Avista Corp.

1411 East Mission P.O. Box 3727 Spokane. Washington 99220-0500

Telephone 509-489-0500 Toll Free 800-727-9170 U-120229 Livista Corp.

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

They 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:

David Danner Executive Director & Secretary Washington Utilities and Trans. Comm. 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250 ddanner@utc.wa.gov Donald T. Trotter Washington Utilities & Trans. Comm. 1400 S. Evergreen Park Dr. SW Olympia, WA 98504-0128 dtrotter@utc.wa.gov	Simon J. ffitch Senior Assistant Attorney General Public Counsel Section 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 simonf@atg.wa.gov Ronald L. Roseman Attorney At Law 2011 14 <sup>th</sup> Avenue East Seattle, WA 98112 ronaldroseman@comcast.net
Chuck Eberdt The Energy Project 1322 N. State St. Bellingham, WA 98225 Chuck Eberdt@opportunitycouncil.org	Donald Schoenbeck Regulatory & Cogeneration Services, Inc. 900 Washington St., Suite 780 Vancouver, WA 98660 dws@r-c-s-inc.com
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	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
Ms. Paula Pyron Executive Director Northwest Industrial Gas Users 4113 Wolfberry Court Lake Oswego, OR 97035 ppyron@nwigu.org	Danielle Dixon NW Energy Coalition 811 – 1 <sup>st</sup> Avenue, Suite 305 Seattle, WA 98104 Danielle@nwenergy.org
Todd D. True Earthjustice 705 Second Avenue, Suite 203 Seattle, WA 98104 ttrue@earthjustice.org	

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 ORates Coordinator

Kelly O. Norwood Vice President State and Federal Regulation Avista Corporation 1411 E. Mission Avenue P. O. Box 3727

Spokane, Washington 99220

Phone: (509) 495-4267, Fax: (509) 495-8851

#### BEFORE THE WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

IN THE MATTER OF THE PETITIONOF )		
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

- Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company), at 1. 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.
- Avista is a utility that provides service to approximately 358,000 electric customers and 2. 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

Spokane, Washington 99220

Phone: (509) 495-4267 Fax: (509) 495-8851

E-mail: kelly.norwood@avistacorp.com

Spokane, Washington 99220

Phone: (509) 495-4316 Fax: (509) 495-8851

E-mail: david.meyer@avistacorp.com

#### 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 15<sup>th</sup> day of February 2012.

**AVISTA CORPORATION** 

BY My UN wood
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.

My O Noward

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

NOTARY PUBLIC OF WASHINGTON

NOTARY JUBLIC in and for the State of

Washington, residing at Spokane.

Commission Expires: 11 23 2

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

	[1]	[2]	[3]	[4] Existing	[5]	[6] Proposed	[7]	[8] Washington	[9]	[10] Washington	[11]	[12] Oregon
Account	<b>.</b>	2010 Avg.	Existing	Annual	Study	Annual	Increase or	Electric	Idaho Electric	Natural Gas	Idaho Natural	Natural Gas
Number	Description	Balance \$	Rate %	Deprec.	Rate %	Deprec.	(Decrease)	Allocation	Allocation \$	Allocation \$	Gas Allocation	Allocation \$
COMMON PLANT	Г	•		•		·	•	•	•	•	•	•
392035 CD AN	Passenger Cars	9,152	-	0	1.83	167	167	89	44	24	11	0
392035 ED AN		8,671	-	0	1.83	159	159	107	52	0	0	0
	Passenger Cars	23,557	-	0	1.83	431	431	431	0	0	0	0
392035 GD OR	Passenger Cars Total	26,784 68,164	4.66 1.83	1,247	1.83 _	1,247	(757)	627	96	24	0 11	(757) (757)
	iolai	00,104	1.03	1,247	-	1,247		021				(737)
392045 CD AN	4x2 Pickups	15,298	2.64	404	3.42	522	118	63	31	17	7	0
392045 ED AN	4x2 Pickups	110,959	2.64	2,929	3.42	3,789	860	577	283	0	0	0
	4x2 Pickups	8,717	2.64	230	3.42	298	68	0	0	45	22	0
392045 GD OR	4x2 Pickups	135,831	4.19 _	5,685	3.42	4,639	(1,046)	640	314	62	0 29	(1,046)
	Total	270,805	3.42 _	9,248	-	9,248		040	314	02		(1,046)
392046 CD AA	4x4 Pickups	213,065	2.77	5,906	3.97	8,463	2,557	1,241	611	337	161	208
	4x4 Pickups	604,700	3.92	23,724	3.97	24,018	294	155	77	43	19	. 0
392046 CD ID	4x4 Pickups	307,185	4.03	12,392	3.97	12,201	(191)	0	(151)	0	(40)	<u>o</u>
	4x4 Pickups	895,210	4.03	36,114	3.97	35,557	(557)	(440)	0	(117		Ó
	4x4 Pickups	931,137 525,009	4.00 4.03	37,267 21,153	3.97 3.97	36,984 20,853	(283) (300)	(189) 0	(93) (300)	0	0	0
392046 ED ID 392046 ED WA	4x4 Pickups 4x4 Pickups	1,180,551	4.03	47,425	3.97	46,891	(534)	(534)	(300)	0	0	0
	4x4 Pickups	35,537	4.04	1,434	3.97	1,412	(22)	(331)	ő	(15		Ō
392046 GD ID	4x4 Pickups	67,413	4.03	2,720	3.97	2,678	(42)	0	0	. 0		Ó
	4x4 Pickups	323,675	4.18	13,545	3.97	12,856	(689)	0	0	0		(689)
392046 GD WA	4x4 Pickups	476,246	_ 4.02 _	19,150	3.97	18,916	(234)	0	0	(234		0 (404)
	Total	5,559,728	_ 3.97 _	220,830	. 3.97 _	220,830	(0)	233	144	14	91	(481)
392047 CD AN	4x2 Service	89,441	4.95	4,430	4.69	4,196	(234)	(124)	(61)	(33	) (16)	· · · · · O
392047 CD ID	4x2 Service	10,043	5.32	534	4.69	471	(63)	` o´	(50)	` o		0
392047 CD WA	4x2 Service	10,638	5.31	565	4.69	499	(66)	(52)	0	(14		0
	4x2 Service	208,931	5.32	11,106	4.69	9,802	(1,304)	(874)	(430)	0		0
	4x2 Service	69	5.80	2.406	4.69	3	(1)	(1) 0	0	0 (190	-	0
	4x2 Service 4x2 Service	45,273 470,237	5.31 4.18	2,406 19,661	4.69 4.69	2,124 22,061	(282) 2,400	0	0	0 (190		2,400
392047 GD WA		54,950	5.51	3,028	4.69	2,578	(450)	ō	0	(450		2,100
	Total	889,582	4.69	41,734	_	41,734	(0)	(1,051)	(541)	(687	) (121)	2,400
									400			
	4x4 Service	33,917	4.91	1,664	4.16	1,412	(252)	(134)		(37		0
392048 CD ID 392048 CD WA	4x4 Service 4x4 Service	9,006 51,210	4.27 4.36	385 2,234	4.16 4.16	375 2,132	(10) (102)	0 (80)	(8) 0	0 (21	, ,	0
392048 ED AN		258,556	4.28	11,073	4.16	10,764	(309)	(207)		(2.		ŏ
392048 ED ID	4x4 Service	24,102	4.28	1,031	4.16	1,003	(28)	0	(28)	0		0
	4x4 Service	66,331	4.28	2,837	4.16	2,761	(76)	(76)	0	0		0
392048 GD AN		425,655	4.17	17,736	4.16	17,721	(15)	0	0	(10		0
392048 GD ID	4x4 Service	493,615	4.10	20,228	4.16	20,550	322	0	0	0		0 465
	4x4 Service 4 4x4 Service	698,030 1,175,541	4.10 4.16	28,595 48,935	4.16 4.16	29,060 48,940	465 5	0	0	5		403
392046 GD WA	Total	3,235,963	4.16	134,718	4.10	134,718	(0)	(497)	(204)	(63		465
	, 0.0.				-							
392055 GD AN	Crew Truck	55,342	2.44	1,349	2.44	1,349	0	0	0	C	0	0
0000F0 OD AN	D. of Milhard	455 404	4.00	2.040	1.61	2 501	(530)	(206)	(141)	(77	(35)	ò
392056 CD AN 392056 CD ID	Dual Wheel	155,421 248,988	1.96 1.48	3,040 3,679	1.61 1.61	2,501 4,006	(539) 327	(286) 0	259	(//		Ò
392056 CD WA		305,583	1.48	4,515	1.61	4,917	402	318	0	84		0
392056 ED AN		2,952,994	1.47	43,466	1.61	47,512	4,046	2,712	1,334	C	0	0
392056 ED ID	Dual Wheel	1,321,426	1.48	19,538	1.61	21,261	1,723	0	1,723	C		O
392056 ED WA		4,003,181	1.48	59,184	1.61	64,409	5,225	5,225	0	0		0
392056 GD AN		465,484	1.48	6,878	1.61	7,489	611	0	0	414		0
392056 GD ID 392056 GD OR	Dual Wheel	453,660 537,949	1.48 4.16	6,703 22,376	1.61 1.61	7,299 8,655	596 (13,721)	0	0			(13,721)
392056 GD WA		958,228	1.47	14,089	1.61	15,417	1,328	0	ő	1,328		(10,721)
002000 05 111	Total	11,402,914	1.61	183,468	-	183,468	(0)	7,969	3,175	1,749		(13,721)
					-							
392057 CD ID	Dump/Flatbed	102,390	2.33	2,382	3.14	3,219	837	0	661	(		0
392057 ED AN		458,367 77,655	3.14	14,382 2,437	3.14 3.14	14,410 2,441	28 4	19 0	9 4	(		0
392057 ED ID 392057 ED WA	Dump/Flatbed Dump/Flatbed	77,655 892,186	3.14 3.15	28,124	3.14	28,049	(75)	(75)		(		0
392057 ED WA		78,962	4.18	3,304	3.14	2,482	(822)	0	Ö	Ċ		(822)
392057 GD WA		435,342	3.14	13,660	3.14	13,687	27	0	0	27	0	0
	Total	2,044,902	3.14	64,289		64,289	0	(56)	674	27	176	(822)
000055 55		00.700	0.05	4.070	2.00	0.407	005	E-4	970	,		
392058 ED AN 392058 GD OF		66,768 92,389	2.05 4.18	1,372 3,866	3.29 3.29	2,197 3,041	825 (825)	554 0	272 0	(		0 (825)
392030 GD OF	Total	159,157	3.29	5,238	3.23	5,238	(823)	554	272	(		(825)
	. 0.0	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			•							
392065 CD AA		125,204	2.24	2,806	3.16	3,962	1,156	561	276	153		95
392065 GD WA		101,711	4.30	4,375	3.16	3,219	(1,156)	0	0	(1,156		0
	Total	226,915	3.16	7,181	-	7,181	0	561	276	(1,000	3) 73	95
392066 ED AN	Tandem Digger	s 38,658	3.41	1,317	3.41	1,317		1	0		0	0
	33		•		•							

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

	[1]	[2]	[3]	[4] Existing	[5]	[6] Proposed	[7]	[8] Washington	[9]	[10] Washington	[11]	[12] Oregon
Account		2010 Avg.	Existing	Annual	Study	Annual	Increase or	Electric	Idaho Electric	Natural Gas	Idaho Natural	Natural Gas
Number	Description	Balance	Rate	Deprec.	Rate	Deprec.	(Decrease)	Allocation	Allocation	Allocation	Gas Allocation	Allocation
392758 GD ID	Leased Equipmen	205,116	1.01	2,071	1.01	2,071	(0)	0	0	0	0	0
392758 GD WA	Leased Equipmer	555,864	1.01	5,611	1.01	5,611	0_	0		0	0	0
	Total	760,980	1.01	7,682	_	7,682	0	0	0	0	0	0
								(00.1)	(400)		•	
396055 ED AN		194,657	3.46	6,741	2.75	5,347	(1,394)	(934)	, ,	0	0	0
396055 ED WA	_	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
	Dual Wheel	21,741	1.48	321	1.48	321	(0)	o o	ō	ō	0	Ö
396056 ED ID	Dual Wheel	4,227	1.47	62	1.48	62	0	0	ő	ŏ		Ŏ
390030 LD ID	Total	33,938	1.48	501	1.40	501	(0)	- 6	<del>-</del>	0		0
	- Total	35,350	-		-				<u> </u>			
396057 ED ID	Dump/Flatbed	52,274	3.14	1,640	3.14	1,640	0	0	0	0	0	. 0
396057 ED WA		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
396058 ED ID	Line/Digger	268,396	1.01	2,709	1.01	2,710	1	0	1	0		. 0
396058 ED WA	Line/Digger	101,628	1.01	1,029	1.01	1,026	(3)	(3)	0	0	0	, Q
396058 GD AN	Line/Digger	311,528	1.01	3,145	1.01	3,145	0	0	0	1	0	<b>Q</b> '.
396058 GD ID	Line/Digger	468,435	1.01	4,729	1.01	4,729	0	0	0	0		Q
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
200000 ED AN	Tandom Diagon	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	Ö
	Tandem Diggers		1.60	101,445	1.60	101,431	(14)	(14)		0	ő	ŏ
	Tandem Diggers Tandem Diggers	6,351,045 158,711	1.60	2,535	1.60	2,535	(0)	0		Ö	-	ő
390000 GD AN	Total	14,340,878	1.60	229,035	1.00	229,035	(0)	(19)		0		0
	TOTAL _	14,540,670	1.00	223,000	-	223,033			20		<del>-</del>	
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		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	Ò
	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				Ö
396068 ED ID	Double Bucket	1,676,279	1.77	29,689	1.77	29,710	21	0		0	-	. 0
396068 ED WA	Double Bucket	3,886,990	1.77	68,813	1.77	68,893	80	80		0		0
	Total	8,738,137	1.77	154,874		154,874	0	13	(12)	C	0	0
	TOTAL PLANT S	59,339,142		1,556,034		1,556,034	0	9,712	3,214	385	1,383	(14,692)