

Benjamin J. Otto (ISB No. 8292)
710 N 6th Street
Boise, ID 83701
Ph: (208) 345-6933 x 12
Fax: (208) 344-0344
botto@idahoconservation.org

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for the Idaho Conservation League
Local Counsel for the Sierra Club

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	CASE NO. AVU-E-18-03
APPLICATION OF AVISTA)	AVU-G-18-02
CORPORATION, DBA AVISTA)	
UTILITIES, REQUESTING)	IDAHO CONSERVATION LEAGUE
AUTHORITY TO REVISE ITS)	and
ELECTRIC AND NATURAL GAS BOOK)	SIERRA CLUB
DEPRECIATION RATES)	COMMENTS

The Idaho Conservation League (“ICL”) and Sierra Club recommend the Commission approve the Stipulation and Settlement filed by Avista in this docket. Our organizational interests, and the interest of our members who are Avista customers, are centered on the Colstrip plant. We note the non-Colstrip portions of the settlement result in a rate decrease, something we generally support. Regarding Colstrip, this settlement contains an elegant solution that balances the need to address Colstrip’s uncertain future with possible electric rate impacts to Idahoans. Because this settlement resolves a major uncertainty facing Avista customers in Idaho, and does so with minimal rate impacts, we believe this settlement is in the public interest.

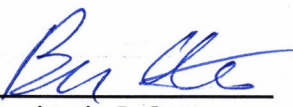
Avista is a minority owner of Units 3 and 4 of the Colstrip plant in Montana. The trade press is full of reporting about the current struggles the plant operator Talen Energy faces, including the bankruptcy of Westmoreland who provides the only coal supply for the plant. Other utility owners of Colstrip are already adjusting their depreciation schedules and planning assumptions to prepare to no longer rely on Colstrip in the 2020’s time frame. We acknowledge Avista has not made any decision about the future operations of Colstrip in this settlement. *Stipulation at page 7.* We believe this is appropriate because depreciation is about financial accounting, while the Integrated Resource Plan process covers the economics and reliability issues of whether to rely on coal or not. ICL and the Sierra Club support this settlement because resolving the accounting for Colstrip is a strong foundation upon which to address the economic and reliability issues that the inevitable closure of Colstrip will bring.

The elegant part of this settlement is the use of federal tax credits to balance short-term rate relief with addressing the long-term liability of Colstrip. ICL was a party to docket GNR-U-18-01 as applied to Avista and joined the settlement there establishing the basic approach to addressing the results of the Tax Cut and Jobs Act of 2017. Here, we support the use of tax benefits to address customer needs to address rates today and future liabilities. The tax cut created two types of tax benefits for customers; one resulted in cash available to return to customers, the other created accumulated deferred income tax credits that must be amortized over many years. *See Avista Report on the Impact of Federal Tax Code Revisions at pages 5-8, GNR-U-18-01.* We support Stipulation term 13(b)(1) that proposes to use \$6.41 million of deferred accumulated tax credits to reduce the Colstrip obligation. We support Stipulation term 13(b)(5) that proposes to return to customers \$5.77 million through a rate credit. We note this credit is in addition to the \$13.7 million and \$2.5 million being returned to electric and gas customers respectively. *Stipulation at 7-8.* The Stipulation serves the public interest by balancing immediate rate relief to customers as well as benefiting them going forward by reducing an outstanding liability.

ICL and the Sierra Club also support Stipulation term 13(b)(3) that creates a regulatory asset for the remaining Colstrip plant balance. This provision is a key term because it matches what customers would be expected to pay with the tax cut law's requirement to amortize certain deferred tax credits over many years. By aligning these amortization periods, customers see no rate increase; but customers do receive the benefit of the tax cut by reducing an outstanding obligation they would otherwise pay in rates. We specifically support Avista's explanation of the equities this structure provides as stated on pages 8 – 9 in the company's Comments filed February 25, 2018.

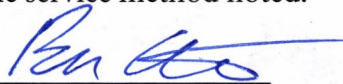
While we focused these comments on the terms related to Colstrip to provide our perspective and explicit support, we support all portions of this Stipulation. Because of the elegant balance of interests embodied in this compromise, we recommend the Commission approve this Stipulation.

Respectfully submitted this 1st day of March, 2019.


Benjamin J. Otto
Idaho Conservation League
Sierra Club – local counsel

CERTIFICATE OF SERVICE

I certify that on the 1st day of March, 2019, I delivered true and correct copies of the foregoing COMMENTS to the following via the service method noted:



Benjamin J. Otto

Hand delivery:

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

Electronic Mail only:

Avista
David J. Meyer, Esq.
Patrick Ehrbar
Avista Corporation
P.O. Box 3727
1411 E. Mission Ave.
Spokane, WA 99220-3727
David.meyer@avistacorp.com
Patrick.ehrbar@avistacorp.com

Idaho Forest Group
Ronald L. Williams
Williams Bradbury, P.C.
ron@williamsbradbury.com

Larry A. Crowley
The Energy Strategies Institute, Inc.
crowleyla@aol.com

Dean J. Miller
deanjmiller@cableone.com

Sierra Club
Matt Gerhart, Staff Attorney
Sierra Club
Matt.gerhart@sierraclub.org

Clearwater Paper
Peter J. Richardson
Richardson Adams PLLC
peter@richardsonadams.com

Dr. Don Reading
dreading@mindspring.com

carol.haugen@clearwaterpaper.com
marv.lewallen@clearwaterpaper.com