the violation is fixed prior to
23 it becoming a reality. Avista budgets for the future
24 projects and ensures that the design and construction of
25 the required projects are completed prior to the time they