

Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170



October 15, 2008

Hon. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**RE: Avista Corporation
Docket No. OA08-25-_____
Attachment K Compliance Filing**

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission's ("Commission") order issued on July 17, 2007,¹ and Order No. 890,² Avista Corporation ("Avista") hereby submits for filing with the Commission its amendments to Attachment K to its Open Access Transmission Tariff ("OATT").

I. Contents of Filing

Avista respectfully tenders for filing an electronic copy of the following documents:

1. Transmittal letter;
2. Redline version showing revisions to Avista's Attachment K; and
3. Clean version of Avista's Attachment K revised by this compliance filing.

¹ *United States Dept. of Energy—Bonneville Power Admin., et al.*, 124 FERC ¶ 61,054 (2008) ("July 17 Order").

² *Preventing Undue Discrimination and Preference in Transmission Service*, 118 FERC ¶ 61,119 (2007) ("Order No. 890"), *order on reh'g*, 121 FERC ¶ 61,297 (2007) ("Order No. 890-A"), *order on reh'g*, 123 FERC ¶ 61,299 (2008) ("Order No. 890-B").

II. Communications

Avista respectfully requests that the following persons be included on the official service list in these proceedings and that all communications concerning this filing be addressed to them.

Jeff Schlect*
Manager, Transmission Services
Avista Corporation
1411 East Mission Ave., MSC-16
Spokane, WA 99202
Telephone: (509) 495-4851
Email: jeff.schlect@avistacorp.com

Michael Andrea*
Staff Attorney
Avista Corporation
1411 East Mission Ave., MSC-23
Spokane, WA 99202
Telephone: (509) 495-2564
Email: michael.andrea@avistacorp.com

Avista respectfully requests that the individuals identified above with an asterisk be placed on the Commission's official service list in this proceeding and be designated for service pursuant to Rule 2010.³

III. Description of Filing

Order No. 890 required transmission providers to incorporate in their Attachment K a transmission planning process consistent with the principles and concepts included in Order No. 890.⁴ On December 7, 2007, Avista submitted its Attachment K to its OATT. In its July 17 Order, the Commission approved the OATT Attachment K Transmission Planning Processes of Avista and other ColumbiaGrid Transmission Providers,⁵ subject to further compliance filings. Representatives of Avista, Puget, Bonneville, ColumbiaGrid, Northern Tier Transmission Group ("NTTG"), American Wind Energy Association ("AWEA"), and other interested parties have participated in a series of meetings⁶ to develop changes to the ColumbiaGrid part of the Attachment Ks, consistent with the Commission's July 17 Order. Avista has incorporated such ColumbiaGrid changes into this filing and is submitting additional revisions in response to the Commission's direction in the July 17 Order.

In the July 17 Order, the Commission found that Avista's Attachment K fully satisfied the coordination, transparency, and dispute resolution planning principles. The Commission found that Avista's Attachment K partially satisfied its requirements regarding openness, information exchange, comparability, regional participation, economic planning studies, cost allocation, and recovery of planning costs. The following discussion describes how the revisions

³18 C.F.R. § 385.2010. Avista respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) to provide that a copy of any communication be served on each person designated above.

⁴Order No. 890 at PP 435-442.

⁵Bonneville Power Administration ("Bonneville") in Docket No. NJ08-5-000 and Puget Sound Energy, Inc. ("Puget") in Docket No. OA08-26-000.

⁶Notice of most of these meetings were posted to the ColumbiaGrid calendar on the ColumbiaGrid website.

to Avista's Attachment K proposed in this filing satisfy each Order No. 890 planning principle and the requirement regarding recovery of planning costs for which the Commission required a further compliance filing from Avista in the July 17 Order.

A. Openness

In the July 17 Order, the Commission found that Avista's Attachment K partially complied with the openness principle. Specifically, the Commission found that Avista's Attachment K included a process by which parties are provided advanced notification of transmission planning meetings and are afforded opportunity to participate in the transmission planning process. The Commission further found that Avista's Attachment K included a process to obtain access to CEII, but found that it was unclear whether Avista's Attachment K provided a mechanism to manage customer and stakeholder access to confidential information that was not CEII. Accordingly, the Commission ordered Avista to modify its Attachment K to allow access to confidential information utilized in the planning process.⁷

Avista has modified its Attachment K to include a process to manage customer and stakeholder access to confidential information that is not CEII. Avista has added a new Section 2.1.1 of Part III that recognizes that Avista's transmission planning studies may include base case data that are WECC proprietary data. Section 2.1 provides that a stakeholder must hold membership in or execute a non-disclosure agreement with WECC (www.wecc.biz) to obtain WECC proprietary data, such as base case data.

Avista has also added a new Section 2.1.2 of Part III to address how Avista will manage its own proprietary data. New Section 2.1.2 sets forth a procedure for a requestor to request Avista Proprietary Data. Avista has also added in its definition section a definition of Avista Proprietary Data, which includes (i) non-public or confidential trade secrets, commercial or financial information or other information of the Transmission Provider, whether of a technical, business or other nature, or (ii) information that has been made available to the Transmission Provider by any third party or entity that the Transmission Provider is obligated to keep non-public or confidential.

B. Information Exchange

In the July 17 Order, the Commission found that Avista's Attachment K partially satisfied the information exchange principle. Specifically, the Commission found that Avista's Attachment K described the customer data to be exchanged and the method of exchange, but did not include a schedule with sufficient specificity for submission of data. Accordingly, the

⁷ July 17 Order at P 30.

Commission ordered Avista to develop a schedule for the submittal of information to be reflected in its Attachment K.⁸

Avista has developed a schedule with greater specificity for the submittal of information as required by the July 17 Order. That schedule is now included in Section 2.2.4 of Part III of Avista's Attachment K.

C. Comparability

In the July 17 Order, the Commission found that Avista's Attachment K satisfied the comparability principle outlined in Order No. 890. However, Order No. 890-A, which was issued after Avista submitted its original Attachment K filing, stated that the transmission provider needs to identify as part of its Attachment K planning process "how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning."⁹ Because Avista, and other transmission providers, did not have an opportunity to demonstrate compliance with this requirement, the Commission ordered Avista to address this requirement in this compliance filing.¹⁰

Avista has added a new Section 5.3 to Part III of Attachment K to include a list of alternatives to transmission construction that may be considered as part of the Local Planning Process. The new Section 5.3 also provides detail on how a Customer or Interested Stakeholder can submit such alternatives for consideration in the Local Planning Process.

D. Regional Participation

In the July 17 Order, the Commission found that Avista's Attachment K partially satisfied the regional participation principle. The Commission found that Avista is a member of ColumbiaGrid, has signed the PEFA, and has incorporated the PEFA into its Attachment K sub-regional transmission planning process. Although the Commission recognized that Avista's participation in ColumbiaGrid generally satisfies the requirement to coordinate with interconnected systems, it directed Avista to submit additional detail in its Attachment K on WECC's TEPPC process or to provide direct links to the appropriate documents on WECC's website where the processes to coordinate information and planning efforts are discussed.¹¹

Avista, coordinating with ColumbiaGrid and its members, has modified Part V of Attachment K to include additional detail about WECC and the regional processes it has in place. In addition, links have been provided to the WECC TEPPC process and other applicable WECC coordination documents.

⁸ July 17 Order at P 44.

⁹ July 17 Order at P 49 (quoting Order No. 890-A at P 216).

¹⁰ July 17 Order at P 49.

¹¹ July 17 Order at P 65.

E. Economic Planning Studies

Avista's Attachment K provided that any request for an economic planning study would be posted on its OASIS and forwarded to WECC's TEPPC. In the July 17 Order, the Commission found that it was unclear whether, and to what extent, TEPPC will conduct local economic planning studies on Avista's behalf. Accordingly, the Commission directed Avista to further address its process for conducting local economic planning studies, including the clustering of study requests, or to further address TEPPC's role in conducting local economic planning studies on behalf of Avista.¹²

Avista, coordinating with ColumbiaGrid and its members, has modified Part VI of Attachment K to include additional detail about the treatment of requests for Economic Studies. Specific to Avista, requests for Economic Studies will be handled through the ColumbiaGrid Capacity Increase process (including those requests that are local in nature). Avista will sponsor each such Economic Study request at ColumbiaGrid. The requesting party will be responsible for all costs associated with the completion of such studies through the process detailed in Part VI.

With regard to the regional economic planning studies, the Commission noted that Avista's Attachment K generally referenced the TEPPC process and WECC's website, but provided no detail on those processes or links to the appropriate TEPPC documents in which those processes are discussed. Accordingly, the Commission directed Avista to provide additional detail in its Attachment K on WECC's TEPPC process or to provide links to the appropriate documents on the WECC website where the process to prioritize and complete regional economic planning studies are discussed.¹³

Avista, coordinating with ColumbiaGrid and its members, has modified Part V of Attachment K to include additional detail about WECC and the regional processes it has in place, including the TEPPC process. In addition, links have been provided to the WECC TEPPC process and other applicable WECC coordination documents.

F. Cost Allocation

In the July 17 Order, the Commission found Avista's Attachment K in partial compliance with the cost allocation principle in Order No. 890. The Commission noted, however, that Order No. 890 requires a specific cost allocation methodology and that the details of proposed cost allocation methodologies must be clearly defined so that participants seeking to support new transmission infrastructure investment have some degree of certainty regarding cost allocation.

¹² July 17 Order at P 75.

¹³ July 17 Order at P 76.

Accordingly, the Commission directed Avista to modify its Attachment K to identify the cost methodology that will be used for allocation of costs for projects developed in response to Avista's local transmission planning processes and the ColumbiaGrid process.¹⁴

The Commission further found that Avista did not address a cost allocation principle to address upgrades to its transmission system stemming from the transmission planning process for which it did not have an existing methodology, such as an economic project designed to alleviate congestion in a particular area of its transmission system as determined by an economic planning study. The Commission, therefore, directed Avista to address the cost allocation principle for single system projects in this compliance filing.¹⁵

Avista has added a new Section 9 and Section 10 to Part III of its Attachment K to detail a process for cost allocation of Single System Projects identified in the Local Planning Report (Section 9) and Enhanced Reliability Upgrades requested by a customer (Section 10). These two sections provide additional detail on how costs of projects within the Local Planning Process would be allocated. This new language is patterned after the language filed by Southern Company and accepted by the Commission in Docket No. OA08-37-000.¹⁶

Cost allocation for projects identified through an Economic Planning Study performed by ColumbiaGrid (modified Part VI) will be handled as described by Part IV of Attachment K as a Capacity Increase Project.

G. Recovery of Planning Costs

In the July 17 Order, the Commission found that Avista did not address cost recovery for planning activities in its Attachment K. Accordingly, the Commission directed Avista to explain how it intends to recover its transmission planning costs.¹⁷

Avista has modified Section 2.3 of Part III of its Attachment K to provide additional detail on recovery of planning costs. While Avista will bear the costs of facilitating its local planning process, including meeting facilities and materials, it would not be appropriate for Avista to provide recovery of costs (e.g., travel costs) incurred by parties participating in this Attachment K planning process. Avista will seek recovery of its own costs associated with the Attachment K process in its applicable state and federal rate setting processes.

IV. Request for Acceptance for Filing with Waivers

Pursuant to 18 C.F.R. § 35.11, Avista respectfully requests waiver of the sixty-day prior notice requirement to allow the effective date of the modified Attachment K to Avista's OATT

¹⁴ July 17 Order at P 84.

¹⁵ July 17 Order at P 85.

¹⁶ *Southern Company Services, Inc.*, 124 FERC ¶ 61,265 (2008).


¹⁷ July 17 Order at P 90.

to be October 15, 2008. The Commission grants waivers “for good cause shown” if the filing is made less than sixty days in advance of, but prior to, the proposed effective date of a filing or the commencement of service. *Central Hudson Gas & Electric Corp., et al.*, 60 FERC ¶ 61,106, 61,339, *reh’g denied*, 61 FERC ¶ 61,089 (1992) (“we will grant waiver of notice if good cause is shown and the agreement is filed prior to the commencement of service”). “Good cause” exists with respect to this filing because the July 17 Order required Avista to submit this compliance filing within ninety (90) days of the date of such July 17 Order. To the extent necessary, Avista requests waiver of any requirements under the Commission’s regulations not otherwise satisfied by this filing.

V. Conclusion

Avista respectfully requests that the Commission accept the attached tariff sheets for filing with an effective date of October 15, 2008.

Sincerely,


Michael G. Andrea
Staff Attorney

Enclosures

Redline Version
Avista Corporation's Revised Attachment K to its OATT
Attachment K Compliance Filing

ATTACHMENT K

Transmission Planning Process

PART I

INTRODUCTION

The Transmission Provider's transmission planning process includes local, sub-regional and regional components to provide for comprehensive, open and coordinated planning of the Transmission Provider's Transmission System and the interconnected transmission network of the Regional Interconnected Systems.

The local transmission planning process will include a series of open planning meetings that the Transmission Provider will conduct to allow anyone, including, but not limited to, Network Customers, Point-to-Point Customers, interconnected transmission systems, regulatory and state bodies and other Persons, to provide input into and comment on the Transmission Provider's development and annual update of its planned development and upgrades for its Transmission System ("Local Planning Report").

All Single System Projects proposed in the local transmission planning process are incorporated into and subject to the coordinated sub-regional transmission planning process. The Transmission Provider will coordinate its transmission planning directly with Interested Stakeholders, and with other Northwest parties, neighboring transmission providers, and Interested Persons in the ColumbiaGrid planning process. The ColumbiaGrid planning process is structured to support and manage the coordination of the multi-system planning of the ColumbiaGrid TOPPs, including related studies. Such responsibilities are detailed in the ColumbiaGrid Planning and Expansion Functional Agreement, which is posted on the ColumbiaGrid website. In addition, the PEFA requires ColumbiaGrid to coordinate with entities that are not Planning Parties, to the extent possible. To that end, ColumbiaGrid may become a member of and participate in appropriate transmission planning forums, committees, and work groups applicable to the geographic areas served by the Planning Parties for purposes of collecting and sharing information.

Further, the Transmission Provider participates in coordinated planning throughout the Western Interconnection through its membership in the WECC and participation in the WECC Transmission Expansion Planning Policy Committee ("TEPPC"). TEPPC provides for the development and maintenance of an economic transmission study database for the entire Western Interconnection and performs congestion studies at the Western Interconnection region level.

With respect to any request for transmission service or interconnection received by the Transmission Provider, nothing in this Attachment K shall preclude the Transmission Provider from responding as the Transmission Provider determines is appropriate under its Tariff.

PART II

RESPONSIBILITIES UNDER ATTACHMENT K

The planning processes described in this Attachment K are intended to result in coordinated local, sub-regional and regional transmission plans while preserving the responsibilities of the Transmission Provider under other provisions of the Tariff to provide Transmission Service and interconnection service on its Transmission System.

This Attachment K describes the process in which the Transmission Provider intends to coordinate with its Transmission Customers, neighboring transmission providers, affected state authorities, and Interested Stakeholders. This Attachment K, however, does not dictate or establish which investments identified in a transmission plan should be performed, or how such investments should be compensated.

This Attachment K describes a planning process that contemplates actions by not only the Transmission Provider and its Transmission Customers, but also others that may not be bound to comply with this Attachment K, such as other transmission providers (and their transmission or interconnection customers), States, Tribes, WECC, sub-regional planning groups, and other Interested Stakeholders and Interested Persons. The Transmission Provider may be obligated as specified elsewhere in this Attachment K to participate in planning activities, including providing data and notices of its activities, and soliciting and considering written comments of Interested Stakeholders and Interested Persons. However, this Attachment K contemplates cooperation and activities by entities that may not be bound by contract or regulation to perform the activities described for them. Failure by any Person other than the Transmission Provider to cooperate or perform as contemplated under this Attachment K may frustrate or impede, or prevent performance by, the Transmission Provider of activities as described in this Attachment K. The Transmission Provider shall use reasonable efforts to secure the performance of other entities with respect to the planning activities described in this Attachment K, but shall have no other or additional obligation regarding any failure to cooperate or perform by any other Person other than the Transmission Provider with respect to the activities described in or contemplated by this Attachment K. For example, if, and to the extent, any Transmission Customer fails to provide Data or other information as required or contemplated by this Attachment K, the Transmission Provider cannot effectively include such customer and its needs in the Transmission Provider's planning.

If any Transmission Customer fails to provide data as required by this Attachment K, the Transmission Provider cannot effectively include such customer and its Needs in the Transmission Provider's planning.

PART III

THE AVISTA LOCAL TRANSMISSION PLANNING PROCESS

1. Overview

On a biennial basis, the Transmission Provider shall complete its local transmission planning process for the purpose of identifying Single System Projects to mitigate future reliability and load-service requirements for its Transmission System. The Transmission Provider shall document the results of the local transmission planning process in a biennial Local Planning Report in year one and shall update such results, if necessary, in year two. The Local Planning Report shall include any reliability impacts identified on the Transmission Provider's Transmission System and a list of the Single System Projects proposed to mitigate those issues. Any impacts on neighboring transmission systems and the projects to mitigate those impacts shall be identified and coordinated through the ColumbiaGrid process outlined in Part IV. Reliability issues shall be identified by performing technical studies, including powerflow, transient voltage stability, short circuit, and voltage collapse analyses. The Local Planning Report shall identify proposed Single System Projects for a specified year within the one to five year planning horizon and a specified year within the six to ten year planning horizon, pursuant to the Transmission Provider's compliance with applicable NERC and WECC reliability criteria. For years in which the biennial Local Planning Report is being developed, the planning process shall begin in the second quarter of the year and shall conclude in the third quarter of such year as required to proceed with the design, development, and funding of the proposed transmission projects identified ("Year One"). During year ~~two~~ the second year of the biennial process, an update to the Local Planning Report will be completed ("Year Two").

The local transmission planning process outlined below, including the collection of customer data and presentation of proposed projects, is similar to the function of the Network Operating Committee set forth in the Tariff. Therefore, rather than performing redundant meetings and activities, this local transmission planning process shall substantially provide for the requirements of the Network Operating Committee.

2. Local Planning Process Participation

Participation in the local transmission planning process shall be open to all Interested Stakeholders, including, but not limited to, all Transmission Customers and interconnection customers, and state authorities.

2.1 Confidential Information and Critical Energy Infrastructure Information:

2.1.1 WECC Proprietary Data

Transmission Provider's transmission planning studies may include base case data that are WECC proprietary data. A stakeholder must hold membership in or execute a non-disclosure agreement with WECC (www.wecc.biz) to obtain WECC proprietary data, such as base case data, from Transmission Provider.

2.1.2 Avista Proprietary Data

Except as otherwise set forth in Part III, Section 2.1.1, above with respect to WECC proprietary data, a requester may request Avista Proprietary Data required to be disclosed by Order No. 890 from Transmission Provider using the procedures set forth below.

2.1.2.1 A requester shall file a signed, written request, in accordance with the Avista Proprietary Data procedures outlined herein, with Transmission Provider at the following address:

Avista Corporation
1411 E. Mission Avenue, MSC-16
Spokane, WA 99202

Attn: Manager, Transmission Services

2.1.2.2 Requests for Avista Proprietary Data will be considered to be received upon actual receipt by Transmission Provider.

2.1.2.3 Transmission Provider will make a determination of whether it considers the requested information to be Avista Proprietary Data and whether to comply with the request or deny the request in whole or in part.

2.1.2.4 Transmission Provider will notify the requester of its determination within a reasonable time after Transmission Provider's receipt of the request for Avista Proprietary Data.

2.1.2.5 If Transmission Provider determines that the requester is eligible to and should receive the requested Avista Proprietary Data, Transmission Provider will determine what conditions, if any, to place on release of the Avista Proprietary Data and may forward a form of Avista Proprietary Data Non-Disclosure Agreement ("NDA") to the requester for execution. Such

conditions may include, for example, (i) Transmission Provider's marking documents or files as "Avista Proprietary Data" if Transmission Provider determines that such documents or files may contain Avista Proprietary Data and (ii) Transmission Provider's receipt of any required NDA executed by requester with respect to such Avista Proprietary Data.

2.1.2.6 Nothing in this Part III shall excuse Transmission Provider from providing access to requester to Avista Proprietary Data pursuant to a specific order by the Commission to provide such access to such Avista Proprietary Data to requester following denial pursuant to these procedures by Transmission Provider of access by such requester to such Avista Proprietary Data.

2.1.3 Critical Energy Infrastructure Information ("CEII")

The Local Planning Report may include information identified as CEII by the Commission. All such information may only be included in the appendices of the Local Planning Report, such that the body can be provided to all Interested Stakeholders in an open manner.

2.1.3.1 Access for Transmission Customers (w/OASIS access):

The Transmission Provider shall post the draft and completed Local Planning Report in the secure area of the Transmission Provider's OASIS website under the System Planning page and shall be accessible to Transmission Customers that have access to the secure area of Transmission Provider's OASIS.

Transmission Provider's CEII Request Procedure and CEII Non-Disclosure Agreement are posted on Transmission Provider's OASIS in the CEII folder. By accessing any material Transmission Provider has determined is CEII as such term is defined in 18 C.F.R. § 388.113, as may be amended from time to time) that has been posted on the Transmission Provider's OASIS, the Transmission Customer: (i) represents and warrants that it has read and understands the Transmission Provider's CEII policy and CEII Non-Disclosure Agreement; (ii) represents and warrants that it is an entity or person eligible to receive CEII and has, as contemplated by the Commission, a legitimate interest in and legitimate need for CEII from the Transmission Provider; and (iii) represents and warrants that such Transmission Customer will use any CEII received from the Transmission Provider only for the purposes for which the

Commission has required its disclosure. Such Transmission Customer also agrees and acknowledges as follows:

- (A) Transmission Customer shall use any CEII received from the Transmission Provider only for such Transmission Customer's legitimate interest and legitimate need and shall only share such CEII with its employees, subcontractors, and agents who need to know such information for such Transmission Customer's legitimate interest and legitimate need and who have agreed, for the benefit of the Transmission Provider, to be bound (in the same manner as such Transmission Customer) by the terms of this section;