Travis Ritchie, CA Bar# 258084 *(pro hac vice* pending*)*
Sierra Club
2101 Webster Street, Suite 1300
Oakland, CA 94612
(415) 977-5727
travis.ritchie@sierraclub.org

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF AVISTA CORPORATION DBA AVISTA UTILITIES FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRICAND NATURAL GAS SERVICE NOTICEOF APPLICATION IN IDAHO	)	CASE NO. AVU-E-17-01 AVU-G-17-01 SIERRA CLUB ANSWER TO AVISTA'S MOTION OPPOSING INTERVENTION

Pursuant to Rules 57-03 and 75 of the Idaho Public Utilities Commission ("Commission") Rules of Procedure ("Rules"), Sierra Club submits[1] this Answer to the *Objection of Avista Corporation to Petition to Intervene of Sierra Club* (the "Objection"),[2] served on July 11, 2017. For the reasons stated herein, Sierra Club respectfully requests that the Commission deny Avista's Objection and grant Sierra Club intervention in the above-captioned proceeding.

I. STANDARD

This Commission has a longstanding policy of liberally granting intervention as long as such intervention will not unduly broaden the issues or delay the proceeding.[3] Rule 74 provides the standard for granting intervention in Commission proceedings: "If a petition to intervene shows direct and substantial interest in any part of the subject matter of a proceeding and does not unduly broaden the issues, the Commission or the presiding officer will grant intervention, subject to reasonable conditions."

[1] Sierra Club filed a motion for admission *pro hac vice* of the undersigned counsel, Travis Ritchie, on July 12, 2017. Sierra Club requests that the Commission conditionally accept this brief pending Commission action on the admission of Mr. Ritchie.

[2] Avista did not style its Objection as a motion. However, Rule 75 provides that a party opposing an intervention must do so by motion in opposition. Sierra Club therefore treats the Objection as a motion in accordance with Rule 57.

[3] *In the Matter of the Petition of Potlatch Corp. for an Order Determining the Terms & Conditions for Potlatch's Purchase of Elec. from Avista Utilities.*, Order No. 28786, AVU-E-01-5 (July 1, 2001).

II. SIERRA CLUB'S PETITION TO INTERVENE STATED A DIRECT AND SUBSTANTIAL INTEREST IN THE PROCEEDING

The Commission should grant Sierra Club's petition to intervene because Sierra Club has properly stated a direct and substantial interest in the outcome of Avista's General Rate Case. In accordance with the Commission's Notice of Application Order No. 33808 issued in this docket, Sierra Club timely filed a petition to intervene in Avista's 2017 General Rate Case (Case No. AVU-E-17-01) on July 7, 2017. As stated in the petition, Sierra Club has a direct and substantial interest in this proceeding because "Avista's requested rate increase for 2018 and 2019 will have environmental, health and economic consequences for Sierra Club members who are customers of Avista."[4] It is indisputable that economic consequences – specifically the impact of Avista's requested rate increase on its residential customers – are directly at issue in this proceeding. Sierra Club has therefore complied with the requirements of Rule 74 regarding a direct and substantial interest in the proceeding. In its petition, Sierra Club clearly identified specific capital projects at Colstrip Units 3 and 4 that, if approved, will increase its members' rates.[5] Nothing more is required to grant Sierra Club's intervention.

As an environmental organization, Sierra Club pays particular attention to those economic issues affecting its members that will also have environmental and health impacts. Sierra Club has extensive experience in the environmental benefits, the public health benefits, and the associated utility economics related to the increased use of energy efficiency and renewable generation to replace outdated coal-fired and other fossil fuel generation technology. Sierra Club's advocacy advances the development of energy conservation and renewable energy policies, which eliminate or reduce global climate change emissions, reduce utility bills, and generate renewable energy. Sierra Club's work includes advocating for the implementation of robust incentive programs that assist its members and utility consumers generally to generate their own renewable energy and increase energy efficiency. Sierra Club's work includes intervening in general rate cases across the country, participating in integrated resource planning, participating in efficiency and renewable energy dockets at public utility commissions nationwide, and submitting comments in numerous state and federal agency energy-related proceedings and rulemakings.

---

[4] Sierra Club Petition to Intervene at p.1.
[5] Id. at p.2.

The interests of Sierra Club on behalf of itself and its members clearly establish a direct and substantial interest in this proceeding that meets the Commission's liberal intervention standard and the requirements of Rule 74.

III. AVISTA'S OBJECTION SKIPS OVER SIERRA CLUB'S INTEREST IN THE PROCEEDING AND IMPROPERLY ARGUES THE MERITS OF ITS CASE

Avista does not, and cannot, dispute that members of Sierra Club who are customers of Avista have a direct and substantial interest in this proceeding. Instead the bulk of Avista's Objection is devoted to arguments asserting the prudency of the $24 million planned expenditures at Colstrip.[6] Avista claims that the expenditures identified by Sierra Club are, "in the ordinary course of business" and "have been routinely incurred."[7] Avista's assertions may very well be true, but now is not the time to make such judgments. Sierra Club has not even challenged the prudency of these expenses; instead, Sierra Club merely noted that those projects are of interest and warrant further investigation.

Avista's assertions that spending at Colstrip should not be scrutinized in the rate case are troubling. In fact, Avista provided very little information in its application about the $24 million in capital projects at Colstrip. While Avista references the "business cases" for those projects, a closer look at that reference does not provide additional information. Rather, Avista appears to pass off responsibility for justifying the expenditures by saying that the plant operator – not Avista – was responsible for the capital projects: "Avista does not operate the facility nor does it prepare the annual capital budget plan."[8] Neither this Commission nor Avista should simply assume that a third party coal-plant operator is making decisions that are necessarily in the interests of Idaho customers. At a minimum, scrutiny and review of those expenditures are warranted through the pendency of this rate case proceeding.

Avista's arguments with respect to the depreciation expense at Colstrip Units 3 and 4 are similarly premature at this stage of the proceeding. Avista's Objection attempts to rebut arguments that Sierra Club has not even made in this proceeding by citing to an ongoing rate case before the Washington Utilities and Transportation Commission.[9] The positions Sierra Club has taken in a different state with respect to a different utility (Puget Sound Energy) are not

---

[6] Avista Objection at 2-3.
[7] Id. at 2.
[8] Avista Exhibit No. 4, Schedule 3, p.90.
[9] Avista Objection at pp.3-5.

relevant here. If, after investigation and analysis, Sierra Club makes an argument related to Avista's depreciation schedule, it will be based on evidence on the record in this proceeding that is relevant to Avista and its Idaho customers.

As for the relevance of Colstrip's depreciation schedule, the depreciation expense related to Colstrip is a component of the revenue requirement that Avista is seeking in this proceeding. Whether that annual depreciation expense is too low or too high is therefore relevant to this proceeding. To be clear, Sierra Club does not intend to seek any Commission order in this proceeding requiring the closure of Colstrip. However, aligning depreciation schedules of large power plants with estimated retirement dates is highly relevant to a general rate case. Proper depreciation schedules appropriately balance ratepayer and shareholder interests by allowing recovery of plant assets during the life of the plant while at the same time minimizing the risk of intertemporal cost shifting between current ratepayers who are continuing to receive power from the plant, and future ratepayers who may otherwise be required to pay off undepreciated assets after the plant has stopped providing power.

Sierra Club does not, at this time, know what, if any, position it will take on the proper depreciation expense relied on by Avista related to Colstrip. Sierra Club's intervention simply noted that "the currently applicable depreciation schedule used by Avista for Colstrip Units 3 and 4 is substantially different than the depreciation schedule used by several co-owners of Colstrip Units 3 and 4."[10] Avista does not dispute that fact, and indeed confirmed that Puget Sound Energy's currently applicable depreciation schedule of 2044 and 2045 is ten years off of the 2035 schedule relied on by Avista.[11] This is not the only discrepancy. On information and belief, PacifiCorp, another Colstrip co-owner, uses a 2032 depreciation schedule for its Oregon and Washington customers, and a 2046 schedule for its Idaho, Utah, Wyoming and California customers. Portland General Electric recently requested and received approval from the Oregon Public Utilities Commission to adjust its Colstrip depreciation schedule to 2030.[12] Finally, NorthWestern Energy uses a 2043 schedule for its Montana customers. These dates are summarized in the table below.

[10] Sierra Club Petition to Intervene at p.2.
[11] Avista Objection at fn. 3, p.4.
[12] Oregon Public Utilities Commission Docket ADV 391.

Currently Applicable Depreciation Schedules for Colstrip Units 3&4

Utility		State(s)	Date
Avista		ID, OR	2035
Puget Sound Energy		WA	2044/45
PacifiCorp		OR, WA	2032
PacifiCorp		ID, UT, WY, CA	2046
NorthWestern		MT	2043

Clearly, there is a discrepancy in these depreciation dates. Whether or not Avista affirmatively seeks to change its depreciation expense for Colstrip, it is still appropriate for the Commission and other parties to raise the issue and, if appropriate, question Avista's decision to maintain the existing depreciation schedule. Sierra Club is not asking the Commission to prejudge any outcome on this issue. Rather, Sierra Club is simply asserting that it is an issue relevant to the current rate case and does not unduly broaden the proceeding.

IV. SIERRA CLUB'S INTERVENTION WILL NOT UNDULY BROADEN THE ISSUES OR DELAY THE PROCEEDING

Sierra Club's petition to intervene specifically identified issues that are within the scope of this proceeding. As noted by Avista in its Objection, Sierra Club identified (1) $24 million in capital additions related to the Colstrip plant, and (2) the depreciation expense and schedule applicable to the Colstrip plant. Both of those issues directly affect the revenue requirement request in this proceeding and therefore do not unduly broaden the issues in this case. Sierra Club further requests leave to address additional issues that are within the scope of this proceeding that may arise upon further investigation and analysis.

Finally, Sierra Club's intervention will not delay the proceeding. Sierra Club timely filed its petition to intervene on July 10, 2017, well before the July 14th deadline set by the Commission in Order No. 33808.

V. CONCLUSION

For the foregoing reasons, Sierra Club respectfully requests that the Commission deny

Avista's Objection and grant Sierra Club's petition to intervene in this proceeding.

Dated this 17th day of July, 2017.

Respectfully submitted,

Travis Ritchie
Attorney for Sierra Club

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of July 2017, I delivered true and correct copies of the foregoing SIERRA CLUB ANSWER TO AVISTA'S MOTION OPPOSING INTERVENTION to the following persons via the method of service noted:

FedEx:

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
427 W. Washington St.
Boise, ID 83702-5983
diane.holt@puc.idaho.gov
(Original and seven copies provided)

Email:

David J. Meyer
Vice President & Chief Counsel, Reg. & Gov't Affairs
Avista Corporation
PO Box 3727
1411 East Mission Avenue
Spokane, WA 99220-3727
david.meyer@avistacorp.com

Kelly Norwood
Vice President - State & Federal Regulation
Avista Utilities
PO Box 3727
1411 East Mission Avenue
Spokane, WA 99220-3727
kelly.norwood@avistacorp.com

Peter J. Richardson
Gregory M. Adams
Richardson Adams PLLC
515 N. 27th Street
P0 Box 7218
Boise. ID 83702
peterrichardsonadams.com
greg@richardsonadams.com

Dr. Don Reading
6070 Hill Road
Boise, ID 83703
dreading@mindspring.com

carol.haugen@clearwaterpaper.com
marv@malewallen.com
john.jacobs@clearwaterpaper.com
david.wrn@clearwaterpaper.com
nathan.smith@clearwaterpaper.com

Brad M. Purdy
Attorney at Law
2019 N. 17th Street
Boise, ID 83702
bmpurdy@hotmail.com

Matthew A. Nykiel
Idaho Conservation League
PO Box 2308
102 S. Euclid #207

Ronald L. Williams
Williams Bradbury, P.C.
PO Box 338
Boise, ID 83701

Sandpoint, ID 83864
mnykiel@idahoconservation.org

Dean J. Miller
3620 E Warm Springs Ave.
Boise, ID 83716
deanjmiller@cableone.net

ron@williamsbradbury.com

Larry A. Crowley, Director
The Energy Strategies Institute, Inc.
5549 S. Cliffsedge Ave.
Boise, ID 83716
Crowleyla@aol.com

Dated this 17th day of July, 2017.

Alexa Zimbalist

Alexa Zimbalist
Legal Assistant
Sierra Club Environmental Law Program
2101 Webster St., Suite 1300
Oakland, CA 94612
Phone: (415) 977-5649