



Excellence Delivered *As Promised*

June 30, 2017

VIA E-MAIL

Ms. Jeanne Pluth
Manager, Regulating Accounting
Avista Corporation
1411 E. Mission Avenue
Spokane, WA 99252

Meter Data Management System

Dear Jeanne:

Per your request, we have recommended a life parameter and resulting depreciation rate for the new Meter Data Management (MDM) system. The system is planned to be fully implemented by the second half of 2017 and interface with the new Customer Service Information System (CIS). The CIS was installed in February 2015.

Most software applications similar to the MDM System for Avista have an amortization period of 10 to 15 years. For most other utilities, the approved amortization period correlates with the associated other software applications within the system. Given the CIS system has an approved 15-year life from installation in February 2015, I recommend the MDM system have a recovery period through February 2030. This would be a 12.5 year life and corresponding 8.0 period depreciation rate. These components are within industry expectations and the most appropriate life characteristics.

Very truly yours,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC

A handwritten signature in blue ink that reads "John J. Spanos".

JOHN J. SPANOS
Sr. Vice President

JJS/mlw

062165.000

Gannett Fleming Valuation and Rate Consultants, LLC

P.O. Box 67100 • Harrisburg, PA 17106-7100 | 207 Senate Avenue • Camp Hill, PA 17011
t: 717.763.7211 • f: 717.763.4590

www.gfvrc.com

