

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	<b>CASE NOS. AVU-E-23-02</b>
<b>OF AVISTA CORPORATION, D/B/A AVISTA</b>	)	<b>AVU-G-23-02</b>
<b>UTILITIES, REQUESTING AUTHORITY TO</b>	)	
<b>REVISE ITS ELECTRIC AND NATURAL</b>	)	
<b>GAS BOOK DEPRECIATION RATES AND</b>	)	<b>ORDER NO. 36020</b>
<b>AUTHORIZE DEFERRED ACCOUNT</b>	)	
<b>TREATMENT FOR DIFFERENCE IN</b>	)	
<b>DEPRECIATION EXPENSE</b>	)	
	)	

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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 requested that the Commission approve deferred accounting treatment if allocated depreciation rates were 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.

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. On September 14, 2023, the Commission issued a Notice of Proposed Settlement and Notice of Modified Procedure establishing an October 26, 2023, comment deadline. Order No. 35924.

**TERMS OF PROPOSED SETTLEMENT**

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. The

parties also 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.*

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**

<b>Line</b>		<b>Electric</b>	<b>Gas</b>
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 <b><u>Depreciation and Amortization</u></b>	<b>(2,808,875)</b>	<b>(748,718)</b>

*Id.* at 4-5.

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.

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 Rate 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 Rate 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.

### **PUBLIC COMMENTS**

The Commission did not receive any public comments.

### **PARTY COMMENTS**

#### **A. Staff Comments**

Staff believed that the Proposed Settlement represents a fair, just, and reasonable compromise for all issues raised in the case. Staff represented that the Proposed Settlement results in an overall decrease to depreciation and reserve amortization expenses, and Staff recommended that the Commission approve the Proposed Settlement including its Attachments with all terms and conditions effective January 1, 2024.

#### **B. Company Comments**

The Company believed that the Proposed Settlement is in the public interest, and that it strikes a reasonable balance between the interests of the Company and its customers on depreciation rates and depreciation expense.

### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including *Idaho Code* §§ 61-301 through 303. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501 through 503.

The Commission's process for considering settlement stipulations is set forth in its Rules of Procedure 271-277, IDAPA 31.01.01.271-277. When a proposed settlement is presented to the Commission, it "will prescribe the procedures appropriate to the nature of the settlement to

consider the settlement.” IDAPA 31.01.01.274. Proponents of a proposed settlement must show “that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.” IDAPA 31.01.01.275. The Commission is not bound by settlement agreements. IDAPA 31.01.01.276. Instead, the Commission “will independently review any settlement proposed to it to determine whether the settlement is just, fair and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.” *Id.*

The Commission has reviewed the record, including the Application, Proposed Settlement, party comments, public comments, all submitted materials, and the arguments of the parties. The Commission notes that the parties have built a detailed record through discovery, filings, negotiations, and comments. The Commission finds that the Proposed Settlement incorporates input from different parties, and the Proposed Settlement attempts to reach a balance between different party interests. The Commission finds that the Proposed Settlement is fair, just, reasonable, and in the public interest.

### **ORDER**

IT IS HEREBY ORDERED that the Motion is granted, and the Proposed Settlement, including the Attachments, is approved as filed.

IT IS FURTHER ORDERED that the Company is authorized to implement revised depreciation rates effective January 1, 2024, consistent with the terms of the Proposed Settlement.

IT IS FURTHER ORDERED that the Company is authorized to defer the difference in Idaho electric and natural gas depreciation expense reflected in base rates beginning September 1, 2023, versus actual depreciation expense recorded on the Company’s books of record, as a result of the approved change in depreciation rates becoming effective January 1, 2024, until a change in base rates occurs reflecting the overall revised depreciation rates in the Company’s next general rate case.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* §§ 61-626.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8<sup>th</sup> day of December 2023.

  
ERIC ANDERSON, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
EDWARD LODGE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Interim Commission Secretary

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