

Service Date: March 16, 2018

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**DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA**

IN THE MATTER OF Avista Corporation and ) REGULATORY DIVISION  
Hydro One Limited's Application for )  
Authorization of the Proposed Sale and Transfer ) DOCKET NO. D2017.9.71  
of Avista Corporation )  
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**NOTICE OF SETTLEMENT IN PRINCIPLE IN WASHINGTON**

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Avista Corporation hereby files the attached Letter which was filed late this afternoon with the Washington Utilities and Transportation Commission (WUTC) regarding the settlement in principle reached by the parties to the Avista/Hydro One transaction docket in Washington (WUTC Docket U-170970). Avista will provide the Commission additional information about the full terms of settlement regarding the Washington matter once they are finalized and the settlement documents are filed with the WUTC.

Dated this 16th day of March, 2018.

CROWLEY FLECK PLLP

/s/ Michael Green

Attorneys for Avista Corporation

## CERTIFICATE OF SERVICE

I hereby certify that on March 16, 2018, a true and accurate copy of the foregoing document was electronically filed with the Montana Public Service Commission and electronically served upon the parties listed below:

Mr. Will Rosquist  
Montana Public Service Commission  
1701 Prospect Avenue  
Helena, MT 59620  
[wrosquist@mt.gov](mailto:wrosquist@mt.gov)

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Box 201703  
Helena, MT 59620-1703  
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A hard copy of this Notice will be filed with the Commission and mailed by US Mail to the parties on Monday, March 19, 2018.

A courtesy copy of this Notice was provided by electronic mail to the following, who are counsel for parties seeking intervention status:

James P. Molloy  
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/s/ Michael Green  
CROWLEY FLECK PLLP



**Bob Ferguson**

**ATTORNEY GENERAL OF WASHINGTON**

Utilities and Transportation Division

PO Box 40128 • Olympia WA 98504-0128 • (360) 664-1183

March 16, 2018

Steven V. King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P. O. Box 47250  
Olympia, Washington 98504-7250

RE: *In the Matter of the Joint Application of Hydro One Limited and Avista Corporation for  
an Order Authorizing Proposed Transaction*  
Docket U-170970

Dear Mr. King:

This letter is to notify the Washington Utilities and Transportation Commission (Commission) pursuant to WAC 480-07-730(4) that a settlement in principle has been reached in this proceeding. Pending consideration of the settlement by the Public Counsel Unit of the Attorney General's Office (Public Counsel), it may be an all-party settlement. Public Counsel actively participated in negotiations and will expeditiously obtain a final decision on the settlement.

Pursuant to WAC 480-07-385(2)(b), Commission Staff requests that the Commission suspend the procedural schedule in this docket. All of the parties to this proceeding support this request.

The parties intend to file a settlement agreement on or before Tuesday, March 27, and to file testimony in support of the settlement on or before Tuesday, April 10.

The parties wish to alert the Commission that the settlement in principle incorporates the use of a portion of Avista's deferred federal income taxes, for the purpose of accelerating the depreciation schedule for Colstrip Units 3 and 4 to reflect a remaining useful life of those units through December 31, 2027. This settlement in principle does not reflect any agreement with respect to the ultimate closure of Units 3 and 4. The parties to the settlement are aware that the use of deferred tax benefits are being considered in Avista's pending rate case as an offset to a portion of the requested rate relief. It is for this reason that we want to bring this to the attention of the Commission at this time. When the settlement is filed, additional details will be provided.

In addition to Colstrip, the settlement in principle includes provisions related to low income customers, conservation, the environment, and financial protections for the utility and its

ATTORNEY GENERAL OF WASHINGTON

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customers. These provisions will be set forth in the settlement agreement that will be filed on or before March 27, 2018.

Sincerely,

/s/ Jennifer Cameron-Rulkowski, WSBA No. 33734  
Assistant Attorney General  
Office of the Attorney General  
Utilities and Transportation Division  
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JCR/emd  
cc: Parties