

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF AVISTA CORPORATION DBA AVISTA ) CASE NOS. AVU-E-17-03**  
**UTILITIES FOR AN ORDER ) AVU-G-17-02**  
**AUTHORIZING A CHANGE IN ELECTRIC )**  
**AND NATURAL GAS DEPRECIATION ) ORDER NO. 33874**  
**RATES )**

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On June 19, 2017, Avista Corporation dba Avista Utilities filed an Application requesting that the Commission approve changes to the Company’s depreciation rates for electric and natural gas property (software). Avista serves customers in Washington, Idaho and a small portion of Oregon.

On July 26, 2017, the Commission issued a Notice of Application and established an August 22, 2017 deadline for all comments. Commission Staff filed the only comments in the case supporting the Company’s requested changes to its depreciation rates. Based upon our review of the Application and Staff comments, we approve the requested depreciation rate treatment.

**THE APPLICATION**

In February 2015, Avista implemented Oracle CC&B, its current customer software. Application at 2. The system supports several functions including billing, payment processing, collections, and customer service orders. *Id.* at 2-3. The Company stated that in the second half of 2017, it will implement a Meter Data Management (MDM). *Id.* at 3.

Here, the Company requested to depreciate the software investment associated with the MDM system over 12.5 years, rather than the standard approved depreciable life of 5 years. The Company requested a 12.5 year rate because it plans to replace Oracle CC&B in February 2030. *Id.* at 4. The 12.5 year rate would ensure that the system would be fully depreciated by that time. The Company proposed continuing use of the five-year rate for MDM hardware. *Id.* at 5.

**STAFF COMMENTS**

Staff reviewed the Company’s Application and found the Company’s request reasonable and recommended approval. Staff noted that the MDM implementation in Idaho is estimated to cost approximately \$1.5 million for hardware and approximately \$5.9 million for

software. Because the customer information system and the MDM system are inter-related, the requested 12.5-year life is prudent. Staff also recommended that the MDM hardware life remain at five years, and adjusted, if necessary, after the next depreciation study.

### **DISCUSSION AND FINDINGS**

The Commission has jurisdiction over Avista, an electric and gas utility, and the Application in this matter pursuant to Title 61, Idaho Code, and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.* More specifically, we are empowered to ascertain and determine the proper and adequate rates of depreciation under the provisions of *Idaho Code* § 61-525. Each utility under the Commission's jurisdiction is required to conform its depreciation accounts to the rates ascertained and determined by the Commission. The Commission may make changes in such rates of depreciation from time-to-time as the Commission may find necessary.

After reviewing the Application and the supportive comments of Staff, we find it is reasonable to approve the request. Likewise, we find it appropriate to accept the depreciation rates: a 12.5-year (or 8%) depreciation rate for the MDM software, and a 5-year (or 20%) depreciation rate for the MDM hardware. Further, we direct the Company to fully study all computer hardware and software computer components in the current depreciation study and present the data in its next depreciation case. In conclusion, the Commission finds these depreciation rates fair, just and reasonable, and in the public interest.

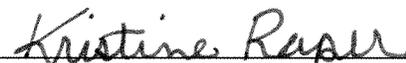
### **ORDER**

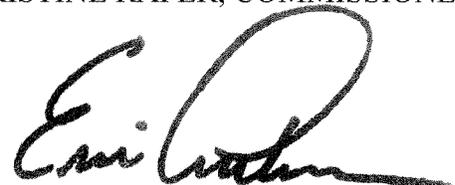
IT IS HEREBY ORDERED that the Company's Application for a change in its electric and natural gas depreciation rates is approved. Avista's depreciation rates for Idaho electric and gas properties are approved for the Idaho jurisdiction as set forth above.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case Nos. AVU-E-17-03 and AVU-G-17-02 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in these cases. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14<sup>th</sup>  
day of September 2017.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Diane M/ Hanian  
Commission Secretary

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