



Avista Corp.

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Monday, February 13, 2023 1:45:36 PM
IDAHO PUBLIC
UTILITIES COMMISSION

February 13, 2023

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd. Bldg. 8, Ste. 201-A
Boise, Idaho 83714

RE: Case No. AVU-E-19-01 – Comments of Avista related to Colstrip Transaction

Dear Ms. Noriyuki:

Avista Corporation dba Avista Utilities (Avista or the Company) provides the following update regarding ownership of Colstrip Units 3 and 4. In Order No. 34814 in the above reference case, the Commission stated that “Avista shall notify the Commission within 30 days of Colstrip partner decisions and plan issues that may materially affect Idaho customers”.¹

On January 16, 2023, Avista Corporation (Avista Corp. or the Company) entered into an agreement with NorthWestern Corporation (NorthWestern) under which the Company would abandon its 15 percent ownership in Colstrip Units 3 and 4, and NorthWestern would acquire ownership. There is no monetary exchange included in the transaction. The transaction is scheduled to close on December 31, 2025 or such other date as the parties mutually agree upon.

Under the agreement, the Company will remain obligated through the close of the transaction to pay its share of (i) operating expenses, (ii) capital expenditures, but not in excess of the portion allocable pro rata to the portion of useful life expired through the close of the transaction and (iii) except for certain costs relating to post-closing activities, site remediation expenses. In addition, the Company would enter into a vote sharing agreement under which it would retain its voting rights with respect to decisions relating to remediation.

The Company will retain its Colstrip transmission system assets, which are excluded from the transaction.

Under the Colstrip Ownership & Operating Agreement, each of the other owners of Colstrip will have a 90-day period in which to evaluate the transaction and determine whether to exercise their respective rights of first refusal as to a portion of the generation being turned over to NorthWestern.

¹ Order No. 34814, p. 13.

The transaction is subject to the satisfaction of customary closing conditions including the receipt of any required regulatory approvals, as well as NorthWestern's ability to enter into a new coal supply agreement by December 31, 2024.

The Company expects to address any issues and ratemaking treatment related to this proposed transaction in Avista's forthcoming general rate case.

Please direct any questions regarding these comments to me at 509-495-8620 or patrick.ehrbar@avistacorp.com

Sincerely,

/s/ Patrick Ehrbar

Patrick Ehrbar

Director of Regulatory Affairs