

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION) CASE NO. GNR-U-18-01
INTO THE IMPACT OF FEDERAL TAX)
CODE REVISIONS ON UTILITY COSTS AND) NOTICE OF SETTLEMENT
RATEMAKING) STIPULATION (AVISTA
) CORPORATION)
)
) NOTICE OF MODIFIED
) PROCEDURE
)
) ORDER NO. 34054

On May 1, 2018, Avista Corporation dba Avista Utilities (“Avista” or the “Company”) and Commission Staff filed a Stipulation and Settlement (the “Settlement Stipulation”) and a Motion for Approval of Stipulation and Modified Procedure. The Settlement Stipulation and Motion are signed by the Company, Commission Staff, and intervenors Clearwater Paper Corporation, Idaho Forest Group, LLC, and Idaho Conservation League. If approved, the Settlement Stipulation would return to customers 100% of tax benefits the Company has realized under a new tax law that decreased the Company’s corporate tax rate and expenses.

With this Order, the Commission provides notice of the Settlement Stipulation and notice that the matter will be processed by Modified Procedure, with deadlines to submit comments about the Stipulation as set below.

BACKGROUND

The federal Tax Cuts and Jobs Act of 2017 decreased the federal corporate tax rate from 35% to 21%, effective January 1, 2018. In response, the Commission opened this multi-utility case to investigate whether to adjust the rates of certain utilities that benefit from the reduced tax rate can flow through to customers. *See* Order No. 33965. The Commission directed all affected utilities—including Avista—to immediately account for the tax benefits as a regulatory liability, and to report on how the tax changes affected them, and how resulting benefits could be passed on to customers. *See id.* at 1-2. Avista filed its report on March 29, 2018.

NOTICE OF SETTLEMENT STIPULATION

YOU ARE HEREBY NOTIFIED that the Settlement Stipulation, including attachments, is 33 pages long. It is available for public review as described below. Major components are summarized in the following paragraphs.

YOU ARE FURTHER NOTIFIED that the Settlement Stipulation, if approved, would return to customers 100% of tax benefits the Company has realized under the new federal tax law. In summary, customers would receive:

(1) An overall reduction (rate credit) of \$13.7 million (or 5.3% overall rate reduction for electric, and \$2.6 million (or 6.1% overall rate reduction) for natural gas associated with permanent or long-term tax benefits. These rate credits will take effect on June 1, 2018 through new “Permanent Federal Income Tax Rate Credit” Tariff Schedules 72 (electric) and 172 (natural gas) and be passed back to customers until they are incorporated into base rates in a future general rate case proceeding;

(2) An Electric Temporary Tax Benefit of \$11.980 million, which will be used to offset costs associated with accelerated depreciation of Colstrip Units 3 and 4, or other purposes as the Commission may approve in the depreciation case (Case No. AVU-E-18-03); and

(3) A Natural Gas Temporary Tax Benefit Reduction of \$544,000 as an adjustment in the Purchased Gas Adjustment effective November 1, 2018.

YOU ARE FURTHER NOTIFIED that, under the Settlement Stipulation, any changes in Federal Energy Regulatory Commission Transmission rates and/or refund to transmission customers as a result of the federal tax law changes would be tracked through the Power Cost Adjustment until reflected in base rates in the next general rate case.

YOU ARE FURTHER NOTIFIED that, because some of the stipulated benefits are proposed to take effect on June 1, 2018, the parties have requested that the Commission process the Settlement Stipulation by Modified Procedure in time for an approving Order to issue by that date, with comments on the Settlement Stipulation to be due by May 11, 2018.

YOU ARE FURTHER NOTIFIED that this docket, the Settlement Stipulation, and any supporting workpapers, testimony, and exhibits are available for public inspection during regular business hours at the Commission offices. They also may be viewed on the Commission’s website at www.puc.idaho.gov by clicking on “File Room” and then “Multi-Utility Cases” and going to the case number referenced in the above caption.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the parties' agreement as reflected in the Settlement Stipulation. The Commission will independently review the Settlement Stipulation consistent with Commission Rules 271-280, IDAPA 31.01.01.271-280, to decide whether to approve or reject it, or state conditions under which to accept it. The proposed settlement's proponents ultimately bear the burden to prove that it is just, fair, and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter, and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the parties, and any person desiring to state a position on this Settlement Stipulation, may file a written comment about the Settlement Stipulation with the Commission **no later than May 11, 2018**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Settlement Stipulation may be mailed to the Commission and the Company at the following addresses reflected below:

Commission Secretary	David J. Meyer, Esq.
Idaho Public Utilities Commission	Vice President and Chief Counsel of
PO Box 83720	Regulatory and Governmental Affairs
Boise, ID 83720-0074	Avista Corporation
	1411 E. Mission Ave
Street Address for Express Mail:	P.O. Box 3727
	Spokane, WA 99220
472 W. Washington Street	e-mail: david.meyer@avistacorp.com
Boise, ID 83702-5918	

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the parties may file reply comments **no later than May 18, 2018**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be conducted pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, and the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

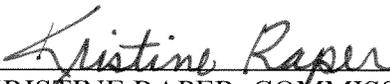
ORDER

IT IS HEREBY ORDERED that the Settlement Stipulation be processed under Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). The parties and any interested persons shall have until May 11, 2018 to file written comments. The parties shall have until May 18, 2018 to file reply comments, if any.

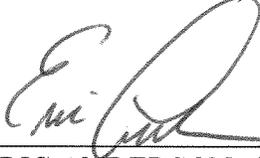
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *4th* day of May 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian

Commission Secretary
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