

U-120229

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



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REGULATION
2012 FEB 16 AM 9:42
STATE OF WASHINGTON
UTILITY DIVISION

VIA OVERNIGHT MAIL

February 15, 2012

David W. Danner, Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-12-__ and UG-____
Petition of Avista Corporation for an Order Authorizing the change in
depreciation method applied to transportation equipment.

Dear Ms. Washburn:

Enclosed is Avista's Petition for an Order Authorizing the change in the depreciation method applied to transportation equipment. The filing consists of an original and twelve copies of Avista's Petition.

Please direct any questions regarding this filing to Karen Schuh at (509) 495-2293.

Sincerely,

Kelly Norwood
Vice President, State and Federal Regulation

Enclosure

cc: See attached service list

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's request for an order authorizing a change in the depreciation method applied to transportation equipment, by mailing a copy thereof, postage prepaid to the following:

<p>David Danner Executive Director & Secretary Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 ddanner@utc.wa.gov</p>	<p>Simon J. ffitc Senior Assistant Attorney General Public Counsel Section 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 simonf@atg.wa.gov</p>
<p>Donald T. Trotter Washington Utilities & Trans. Comm. 1400 S. Evergreen Park Dr. SW Olympia, WA 98504-0128 dtrotter@utc.wa.gov</p>	<p>Ronald L. Roseman Attorney At Law 2011 14th Avenue East Seattle, WA 98112 ronaldroseman@comcast.net</p>
<p>Chuck Eberdt The Energy Project 1322 N. State St. Bellingham, WA 98225 Chuck_Eberdt@opportunitycouncil.org</p>	<p>Donald Schoenbeck Regulatory & Cogeneration Services, Inc. 900 Washington St., Suite 780 Vancouver, WA 98660 dws@r-c-s-inc.com</p>
<p>Chad Stokes Tommy Brooks Cable Huston Benedict Haagensen & Lloyd LLP 1001 SW Fifth Avenue, Ste 2000 Portland, OR 97204-1136 cstokes@cablehuston.com tbrooks@cablehuston.com</p>	<p>S. Bradley Van Cleve Irion Sanger Davison Van Cleve, P.C. 333 S.W. Taylor, Suite 400 Portland, OR 97204 bvc@dvclaw.com ias@dvclaw.com mail@dvclaw.com</p>
<p>Ms. Paula Pyron Executive Director Northwest Industrial Gas Users 4113 Wolfberry Court Lake Oswego, OR 97035 ppyron@nwigu.org</p>	<p>Danielle Dixon NW Energy Coalition 811 – 1st Avenue, Suite 305 Seattle, WA 98104 Danielle@nwenergy.org</p>
<p>Todd D. True Earthjustice 705 Second Avenue, Suite 203 Seattle, WA 98104 ttrue@earthjustice.org</p>	

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Spokane, Washington this 15th day of February, 2012.



 Patty Olsness
 Rates Coordinator

Kelly O. Norwood
Vice President
State and Federal Regulation
Avista Corporation
1411 E. Mission Avenue
P. O. Box 3727
Spokane, Washington 99220
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RECEIVED
REGULATORY MANAGEMENT
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STATE OF WASHINGTON
UTILITY AND TRANSPORTATION
COMMISSION

BEFORE THE WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

IN THE MATTER OF THE PETITION OF)
AVISTA CORPORATION, dba AVISTA) Docket No UE-12-__
UTILITIES FOR A CHANGE IN THE) Docket No UG-12-__
DEPRECIATION METHOD APPLIED TO) PETITION OF AVISTA
TRANSPORTATION EQUIPMENT) CORPORATION

I. INTRODUCTION

1. Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at 1411 East Mission Avenue, Spokane, Washington, pursuant to WAC 480-07-370(1)(b), hereby petitions the Commission for approval of a proposed change to the method used to calculate depreciation expense on transportation equipment. The Company is proposing to switch from mileage-based depreciation rates to straight-line depreciation rates for transportation equipment.
2. Avista is a utility that provides service to approximately 358,000 electric customers and 223,000 natural gas customers in a 26,000-square-mile area in eastern Washington and northern Idaho. Avista Utilities also serves 95,000 natural gas customers in Oregon. The largest community served in the area is Spokane, Washington, which is the location of the corporate headquarters.

Communications in reference to this Petition should be addressed to:

Kelly O. Norwood
Vice President
State and Federal Regulation
Avista Corporation
1411 E. Mission Avenue

David J. Meyer, Esq.
Vice President and Chief Counsel of
Regulatory and Governmental Affairs
Avista Corporation
1411 E. Mission Avenue

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I. BACKGROUND

3. The Commission is empowered to ascertain and determine the proper and adequate rates of depreciation of the Company's property used in the rendering of retail electric and natural gas service pursuant to RCW 80.04.350. Each utility under the Commission's jurisdiction is required to conform its depreciation accounts to the rates so ascertained and determined by the Commission. The Commission may make changes in such rates of depreciation from time to time as the Commission may find necessary.
4. The Company periodically does a depreciation study and requests modifications to its depreciation rates. The Company last changed its depreciation rates in Washington effective January 1, 2008, in accordance with Order No. 05 dated December 19, 2007, issued in Docket Nos. UE-070804 and UG-070805. The prior depreciation studies and depreciation rate modifications have not included changes to the mileage-based depreciation rates applicable to transportation equipment. The current mileage based rates have been in effect for over 50 years.
5. Avista is proposing to switch the depreciation method applicable to transportation equipment from mileage-based depreciation rates to straight-line depreciation rates for several reasons. The depreciation rates for transportation equipment need to be updated. Straight-line depreciation for transportation equipment is the standard method being used by other utilities. Moreover, Avista is contracting to purchase a new computer software system to calculate depreciation, and the new software is not designed to use mileage-based depreciation rates. Modifying the software to

accommodate mileage-based depreciation rates would increase the cost of the new system and may delay its implementation.

III. PROPOSAL

6. The Company is proposing that the Commission allow a switch from mileage-based to the straight-line method of calculating depreciation expense on transportation equipment. The Company has determined straight-line depreciation rates that will produce approximately the same amount of depreciation expense on an annual basis as the current mileage-based rates currently produce. Attachment A shows the various categories of transportation equipment and the determination of the proposed straight-line depreciation rates for the various categories. Attachment A also shows an immaterial variance between the service and jurisdictional split of the depreciation expense for 2011. This is a result of using the same average rate for all jurisdictions when some jurisdictions mileage-based rate was higher or lower than the average for the same class of transportation, as demonstrated in Attachment A.
7. The Company requests that the Commission allow the Company to implement the new proposed straight-line depreciation rates effective when the new depreciation software system becomes operational. The new system may become operational as early as July 16, 2012. The Company requests that the Commission make its determination by April 1, 2012 so that the Company knows how to proceed with the design and implementation of the new depreciation software system.
8. The straight-line depreciation rates that the Company proposes to implement when the new software system becomes operational will be reviewed in the depreciation study that the Company is presently undertaking with the assistance of its depreciation consultant. Any proposed change in the

straight-line rates will be reflected in the Company's next general rate case filing, or other filing that will request approval of the new rates that result from the depreciation study.

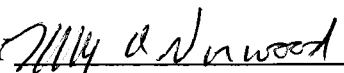
9. Avista is making a similar filing with the Idaho Public Utilities Commission and the Oregon Public Utility Commission. It is important that the Company maintain uniform utility accounts and depreciation rates that are consistent among the Company's regulatory jurisdictions. In the event different depreciation rates or methods were to be ordered, it would result in multiple sets of depreciation accounts and records that would need to be adjusted annually for changes in allocation factors, which would impose a costly administrative burden on the Company and unnecessary expense for the Company's ratepayers.

IV. REQUEST FOR RELIEF

10. WHEREFORE, Avista respectfully requests that the Commission issue a final Order determining that the Company is allowed to switch from mileage based rates to straight line depreciation rates for transportation equipment and that the straight line depreciation rates shown on Attachment A be allowed to be put in effect when the new depreciation software becomes operational. The Company requests that the Commission make its determination by April 1, 2012.

Dated at Spokane, Washington this 15th day of February 2012.

AVISTA CORPORATION

BY 
Kelly O. Norwood
Vice President
State and Federal Regulation

VERIFICATION

STATE OF WASHINGTON)

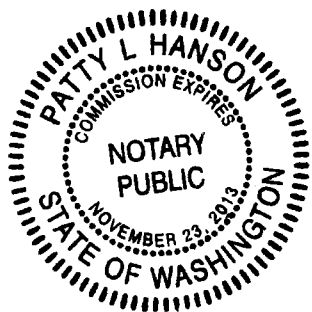
County of Spokane)

Kelly O. Norwood, being first duly sworn on oath, deposes and says: That he is the Vice President of State and Federal Regulation of Avista Utilities and makes this verification for and on behalf of Avista Corporation, being thereto duly authorized;

That he has read the foregoing filing, knows the contents thereof, and believes the same to be true.

Kelly O. Norwood

SIGNED AND SWORN to before me this 15th day of February 2012, by Kelly O. Norwood.



Patty L. Hanson

NOTARY PUBLIC in and for the State of Washington, residing at Spokane.

Commission Expires: 11/23/2013

AVISTA UTILITIES
 Transportation Depreciation Rate Petition
 For the Year Ended December 31, 2011

Account Number	[1] Description	[2] 2010 Avg. Balance	[3] Existing Rate	[4] Existing Annual Deprec.	[5] Study Rate	[6] Proposed Annual Deprec.	[7] Increase or (Decrease)	[8] Washington Electric Allocation	[9] Idaho Electric Allocation	[10] Washington Natural Gas Allocation	[11] Idaho Natural Gas Allocation	[12] Oregon Natural Gas Allocation
392758	GD ID Leased Equipment	205,116	1.01	2,071	1.01	2,071	(0)	0	0	0	0	0
392758	GD WA Leased Equipment	555,864	1.01	5,611	1.01	5,611	0	0	0	0	0	0
	Total	760,980	1.01	7,682		7,682	0	0	0	0	0	0
396055	ED AN Crew Truck	194,657	3.46	6,741	2.75	5,347	(1,394)	(934)	(460)	0	0	0
396055	ED WA Crew Truck	451,334	2.44	11,003	2.75	12,397	1,394	1,394	0	0	0	0
	Total	645,991	2.75	17,744		17,744	0	460	(460)	0	0	0
396056	ED ID Dual Wheel	7,970	1.48	118	1.48	118	(0)	0	0	0	0	0
396056	ED WA Dual Wheel	21,741	1.48	321	1.48	321	(0)	0	0	0	0	0
396056	ED ID Dual Wheel	4,227	1.47	62	1.48	62	0	0	0	0	0	0
	Total	33,938	1.48	501		501	(0)	0	0	0	0	0
396057	ED ID Dump/Flatbed	52,274	3.14	1,640	3.14	1,640	0	0	0	0	0	0
396057	ED WA Dump/Flatbed	80,784	3.14	2,535	3.14	2,535	(0)	0	0	0	0	0
	Total	133,058	3.14	4,175		4,175	(0)	0	0	0	0	0
396058	ED AN Line/Digger	462,388	1.01	4,668	1.01	4,668	0	0	0	0	0	0
396058	ED ID Line/Digger	268,396	1.01	2,709	1.01	2,709	1	0	1	0	0	0
396058	ED WA Line/Digger	101,628	1.01	1,029	1.01	1,026	(3)	(3)	0	0	0	0
396058	GD AN Line/Digger	311,528	1.01	3,145	1.01	3,145	0	0	0	1	0	0
396058	GD ID Line/Digger	468,435	1.01	4,729	1.01	4,729	0	0	0	0	0	0
396058	GD WA Line/Digger	1,344,145	1.01	13,569	1.01	13,570	1	0	0	1	0	0
	Total	2,956,520	1.01	29,849		29,849	(0)	(3)	1	2	0	0
396065	ED WA Road Tractor	123,875	4.30	5,328	4.30	5,328	0	0	0	0	0	0
396066	ED AN Tandem Diggers	3,604,679	1.60	57,578	1.60	57,570	(8)	(5)	(3)	0	0	0
396066	ED ID Tandem Diggers	4,226,443	1.60	67,477	1.60	67,500	23	0	23	0	0	0
396066	ED WA Tandem Diggers	6,351,045	1.60	101,445	1.60	101,431	(14)	(14)	0	0	0	0
396066	GD AN Tandem Diggers	158,711	1.60	2,535	1.60	2,535	(0)	0	0	0	0	0
	Total	14,340,878	1.60	229,035		229,035	(0)	(19)	20	0	0	0
396067	CD WA Bucket/Ladder	59,502	3.61	2,150	5.70	3,391	1,241	981	0	260	0	0
396067	ED AN Bucket/Ladder	1,913,474	5.70	109,148	5.70	109,060	(88)	(59)	(29)	0	0	0
396067	ED ID Bucket/Ladder	1,601,463	5.73	91,789	5.70	91,277	(512)	0	(512)	0	0	0
396067	ED WA Bucket/Ladder	4,079,196	5.72	233,140	5.70	232,498	(642)	(642)	0	0	0	0
	Total	7,653,635	5.70	436,227		436,227	0	280	(541)	260	0	0
396068	ED AN Double Bucket	3,174,868	1.78	56,372	1.77	56,271	(101)	(67)	(33)	0	0	0
396068	ED ID Double Bucket	1,676,279	1.77	29,689	1.77	29,710	21	0	21	0	0	0
396068	ED WA Double Bucket	3,886,990	1.77	68,813	1.77	68,893	80	80	0	0	0	0
	Total	8,738,137	1.77	154,874		154,874	0	13	(12)	0	0	0
TOTAL PLANT S		59,339,142		1,556,034		1,556,034	0	9,712	3,214	385	1,383	(14,692)