

**Avista Corp.**  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170



VIA OVERNIGHT MAIL

February 15, 2012

Idaho Public Utilities Commission  
Office of the Secretary  
RECEIVED

FEB 17 2012

Boise, Idaho

Ms. Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702-5983

Re: Case No. AVU-E-12-03 and AVU-G-12 02  
Application of Avista Corporation for an Order Authorizing the change in the depreciation  
method applied to transportation equipment

Dear Ms. Jewell:

Enclosed is Avista's Application for an Order Authorizing the change in the depreciation method applied to transportation equipment. The filing consists of an original and seven copies of Avista's Application.

Please direct any questions regarding this filing to Karen Schuh at (509) 495-2293.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly 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 Application for an Order Authorizing the change in the depreciation method applied to transportation equipment by mailing a copy thereof, postage prepaid to the following:

Jean D Jewell, Secretary  
Idaho Public Utilities Commission  
Statehouse  
Boise, ID 83720-5983  
[Jean.jewell@puc.idaho.gov](mailto:Jean.jewell@puc.idaho.gov)

Brad M. Purdy  
Attorney at Law  
2019 N 17<sup>th</sup> Street  
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[bmpurdy@hotmail.com](mailto:bmpurdy@hotmail.com)

Donald Howell  
Deputy Attorneys General  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702-0659  
[kristine.sasser@puc.idaho.gov](mailto:kristine.sasser@puc.idaho.gov)  
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Peter J. Richardson  
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Richardson & O'Leary PLLC  
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PO Box 7218  
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[peter@richardsonandoleary.com](mailto:peter@richardsonandoleary.com)  
[greg@richardsonandoleary.com](mailto:greg@richardsonandoleary.com)

Marv Lewallen  
Clearwater Paper  
601 W. Riverside Avenue  
Suite 1100  
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McDevitt & Miller, LLP  
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PO Box 2564-83701  
Boise, ID 83701-2564  
[joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)

Scott Atkison  
Idaho Forest Products  
171 Highway 95 N.  
Grangeville, ID 83530  
[scotta@idahoforestgroup.com](mailto:scotta@idahoforestgroup.com)

Dated at Spokane, Washington this 15<sup>th</sup> day of February 2012.



\_\_\_\_\_  
Patty Olsness  
Rates Coordinator

1 David J. Meyer  
2 Vice President and Chief Counsel of  
3 Regulatory and Governmental Affairs  
4 Avista Corporation  
5 1411 E. Mission Avenue  
6 P. O. Box 3727  
7 Spokane, Washington 99220  
8 Phone: (509) 489-0500, Fax: (509) 495-8851

Idaho Public Utilities Commission  
Office of the Secretary  
RECEIVED

FEB 17 2012

Boise, Idaho

9 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

10 IN THE MATTER OF THE APPLICATION OF )  
11 AVISTA CORPORATION, dba AVISTA ) CASE NO. AVU-E-12-03  
12 UTILITIES FOR A CHANGE IN THE ) CASE NO. AVU-G-12-02  
13 DEPRECIATION METHOD APPLIED TO ) APPLICATION OF AVISTA  
14 TRANSPORTATION EQUIPMENT ) CORPORATION

15  
16 I. INTRODUCTION

17 Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),  
18 at 1411 East Mission Avenue, Spokane, Washington, pursuant to Section 61-525 Idaho Code and  
19 Rule 52 of the Idaho Public Utilities Commission ("Commission Rules of Procedure") hereby  
20 applies to the Commission for approval of a proposed change to the method used to calculate  
21 depreciation expense on transportation equipment. The Company is proposing to switch from  
22 mileage-based depreciation rates to straight-line depreciation rates for transportation equipment.  
23 The Company requests that this filing be processed under the Commission's Modified Procedure  
24 Rules.

25 Avista is a utility that provides service to approximately 358,000 electric customers and  
26 223,000 natural gas customers in a 26,000 square-mile area in eastern Washington and northern  
27 Idaho. Avista also serves approximately 95,000 in Oregon. The largest community served in the  
28 area is Spokane, Washington, which is the location of the corporate headquarters.

29 Communications in reference to this Application should be addressed to:

1  
2 Kelly O. Norwood  
3 Vice President  
4 State and Federal Regulation  
5 Avista Corporation  
6 1411 E. Mission Avenue  
7 Spokane, Washington 99220  
8 Phone: (509) 495-4267  
9 Fax: (509) 495-8851

David J. Meyer  
Vice President and Chief Counsel of  
Regulatory and Governmental Affairs  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, Washington 99220  
Phone: (509) 489-0500  
Fax: (509) 495-8851

10  
11 **II. BACKGROUND**

12 The Commission is empowered to ascertain and determine the proper and adequate rates  
13 of depreciation of the Company's property used in the rendering of retail electric and natural gas  
14 service under the provisions of Idaho Code Section 61-525. Each utility under the Commission's  
15 jurisdiction is required to conform its depreciation accounts to the rates so ascertained and  
16 determined by the Commission. The Commission may make changes in such rates of  
17 depreciation from time to time as the Commission may find necessary.

18 The Company periodically does a depreciation study and requests modifications to its  
19 depreciation rates. The Company last changed its depreciation rates in Idaho effective January 1,  
20 2008, in accordance with Order No. 30498 dated February 6, 2008, issued in Case Nos. AVU-E-  
21 07-11 and AVU-G-07-03. The prior depreciation studies and depreciation rate modifications  
22 have not included changes to the mileage-based depreciation rates applicable to transportation  
23 equipment. The current mileage based rates have been in effect for over 50 years.

24 Avista is proposing to switch the depreciation method applicable to transportation  
25 equipment from mileage-based depreciation rates to straight-line depreciation rates for several  
26 reasons. The depreciation rates for transportation equipment need to be updated. Straight-line

1 depreciation for transportation equipment is the standard method being used by other utilities.  
2 Moreover, Avista is contracting to purchase a new computer software system to calculate  
3 depreciation, and the new software is not designed to use mileage-based depreciation rates.  
4 Modifying the software to accommodate mileage-based depreciation rates would increase the  
5 cost of the new system and may delay its implementation.

### 6 **III. PROPOSAL**

7 The Company is proposing that the Commission allow a switch from mileage-based to  
8 the straight-line method of calculating depreciation expense on transportation equipment. The  
9 Company has determined straight-line depreciation rates that will produce approximately the  
10 same amount of depreciation expense on an annual basis as the current mileage-based rates  
11 currently produce. Attachment A shows the various categories of transportation equipment and  
12 the determination of the proposed straight-line depreciation rates for the various categories.  
13 Attachment A also shows an immaterial variance between the service and jurisdictional split of  
14 the depreciation expense for 2011. This is a result of using the same average rate for all  
15 jurisdictions when some jurisdictions mileage-based rate was higher or lower than the average  
16 for the same class of transportation, as demonstrated in Attachment A.

17 The Company requests that the Commission allow the Company to implement the new  
18 proposed straight-line depreciation rates effective when the new depreciation software system  
19 becomes operational. The new system may become operational as early as July 16, 2012. The  
20 Company requests that the Commission make its determination by April 1, 2012 so that the  
21 Company knows how to proceed with the design and implementation of the new depreciation  
22 software system.

23 The straight-line depreciation rates that the Company proposes to implement when the

1 new software system becomes operational will be reviewed in the depreciation study that the  
2 Company is presently undertaking with the assistance of its depreciation consultant. Any  
3 proposed change in the straight-line rates will be reflected in the Company's next general rate  
4 case filing, or other filing that will request approval of the new rates that result from the  
5 depreciation study.

6 Avista is making a similar filing with the Washington Utilities and Transportation  
7 Commission (WUTC) and the Oregon Public Utility Commission. It is important that the  
8 Company maintain uniform utility accounts and depreciation rates that are consistent among the  
9 Company's regulatory jurisdictions. In the event different depreciation rates or methods were to  
10 be ordered, it would result in multiple sets of depreciation accounts and records that would need  
11 to be adjusted annually for changes in allocation factors, which would impose a costly  
12 administrative burden on the Company and unnecessary expense for the Company's ratepayers.

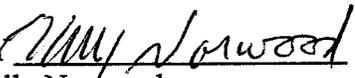
#### 13 **IV. REQUEST FOR RELIEF**

14 WHEREFORE, Avista respectfully requests that the Commission issue a final Order  
15 determining that the Company is allowed to switch from mileage based rates to straight line  
16 depreciation rates for transportation equipment and that the straight line depreciation rates shown  
17 on Attachment A be allowed to be put in effect when the new depreciation software becomes  
18 operational. The Company requests that the Commission make its determination by April 1,  
19 2012.

20 The Company requests that the matter be processed under the Commission's Modified  
21 Procedure rules through the use of written comments.

1 Dated at Spokane, Washington this 5<sup>th</sup> day of February 2012.  
2  
3

4 AVISTA CORPORATION

5 BY   
6 Kelly Norwood  
7 Vice President  
8 State and Federal Regulation  
9

VERIFICATION

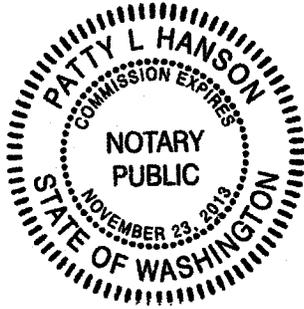
STATE OF WASHINGTON )  
 )  
County of Spokane )

Kelly 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.

Kelly Norwood

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



Patty L. Hanson  
NOTARY PUBLIC in and for the State of Washington, residing at Spokane.  
Commission Expires: 11/23/2013

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

| [1]                 | [2]                  | [3]               | [4]           | [5]                     | [6]         | [7]                     | [8]                    | [9]                            | [10]                      | [11]                              | [12]                         |                               |
|---------------------|----------------------|-------------------|---------------|-------------------------|-------------|-------------------------|------------------------|--------------------------------|---------------------------|-----------------------------------|------------------------------|-------------------------------|
| Account Number      | Description          | 2010 Avg. Balance | Existing Rate | Existing Annual Deprec. | Study Rate  | Proposed Annual Deprec. | Increase or (Decrease) | Washington Electric Allocation | Idaho Electric Allocation | Washington Natural Gas Allocation | Idaho Natural Gas Allocation | Oregon Natural Gas Allocation |
|                     |                      | \$                | %             | \$                      | %           | \$                      | \$                     | \$                             | \$                        | \$                                | \$                           | \$                            |
| <b>COMMON PLANT</b> |                      |                   |               |                         |             |                         |                        |                                |                           |                                   |                              |                               |
| 392035              | CD AN Passenger Cars | 9,152             | -             | 0                       | 1.83        | 167                     | 167                    | 89                             | 44                        | 24                                | 11                           | 0                             |
| 392035              | ED AN Passenger Cars | 8,671             | -             | 0                       | 1.83        | 159                     | 159                    | 107                            | 52                        | 0                                 | 0                            | 0                             |
| 392035              | ED WA Passenger Cars | 23,557            | -             | 0                       | 1.83        | 431                     | 431                    | 431                            | 0                         | 0                                 | 0                            | 0                             |
| 392035              | GD OR Passenger Cars | 26,784            | 4.66          | 1,247                   | 1.83        | 490                     | (757)                  | 0                              | 0                         | 0                                 | 0                            | (757)                         |
|                     | <b>Total</b>         | <b>68,164</b>     | <b>1.83</b>   | <b>1,247</b>            |             | <b>1,247</b>            | <b>0</b>               | <b>627</b>                     | <b>96</b>                 | <b>24</b>                         | <b>11</b>                    | <b>(757)</b>                  |
| 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                             |
| 392045              | GD AN 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)                | 0                              | 0                         | 0                                 | 0                            | (1,046)                       |
|                     | <b>Total</b>         | <b>270,805</b>    | <b>3.42</b>   | <b>9,248</b>            |             | <b>9,248</b>            | <b>0</b>               | <b>640</b>                     | <b>314</b>                | <b>62</b>                         | <b>29</b>                    | <b>(1,046)</b>                |
| 392046              | CD AA 4x4 Pickups    | 213,065           | 2.77          | 5,906                   | 3.97        | 8,463                   | 2,557                  | 1,241                          | 611                       | 337                               | 161                          | 208                           |
| 392046              | CD AN 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)                         | 0                             |
| 392046              | CD WA 4x4 Pickups    | 895,250           | 4.03          | 36,114                  | 3.97        | 35,557                  | (557)                  | (440)                          | 0                         | (117)                             | 0                            | 0                             |
| 392046              | ED AN 4x4 Pickups    | 931,137           | 4.00          | 37,267                  | 3.97        | 36,984                  | (283)                  | (189)                          | (93)                      | 0                                 | 0                            | 0                             |
| 392046              | ED ID 4x4 Pickups    | 525,009           | 4.03          | 21,153                  | 3.97        | 20,853                  | (300)                  | 0                              | (300)                     | 0                                 | 0                            | 0                             |
| 392046              | ED WA 4x4 Pickups    | 1,180,551         | 4.02          | 47,425                  | 3.97        | 46,891                  | (534)                  | (534)                          | 0                         | 0                                 | 0                            | 0                             |
| 392046              | GD AN 4x4 Pickups    | 35,537            | 4.04          | 1,434                   | 3.97        | 1,412                   | (22)                   | 0                              | 0                         | (15)                              | (7)                          | 0                             |
| 392046              | GD ID 4x4 Pickups    | 67,413            | 4.03          | 2,720                   | 3.97        | 2,678                   | (42)                   | 0                              | 0                         | 0                                 | (42)                         | 0                             |
| 392046              | GD OR 4x4 Pickups    | 323,675           | 4.18          | 13,545                  | 3.97        | 12,856                  | (689)                  | 0                              | 0                         | 0                                 | 0                            | (689)                         |
| 392046              | GD WA 4x4 Pickups    | 476,246           | 4.02          | 19,150                  | 3.97        | 18,916                  | (234)                  | 0                              | 0                         | (234)                             | 0                            | 0                             |
|                     | <b>Total</b>         | <b>5,559,728</b>  | <b>3.97</b>   | <b>220,830</b>          | <b>3.97</b> | <b>220,830</b>          | <b>(0)</b>             | <b>233</b>                     | <b>144</b>                | <b>14</b>                         | <b>91</b>                    | <b>(481)</b>                  |
| 392047              | CD AN 4x2 Service    | 89,441            | 4.95          | 4,430                   | 4.69        | 4,196                   | (234)                  | (124)                          | (61)                      | (33)                              | (16)                         | 0                             |
| 392047              | CD ID 4x2 Service    | 10,043            | 5.32          | 534                     | 4.69        | 471                     | (63)                   | 0                              | (50)                      | 0                                 | (13)                         | 0                             |
| 392047              | CD WA 4x2 Service    | 10,638            | 5.31          | 565                     | 4.69        | 499                     | (66)                   | (52)                           | 0                         | (14)                              | 0                            | 0                             |
| 392047              | ED AN 4x2 Service    | 208,931           | 5.32          | 11,106                  | 4.69        | 9,802                   | (1,304)                | (874)                          | (430)                     | 0                                 | 0                            | 0                             |
| 392047              | ED WA 4x2 Service    | 69                | 5.80          | 4                       | 4.69        | 3                       | (1)                    | (1)                            | 0                         | 0                                 | 0                            | 0                             |
| 392047              | GD AN 4x2 Service    | 45,273            | 5.31          | 2,406                   | 4.69        | 2,124                   | (282)                  | 0                              | 0                         | (190)                             | (92)                         | 0                             |
| 392047              | GD OR 4x2 Service    | 470,237           | 4.18          | 19,661                  | 4.69        | 22,061                  | 2,400                  | 0                              | 0                         | 0                                 | 0                            | 2,400                         |
| 392047              | GD WA 4x2 Service    | 54,950            | 5.51          | 3,028                   | 4.69        | 2,578                   | (450)                  | 0                              | 0                         | (450)                             | 0                            | 0                             |
|                     | <b>Total</b>         | <b>889,582</b>    | <b>4.69</b>   | <b>41,734</b>           |             | <b>41,734</b>           | <b>(0)</b>             | <b>(1,051)</b>                 | <b>(541)</b>              | <b>(687)</b>                      | <b>(121)</b>                 | <b>2,400</b>                  |
| 392048              | CD AN 4x4 Service    | 33,917            | 4.91          | 1,664                   | 4.16        | 1,412                   | (252)                  | (134)                          | (66)                      | (37)                              | (17)                         | 0                             |
| 392048              | CD ID 4x4 Service    | 9,006             | 4.27          | 385                     | 4.16        | 375                     | (10)                   | 0                              | (8)                       | 0                                 | (3)                          | 0                             |
| 392048              | CD WA 4x4 Service    | 51,210            | 4.36          | 2,234                   | 4.16        | 2,132                   | (102)                  | (80)                           | 0                         | (21)                              | 0                            | 0                             |
| 392048              | ED AN 4x4 Service    | 258,556           | 4.28          | 11,073                  | 4.16        | 10,764                  | (309)                  | (207)                          | (102)                     | 0                                 | 0                            | 0                             |
| 392048              | ED ID 4x4 Service    | 24,102            | 4.28          | 1,031                   | 4.16        | 1,003                   | (28)                   | 0                              | (28)                      | 0                                 | 0                            | 0                             |
| 392048              | ED WA 4x4 Service    | 66,331            | 4.28          | 2,837                   | 4.16        | 2,761                   | (76)                   | (76)                           | 0                         | 0                                 | 0                            | 0                             |
| 392048              | GD AN 4x4 Service    | 425,655           | 4.17          | 17,736                  | 4.16        | 17,721                  | (15)                   | 0                              | 0                         | (10)                              | (5)                          | 0                             |
| 392048              | GD ID 4x4 Service    | 493,615           | 4.10          | 20,228                  | 4.16        | 20,550                  | 322                    | 0                              | 0                         | 0                                 | 322                          | 0                             |
| 392048              | GD OR 4x4 Service    | 698,030           | 4.10          | 28,595                  | 4.16        | 29,060                  | 465                    | 0                              | 0                         | 0                                 | 0                            | 465                           |
| 392048              | GD WA 4x4 Service    | 1,175,541         | 4.16          | 48,935                  | 4.16        | 48,940                  | 5                      | 0                              | 0                         | 5                                 | 0                            | 0                             |
|                     | <b>Total</b>         | <b>3,235,963</b>  | <b>4.16</b>   | <b>134,718</b>          |             | <b>134,718</b>          | <b>(0)</b>             | <b>(497)</b>                   | <b>(204)</b>              | <b>(63)</b>                       | <b>297</b>                   | <b>465</b>                    |
| 392055              | GD AN Crew Truck     | 55,342            | 2.44          | 1,349                   | 2.44        | 1,349                   | 0                      | 0                              | 0                         | 0                                 | 0                            | 0                             |
| 392056              | CD AN Dual Wheel     | 155,421           | 1.96          | 3,040                   | 1.61        | 2,501                   | (539)                  | (286)                          | (141)                     | (77)                              | (35)                         | 0                             |
| 392056              | CD ID Dual Wheel     | 248,988           | 1.48          | 3,679                   | 1.61        | 4,006                   | 327                    | 0                              | 259                       | 0                                 | 68                           | 0                             |
| 392056              | CD WA Dual Wheel     | 305,583           | 1.48          | 4,515                   | 1.61        | 4,917                   | 402                    | 318                            | 0                         | 84                                | 0                            | 0                             |
| 392056              | ED AN Dual Wheel     | 2,952,994         | 1.47          | 43,466                  | 1.61        | 47,512                  | 4,046                  | 2,712                          | 1,334                     | 0                                 | 0                            | 0                             |
| 392056              | ED ID Dual Wheel     | 1,321,426         | 1.48          | 19,538                  | 1.61        | 21,261                  | 1,723                  | 0                              | 1,723                     | 0                                 | 0                            | 0                             |
| 392056              | ED WA Dual Wheel     | 4,003,181         | 1.48          | 59,184                  | 1.61        | 64,409                  | 5,225                  | 5,225                          | 0                         | 0                                 | 0                            | 0                             |
| 392056              | GD AN Dual Wheel     | 465,484           | 1.48          | 6,878                   | 1.61        | 7,489                   | 611                    | 0                              | 0                         | 414                               | 198                          | 0                             |
| 392056              | GD ID Dual Wheel     | 453,660           | 1.48          | 6,703                   | 1.61        | 7,299                   | 596                    | 0                              | 0                         | 0                                 | 596                          | 0                             |
| 392056              | GD OR Dual Wheel     | 537,949           | 4.16          | 22,376                  | 1.61        | 8,655                   | (13,721)               | 0                              | 0                         | 0                                 | 0                            | (13,721)                      |
| 392056              | GD WA Dual Wheel     | 958,228           | 1.47          | 14,089                  | 1.61        | 15,417                  | 1,328                  | 0                              | 0                         | 1,328                             | 0                            | 0                             |
|                     | <b>Total</b>         | <b>11,402,914</b> | <b>1.61</b>   | <b>183,468</b>          |             | <b>183,468</b>          | <b>(0)</b>             | <b>7,969</b>                   | <b>3,175</b>              | <b>1,749</b>                      | <b>827</b>                   | <b>(13,721)</b>               |
| 392057              | CD ID Dump/Flatbed   | 102,390           | 2.33          | 2,382                   | 3.14        | 3,219                   | 837                    | 0                              | 661                       | 0                                 | 176                          | 0                             |
| 392057              | ED AN Dump/Flatbed   | 458,367           | 3.14          | 14,382                  | 3.14        | 14,410                  | 28                     | 19                             | 9                         | 0                                 | 0                            | 0                             |
| 392057              | ED ID Dump/Flatbed   | 77,655            | 3.14          | 2,437                   | 3.14        | 2,441                   | 4                      | 0                              | 4                         | 0                                 | 0                            | 0                             |
| 392057              | ED WA Dump/Flatbed   | 892,186           | 3.15          | 28,124                  | 3.14        | 28,049                  | (75)                   | (75)                           | 0                         | 0                                 | 0                            | 0                             |
| 392057              | GD OR Dump/Flatbed   | 78,962            | 4.18          | 3,304                   | 3.14        | 2,482                   | (822)                  | 0                              | 0                         | 0                                 | 0                            | (822)                         |
| 392057              | GD WA Dump/Flatbed   | 435,342           | 3.14          | 13,660                  | 3.14        | 13,687                  | 27                     | 0                              | 0                         | 27                                | 0                            | 0                             |
|                     | <b>Total</b>         | <b>2,044,902</b>  | <b>3.14</b>   | <b>64,289</b>           |             | <b>64,289</b>           | <b>0</b>               | <b>(56)</b>                    | <b>674</b>                | <b>27</b>                         | <b>176</b>                   | <b>(822)</b>                  |
| 392058              | ED AN Line/Digger    | 66,768            | 2.05          | 1,372                   | 3.29        | 2,197                   | 825                    | 554                            | 272                       | 0                                 | 0                            | 0                             |
| 392058              | GD OR Line/Digger    | 92,389            | 4.18          | 3,866                   | 3.29        | 3,041                   | (825)                  | 0                              | 0                         | 0                                 | 0                            | (825)                         |
|                     | <b>Total</b>         | <b>159,157</b>    | <b>3.29</b>   | <b>5,238</b>            |             | <b>5,238</b>            | <b>0</b>               | <b>554</b>                     | <b>272</b>                | <b>0</b>                          | <b>0</b>                     | <b>(825)</b>                  |
| 392065              | CD AA Road Tractor   | 125,204           | 2.24          | 2,806                   | 3.16        | 3,962                   | 1,156                  | 561                            | 276                       | 153                               | 73                           | 95                            |
| 392065              | GD WA Road Tractor   | 101,711           | 4.30          | 4,375                   | 3.16        | 3,219                   | (1,156)                | 0                              | 0                         | (1,156)                           | 0                            | 0                             |
|                     | <b>Total</b>         | <b>226,915</b>    | <b>3.16</b>   | <b>7,181</b>            |             | <b>7,181</b>            | <b>0</b>               | <b>561</b>                     | <b>276</b>                | <b>(1,003)</b>                    | <b>73</b>                    | <b>95</b>                     |
| 392066              | ED AN Tandem Diggers | 38,658            | 3.41          | 1,317                   | 3.41        | 1,317                   | 0                      | 1                              | 0                         | 0                                 | 0                            | 0                             |

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

| [1]                  | [2]                    | [3]               | [4]           | [5]                     | [6]        | [7]                     | [8]                    | [9]                            | [10]                      | [11]                              | [12]                         |                               |
|----------------------|------------------------|-------------------|---------------|-------------------------|------------|-------------------------|------------------------|--------------------------------|---------------------------|-----------------------------------|------------------------------|-------------------------------|
| Account Number       | Description            | 2010 Avg. Balance | Existing Rate | Existing Annual Deprec. | Study Rate | Proposed Annual Deprec. | Increase or (Decrease) | Washington Electric Allocation | Idaho Electric Allocation | Washington Natural Gas Allocation | Idaho Natural Gas Allocation | Oregon Natural Gas Allocation |
| 392758               | GD ID Leased Equipment | 205,116           | 1.01          | 2,071                   | 1.01       | 2,071                   | (0)                    | 0                              | 0                         | 0                                 | 0                            | 0                             |
| 392758               | GD WA Leased Equipment | 555,864           | 1.01          | 5,611                   | 1.01       | 5,611                   | 0                      | 0                              | 0                         | 0                                 | 0                            | 0                             |
|                      | Total                  | 760,980           | 1.01          | 7,682                   |            | 7,682                   | 0                      | 0                              | 0                         | 0                                 | 0                            | 0                             |
| 396055               | ED AN Crew Truck       | 194,657           | 3.46          | 6,741                   | 2.75       | 5,347                   | (1,394)                | (934)                          | (460)                     | 0                                 | 0                            | 0                             |
| 396055               | ED WA Crew Truck       | 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                             |
| 396056               | ED WA Dual Wheel       | 21,741            | 1.48          | 321                     | 1.48       | 321                     | (0)                    | 0                              | 0                         | 0                                 | 0                            | 0                             |
| 396056               | ED ID Dual Wheel       | 4,227             | 1.47          | 62                      | 1.48       | 62                      | 0                      | 0                              | 0                         | 0                                 | 0                            | 0                             |
|                      | Total                  | 33,938            | 1.48          | 501                     |            | 501                     | (0)                    | 0                              | 0                         | 0                                 | 0                            | 0                             |
| 396057               | ED ID Dump/Flatbed     | 52,274            | 3.14          | 1,640                   | 3.14       | 1,640                   | 0                      | 0                              | 0                         | 0                                 | 0                            | 0                             |
| 396057               | ED WA Dump/Flatbed     | 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                            | 0                             |
| 396058               | ED ID Line/Digger      | 268,396           | 1.01          | 2,709                   | 1.01       | 2,710                   | 1                      | 0                              | 1                         | 0                                 | 0                            | 0                             |
| 396058               | ED WA Line/Digger      | 101,628           | 1.01          | 1,029                   | 1.01       | 1,026                   | (3)                    | (3)                            | 0                         | 0                                 | 0                            | 0                             |
| 396058               | GD AN Line/Digger      | 311,528           | 1.01          | 3,145                   | 1.01       | 3,145                   | 0                      | 0                              | 0                         | 1                                 | 0                            | 0                             |
| 396058               | GD ID Line/Digger      | 468,435           | 1.01          | 4,729                   | 1.01       | 4,729                   | 0                      | 0                              | 0                         | 0                                 | 0                            | 0                             |
| 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                             |
| 396066               | ED AN Tandem Diggers   | 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                            | 0                             |
| 396066               | ED WA Tandem Diggers   | 6,351,045         | 1.60          | 101,445                 | 1.60       | 101,431                 | (14)                   | (14)                           | 0                         | 0                                 | 0                            | 0                             |
| 396066               | GD AN Tandem Diggers   | 158,711           | 1.60          | 2,535                   | 1.60       | 2,535                   | (0)                    | 0                              | 0                         | 0                                 | 0                            | 0                             |
|                      | Total                  | 14,340,878        | 1.60          | 229,035                 |            | 229,035                 | (0)                    | (19)                           | 20                        | 0                                 | 0                            | 0                             |
| 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 Bucket/Ladder    | 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                            | 0                             |
|                      | 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)                           | (33)                      | 0                                 | 0                            | 0                             |
| 396068               | ED ID Double Bucket    | 1,676,279         | 1.77          | 29,689                  | 1.77       | 29,710                  | 21                     | 0                              | 21                        | 0                                 | 0                            | 0                             |
| 396068               | ED WA Double Bucket    | 3,886,990         | 1.77          | 68,813                  | 1.77       | 68,893                  | 80                     | 80                             | 0                         | 0                                 | 0                            | 0                             |
|                      | Total                  | 8,738,137         | 1.77          | 154,874                 |            | 154,874                 | 0                      | 13                             | (12)                      | 0                                 | 0                            | 0                             |
| <b>TOTAL PLANT S</b> |                        | <b>59,339,142</b> |               | <b>1,556,034</b>        |            | <b>1,556,034</b>        | <b>0</b>               | <b>9,712</b>                   | <b>3,214</b>              | <b>385</b>                        | <b>1,383</b>                 | <b>(14,692)</b>               |