

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION** )  
**OF AVISTA CORPORATION REQUESTING** ) **CASE NOS. AVU-E-12-03**  
**AUTHORITY TO CHANGE THE** ) **AVU-G-12-02**  
**DEPRECIATION METHOD OF ITS** )  
**TRANSPORTATION EQUIPMENT** ) **NOTICE OF APPLICATION**  
) )  
) **NOTICE OF**  
) **MODIFIED PROCEDURE**  
) )  
) **ORDER NO. 32477**

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On February 17, 2012, Avista Corporation (hereinafter “Avista” or “Company”) submitted dual Applications seeking a Commission Order authorizing a proposed change in the depreciation method applied to its transportation equipment. The Company proposes April 1, 2012, as an effective date for the proposed change.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that in its Application Avista states that the last modifications to the Company’s depreciation rates in Idaho occurred on January 1, 2008, pursuant to Commission Order No. 30498, dated February 6, 2008, Case Nos. AVU-E-07-11 and AVU-G-07-03. The Company also notes that prior depreciation studies and depreciation rate modifications have not included changes to the mileage-based depreciation rates applicable to transportation equipment. Avista states that the current mileage-based rates have been in effect for over 50 years.

YOU ARE FURTHER NOTIFIED that Avista is proposing to switch the depreciation method applicable to its transportation equipment from mileage-based depreciation rates to straight-line depreciation rates because straight-line depreciation for transportation equipment is the standard method being used by other utilities.

YOU ARE FURTHER NOTIFIED that Avista believes that the change is necessary because it has contracted for the installation of a new computer software system to calculate depreciation and that this new system would have to be modified in order to accommodate mileage-based depreciation rates. Avista states that this modification would increase the cost of the new system and may delay its implementation.

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YOU ARE FURTHER NOTIFIED that Avista has determined that straight-line depreciation rates will produce approximately the same amount of depreciation expense on an annual basis as the current mileage-based rates.

YOU ARE FURTHER NOTIFIED that Avista included Attachment A to its Application delineating the various categories of transportation equipment and the determination of the proposed straight-line depreciation rates for the various categories.

YOU ARE FURTHER NOTIFIED that Avista requests that the implementation of the proposed straight-line depreciation rate be allowed once the new depreciation software system becomes operational. The Company estimates that the new software system will become operational in July 2012. The Company proposes an April 1, 2012 effective date so that the Company can proceed with the design and implementation of the new depreciation software system.

YOU ARE FURTHER NOTIFIED that any proposed changes in the straight-line rates will be reflected in the Company's next general rate case filing, or other filing that will request approval of the new rates that result from the depreciation study.

YOU ARE FURTHER NOTIFIED that Avista has made similar filings with the Washington Utilities and Transportation Commission (WUTC) and the Oregon Public Utility Commission. Avista states that it is important that the Company be allowed to maintain uniformity in accounting across its service territory and regulatory jurisdictions.

YOU ARE FURTHER NOTIFIED that Avista requested that this matter be processed through Modified Procedure.

**NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Company's filings in Case Nos. AVU-E-12-03 and AVU-G-12-02 and finds that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position concerning Avista's Applications may file a written comment in support or opposition with the Commission. The comment must contain a statement of reasons supporting the comment.

Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning Avista's Applications shall be filed with the Commission within **twenty-one (21) days of the service date of this Order**. Written comments concerning this filing should be mailed to the Commission and the Company at the addresses written below:

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5918

David J. Meyer  
Vice President and Chief Counsel of  
Regulatory and Government Affairs  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, WA 99220  
E-mail: [david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com)

Kelly O. Norwood  
Vice President  
State and Federal Regulation  
Avista Corporation  
1411 E. Mission Avenue  
Spokane, WA 99220  
E-mail: [kelly.norwood@avistacorp.com](mailto:kelly.norwood@avistacorp.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Avista at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Avista's Application can be viewed at [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and "Electric Cases" or "Gas Cases."

YOU ARE FURTHER NOTIFIED that the Idaho Public Utilities Commission has jurisdiction over the Company, its filing and the issues pertaining to this case pursuant to Title 61 of the Idaho Code.


YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

### **ORDER**

IT IS HEREBY ORDERED that the Application be processed under Modified Procedure. Persons interested in submitting written comments regarding this case or protesting

the use of Modified Procedure should do so no later than 21 days from the service date of this Order.

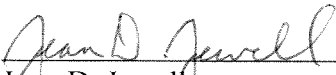
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7<sup>th</sup> day of March 2012.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
\_\_\_\_\_  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

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