

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NOS. AVU-E-23-02
OF AVISTA CORPORATION, D/B/A AVISTA) AVU-G-23-02
UTILITIES, REQUESTING AUTHORITY TO)
REVISE ITS ELECTRIC AND NATURAL) NOTICE OF PROPOSED
GAS BOOK DEPRECIATION RATES AND) SETTLEMENT
AUTHORIZE DEFERRED ACCOUNT)
TREATMENT FOR DIFFERENCE IN) NOTICE OF MODIFIED
DEPRECIATION EXPENSE) PROCEDURE
)
)
) **ORDER NO. 35924**
)

On February 22, 2023, Avista Corporation, doing business as Avista Utilities (“Company”), filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”), for approval of a proposed change to electric and natural gas book depreciation rates. The Company also requests that the Commission approve deferred accounting treatment if allocated depreciation rates are not approved by all jurisdictions prior to September 1, 2023, resulting in a difference between allocated depreciation expense included in Case Nos. AVU-E-23-01 and AVU-G-23-01, and allocated depreciation expense ultimately approved in these dockets. The Company requests that the Application be processed by Modified Procedure through the use of written comments.

On March 15, 2023, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 35709. No parties intervened. On April 27, 2023, the Commission issued a Notice of Modified Procedure setting an August 8, 2023, comment deadline, and an August 15, 2023, reply comment deadline. Order No. 35754.

On July 13, 2023, Commission Staff (“Staff”) and the Company participated in a settlement conference. On August 1, 2023, Staff requested that the Commission vacate the existing comment deadlines until a Proposed Settlement was filed. On August 2, 2023, the Commission issued an Order Vacating Comment Deadlines. Order No. 35874.

On August 29, 2023, the Company and Staff filed a Stipulation and Settlement (“Proposed Settlement”), and a Motion for Approval.

NOTICE OF PROPOSED SETTLEMENT

YOU ARE HEREBY NOTIFIED that under the Proposed Settlement, the parties have agreed to book depreciation rates on directly assigned and common plant effective January 1, 2024. Proposed Settlement at 3.

YOU ARE FURTHER NOTIFIED that the parties agree to the reserve adjustments that the Company proposed in the filed case, which provides a five-year amortization to adjust unrecovered or over-recovered reserves based on the amortization period by account. *Id.* at 4. For Idaho, the reserve adjustment is a reduction to expenses of \$193,898 for electric and \$59,170 for natural gas annually for five years. *Id.*

YOU ARE FURTHER NOTIFIED that for electric operations the Proposed Settlement results in an annual overall decrease in depreciation expense of approximately \$2,808,875, and for natural gas operations, the Proposed Settlement results in an annual overall decrease in depreciation expense of approximately \$748,718.

Table I – Summary of Impact of Settlement on Depreciation Expense

Line	Electric	Gas
1 Depreciation study net impact per filings	\$ (1,442,858)	\$ (388,356)
2 Agreed upon changes		
3 ID Electric Distribution	(1,366,017)	
4 ID Natural Gas Distribution		(360,362)
5 Net Impact <u>Depreciation and Amortization</u>	(2,808,875)	(748,718)

Id. at 4-5.

YOU ARE FURTHER NOTIFIED that under the Proposed Settlement, the parties agree to meet and confer prior to the filing of the next required adjustment in depreciation rates in early 2028, to reexamine curves and other supporting information regarding any proposed changes for the following list of accounts:

Table No. 2 – Accounts Subject to Further Examination Before Filing of Next Depreciation Study

Transmission	
354.00	Towers and Fixtures
356.00	Overhead Conductors and Devices
Electric Distribution	
365.00	Overhead Conductors and Devices
366.00	Underground Conduit
369.10	Overhead
369.20	Underground - Spokane Network
369.30	Underground - Other
Transportation	
396.30	Medium Trucks
396.40	Heavy Trucks
396.50	Other
Natural Gas Distribution	
376.00	Mains
385.00	Industrial Measuring and Regulating Station Equipment

Id. at 5-6.

YOU ARE FURTHER NOTIFIED that under the Proposed Settlement the parties agree that to the extent depreciation rates and the effective date of the change in depreciation rates approved in these cases vary from the depreciation rates or effective date utilized to determine depreciation expense included in the General Rates Cases, Case Nos. AVU-E-23-02 and AVU-G-23-02, the Company will defer the difference in depreciation expense included and approved in the General Rates Cases, versus the actual depreciation expense recorded on the Company’s books of record, as a result of the approved depreciation rates and effective date per these cases. *Id.* at 6-7.

YOU ARE FURTHER NOTIFIED that under the Proposed Settlement the parties agree to re-open the terms of the Proposed Settlement, or jointly petition the Commission to subsequently revise its Order, if necessary, as it relates to common and other allocated plant only, to reflect any further adjustments to common and other allocated plant, that can be agreed to, in order to achieve consistency with treatment in other jurisdictions. *Id.* at 7-8.

YOU ARE FURTHER NOTIFIED that the parties believe that the Proposed Settlement represents a compromise of the positions of the parties in this case. *Id.* at 8.

YOU ARE FURTHER NOTIFIED that the parties believe that the Proposed Settlement is in the public interest, and that all of the terms and conditions are fair, just, and reasonable. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that under Commission Rule 275, “[p]roponents of a proposed settlement carry the burden of showing that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.” IDAPA 31.01.01.275.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the Proposed Settlement reached by the parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair, and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept a settlement, reject a settlement, or state additional conditions under which a settlement will be accepted. IDAPA 31.01.01.274-.276.

YOU ARE FURTHER NOTIFIED that if the Commission rejects any part or all of the Proposed Settlement or imposes any additional material conditions on its approval, each party reserves the right to withdraw from the Proposed Settlement within fourteen days of such order.

YOU ARE FURTHER NOTIFIED that the Proposed Settlement in Case Nos. AVU-E-23-02 and AVU-G-23-02 has been filed with the Commission and is available for public inspection during regular business hours at the Commission’s office or on the Commission’s website at www.puc.idaho.gov. Click on the “ELECTRIC” or “NATURAL GAS” tab in the left-hand column of the home page, click “Open Cases,” and select one of the case numbers as shown on the front of this document.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has determined that the public interest may not require a formal technical 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. 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 persons desiring to state a position on this Application and Proposed Settlement may file a written comment explaining why the person supports or opposes the Proposed Settlement. **Persons must file comments by October 26, 2023.** Comments must be filed through the Commission’s website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission’s home page at www.puc.idaho.gov. Click the “Case Comment Form” and complete the form using one of the case numbers as it appears on the front of this document. To file by e-mail, the customer must e-mail the comments to the Commission Secretary and the Company at the e-mail addresses listed below. If computer access is unavailable, then comments may be mailed to the Commission and Company at these addresses:

For the Commission:

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, ID 83714

For the Company:

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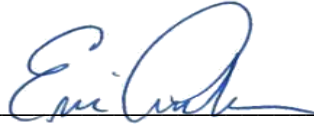
YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its order accordingly. If written comments are received within the time limit set, the Commission will consider them in making its final decision.

ORDER

IT IS HEREBY ORDERED that the Company's Application and Proposed Settlement be processed by Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments on the Proposed Settlement must do so by October 26, 2023.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

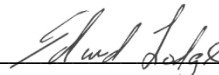
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14th day of September 2023.



ERIC ANDERSON, PRESIDENT

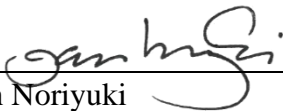


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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