

1 Commitment 69] will be included in the OBRP. Under no circumstance will the ratepayer
2 population be responsible for any default related to the OBRP.”

3

4 **XI. COLSTRIP**

5 **Q. Please describe the new commitment added by the Parties regarding**
6 **the depreciation of Colstrip Units 3 and 4.**

7 A. Yes, through new Commitment 76 in the Settlement, Hydro One and Avista
8 agree to a depreciation schedule for Colstrip Units 3 and 4 that assumes a remaining useful
9 life of those units through December 31, 2027. These units are presently on a depreciation
10 schedule of 2034 and 2036, respectively. The undepreciated balance of \$114.2 million
11 will be recovered through (i) the unprotected Excess Deferred Federal Income Tax
12 (“DFIT”)/~~Deferral of the January-April 2018 tax credit~~, totaling ~~\$16.7~~10.4 million; (ii) an
13 annual depreciation expense of approximately \$4.533 million (Washington share) for a
14 total of \$45.3 million; and (iii) a regulatory asset offset by the amortization of protected
15 Excess DFIT, i.e., over 36 years, in the amount ~~\$52.2~~58.5 million.

16 **Q. Please describe the new commitment added by the Parties regarding**
17 **“Montana Community Transition Fund”.**

18 A. Under new Commitment 77 in the Settlement, Hydro One and Avista
19 commit to provide \$3,000,000 in funding towards a Colstrip community transition fund.
20 This commitment is not a cap on the amount Avista and/or Hydro One may ultimately
21 commit to this fund.⁴

⁴This commitment, like other Settlement terms, will be funded as described in Commitment 75.