



**Avista Corp.**  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170

***Via: UTC Web Portal***

February 4, 2019

Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Re: Docket No. U-170970 (Avista/Hydro One Merger), Docket Nos. UE-180167 and UG-180168 (Avista Electric and Natural Gas Depreciation)

Dear Mr. Johnson,

In Order 07, in Docket U-170970 (Avista/Hydro One Merger), the Commission rejected the Settlement Stipulation as a proposed resolution of the issues in the proceeding. In doing so, it so stated:

It accordingly will be necessary to revisit the question of how to treat the “continued deferral of the unprotected excess deferred income taxes of approximately \$10.4 million” that was left for resolution in Docket U-170970 “utilizing the accounting petitions [in Dockets UE-171221 and UG-171222]” that were consolidated with Dockets UE-170485 and UG-170486 (consolidated), Avista’s most recent general rate case. See *id.* ¶ 22. In this Order, we direct Avista to work cooperatively with Commission Staff and any interested parties to determine how best to bring this matter before the Commission for further consideration within 60 days after the date of this Order. (emphasis added) (Order 07, fn 20, p.9)

The referenced 60 day period will expire on February 4, 2019. Accordingly, the purpose of this letter is to comply with this directive.

Received  
Records Management  
02/04/19 13:38  
State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

In Avista's pending depreciation dockets (UE-180167 and UG-180168), meant to revisit the Company's existing electric and natural depreciate rates, the parties convened a scheduled settlement conference on January 16, 2019, and after the exchange of additional information, have reached a multi-party settlement-in-principle between Avista, Commission Staff, AWEC, and Sierra Club that will be filed with the Commission no later than February 12, 2019. The Settling Parties have been informed by Public Counsel that it may join the settlement but does not yet have the approval to do so. The settlement-in-principle addresses the "continued deferral of the unprotected excess deferred income taxes of approximately \$10.4 million" that was set over for later resolution in Docket U-170970 (merger docket).

Accordingly, the purpose of this letter is to advise the Commission and all interested parties of the means by which the use of \$10.4 million of deferred income taxes will be presented to the Commission—i.e., through a settlement to be filed on or before February 12, 2019, in Docket UE-180167.

If there are any questions or concerns, please feel free to contact me at 509-495-4316 or by email at [david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com).

Respectfully,



David Meyer  
Vice President and Chief Counsel  
for Regulatory and Governmental Affairs

cc: All parties in Dockets U-170970, UE-180167, UG-180168