

**AMENDED ACCOUNTING PETITION – ATTACHMENT B
AVISTA UTILITIES
DOCKET NOS. UE-170327 and UG-170328**

A. Deferral of Depreciation Expense on Advanced Metering Infrastructure (AMI):

1. The company may defer actual depreciation expense on its Advance Metering Infrastructure (AMI) plant investment¹ beginning in the month that the first transfers to plant of AMI investment occurs, and would continue monthly until such plant is included in retail rates in a future general rate case (GRC) proceeding.
2. The AMI deferred depreciation balance will accrue a carrying charge, on a monthly basis, equal to the current Federal Energy Regulatory Commission (FERC) rate, presently at 3.96 percent, annually.² The carrying charge will cease when recovery begins in a future rate proceeding.
3. The company may record the monthly depreciation expense in FERC Account 182.3, Other Regulatory Assets. The deferred carrying charge will be recorded in a separate regulatory asset account which will not earn interest and with the potential for independent recovery methods.
4. Two years after the initial meters are installed, Avista will provide a comprehensive status update reporting its use of the AMI system. This report should demonstrate how the AMI system benefits operational efficiency, increases customer reliability, impacts on power costs, and any other benefits. Also, Avista will report on the current status of deployment, the current expected completion date, and most recent expected cost to complete installations. Avista's report will contain a detailed analysis of AMI system costs and benefits relative to each customer rate class.
5. The above report will be an element in a prudence determination for the AMI project in whole. A request to determine prudence, including all necessary prudence requirements, will be filed in a future general rate case.
6. Recovery of the deferred depreciation balance, including accrued interest, may be proposed in a GRC with an effective date after an affirmative determination of the project's prudence.
7. The deferrals of depreciation and the carrying charges do not constitute pre-approval of the AMI project or its prudence, and is not a guarantee of recovery.

B. Deferral of undepreciated net book value of existing natural gas communicating modules (ERTs):

1. The company may defer the undepreciated net book value of existing natural gas communicating modules (consistent with the accounting treatment that Avista obtained on its existing electric meters) that will be retired as part of the AMI project.
 - a. As the natural gas communicating modules are removed from service the company may transfer the undepreciated balance (investment less accumulated depreciation) of those modules to a separate FERC Account 182.3, Other Regulatory Assets.

¹ AMI plant investment includes, but is not limited to, advanced meter deployment, metering communication network, meter data collection system, meter data management system and data analytics.

² <https://www.ferc.gov/enforcement/acct-matts/interest-rates.asp>