



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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April 3, 2019

NOTICE OF MODIFIED FINAL ORDER

RE: In the Matter of the Petition of Avista Corporation d/b/a Avista Utilities for an Order Authorizing the Company to Revise its Electric and Natural Gas Book Depreciation Rates and Authorizing Deferred Accounting Treatment for the Difference in Depreciation Expense, Dockets UE-180167 and UG-180168 (Consolidated)

TO ALL PARTIES:

On March 25, 2019, the Washington Utilities and Transportation Commission (Commission) entered and served Order 04, its Final Order in this proceeding, which approved a full settlement proposed by all parties (Settlement Stipulation) subject to condition.

On March 28, 2019, Avista Corporation d/b/a Avista Utilities (Avista or Company), filed a letter of non-acceptance of the condition the Commission placed on its approval of the Settlement Stipulation and requested an order clarification conference.

Pursuant to WAC 480-07-840, the Commission held a telephonic order clarification conference before Administrative Law Judge Andrew J. O'Connell on April 2, 2019, to provide clarification of Order 04. Following that conference, the Commission enters the attached order modifying Order 04.

THE COMMISSION GIVES NOTICE That it will enter a modified Final Order, which is attached.¹ Order 04 approved the undepreciated balance of Colstrip Units 3 and 4 of \$104.1 million. Order 04 did not approve the method proposed by the Parties to recover this undepreciated balance because such a methodology will only be considered if presented in the context of a general rate case. A clearly unintended effect of Order 04 would result in Avista's inability to recover approximately \$5.3 million of the approved \$104.1 million remaining undepreciated balance for Colstrip Units 3 and 4. We find that it is appropriate to

¹ WAC 480-07-840(3) provides that the Commission may modify its final order as a result of an order clarification conference. WAC 480-07-875(2) provides that the Commission may act on its own motion, or the motion of any party, to correct obvious or ministerial errors in orders.

issue clarifying modifications to Order 04 that will preserve for determination in Avista's next general rate case how to recover the \$104.1 million undepreciated balance for Colstrip Units 3 and 4. These modifications are consistent with the intent and substance of Order 04. The attached Order 04 (Modified) reflects edits to paragraph 35 and Appendix B. The edits, for ease of reference, are highlighted below in legislative format, as follows:

35 **Condition.** We determine that the record in this proceeding does not establish that the proposed methodology to recover the \$104.1 million undepreciated balance of Colstrip Units 3 and 4 is consistent with the public interest. Our approval of the Settlement Stipulation is conditioned, therefore, on the exclusion of the proposal for recovering this undepreciated balance as indicated in Appendix B to this Order.² Avista may continue to recover Washington's share of the annual depreciation expense of approximately \$4.533 million currently in rates, unchanged, until the method for recovering the \$104.1 million undepreciated balance is established in the Company's next general rate case. In the meantime, the depreciation rates for Colstrip shall remain unchanged. This condition will also require Avista to present in its next general rate case a proposal for treating the remaining \$10.9 million in unprotected EDIT benefits, whether or not they are included as part of a method to recover the \$104.1 million undepreciated balance.

Appendix B, Paragraph 15(b)(4):

4) ~~Starting April 1, 2019, Colstrip capital additions will be depreciated at the revised depreciation rates reflecting a 2027 depreciable life (see Attachment C for specific revised Colstrip depreciation rates).~~ Capital additions not yet embedded in current rates are subject to prudence review in future rate proceedings.

THE COMMISSION GIVES FURTHER NOTICE That the Parties must notify the Commission whether they accept or reject the condition imposed by the Commission in Order 04 (Modified) within three business days from the date of the attached order.

Sincerely,

ANDREW J. O'CONNELL
Administrative Law Judge
Washington Utilities and Transportation Commission

² Appendix B to this Order illustrates the edits to the Settlement Stipulation required by this condition. Briefly, the condition requires the exclusion of paragraph 15(b)(1)-(3) and part of paragraph 15(b)(4) in the Settlement Stipulation as well as associated language in Attachment B to the Settlement Stipulation.