

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
 COMMISSIONER RAPER
 COMMISSIONER ANDERSON
 COMMISSION SECRETARY
 COMMISSION STAFF**

**FROM: KARL T. KLEIN
 DEPUTY ATTORNEY GENERAL**

DATE: MAY 1, 2018

**SUBJECT: PROPOSED SETTLEMENT REGARDING AVISTA CORPORATION IN
 THE COMMISSION'S INVESTIGATION INTO THE IMPACT OF
 FEDERAL TAX CODE REVISIONS ON UTILITY COSTS AND
 RATEMAKING – CASE NO. GNR-U-18-01.**

On May 1, 2018, Avista Corporation and Commission Staff filed a Stipulation and Settlement and a Motion for Approval of Stipulation and Modified Procedure. The Stipulation and Motion are signed by the Company, Commission Staff, and intervenors Clearwater Paper Corporation, Idaho Forest Group, LLC, and Idaho Conservation League (the only persons or entities who expressed interest in participating in this matter as to Avista). If approved, the Stipulation would return to customers 100% of tax benefits the Company has realized under the new federal tax law. In summary, customers would receive:

(1) An overall reduction (rate credit) of \$13.7 million (or 5.3% overall rate reduction for electric, and \$2.6 million (or 6.1% overall rate reduction) for natural gas associated with permanent or long-term tax benefits. These rate credits will take effect on June 1, 2018 through new “Permanent Federal Income Tax Rate Credit” Tariff Schedules 72 (electric) and 172 (natural gas) and be passed back to customers until they are incorporated into base rates in a future general rate case proceeding;

(2) An Electric Temporary Tax Benefit of \$11.980 million, which will be used to offset costs associated with accelerated depreciation of Colstrip Units 3 and 4, or other purposes as the Commission may approve in the depreciation case (Case No. AVU-E-18-03);

(3) A Natural Gas Temporary Tax Benefit Reduction of \$544,000 as an adjustment in the Purchased Gas Adjustment effective November 1, 2018.

Additionally, any changes in Federal Energy Regulatory Commission Transmission rates and/or refund to transmission customers as a result of the federal tax law changes will be tracked through the Power Cost Adjustment until reflected in base rates in the next general rate case.

Since some of the stipulated benefits would take effect on June 1, 2018, the parties ask the Commission to process the Stipulation by Modified Procedure with Comments due in time for an approving order to issue by that date. To meet this deadline, the parties recommend the Commission set a May 11, 2018 comment deadline.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Proposed Settlement and Notice of Modified Procedure setting a May 11, 2018 comment deadline relating to the Avista Stipulation?



Karl T. Klein
Deputy Attorney General