

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/31/2016
CASE NO.:	UE-160228 & UG-160229	WITNESS:	Heather L. Rosentrater
REQUESTER:	Public Counsel/Energy Project	RESPONDER:	Larry La Bolle
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC/EP – 067	TELEPHONE:	(509) 495-4710
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REQUEST:

In light of Avista's estimate of a 10 percent reduction in outage duration (associated with early notification), does the Company agree to the establishment of a performance standard for CAIDI that reflects this benefit with associated penalties for nonconformance?

RESPONSE:

As explained in Exhibit No. HLR-3, Appendix B, page 16, and in the Company's response to PC/EP DR-001, Avista's estimate of the reduction in the customer average outage duration (CAIDI) as enabled by the capabilities of advanced metering, is 5%. As explained in the referenced documents, this reduction of 5% was estimated by Avista based on the process improvements that will result from the earlier outage notification provided by advanced metering. This 5% reduction in outage duration, as explained in the documents, provides the basis for the customer benefit arising from reduced outage duration. Also, as explained in Exhibit No. HLR-3, Appendix B, page 24, and in PC/EP-001, Avista identified an additional outage-related benefit associated with advanced metering, we refer to as restoration efficiency. As explained in the subject documents, Avista estimated that the efficiency of the actual construction activities required for service restoration (or restoration time) will be improved by ten percent. Avista reviewed its storm-related costs and determined that 59.5% are related to activities, such as labor, meals, lodging, transportation and equipment that will be directly impacted by the improvement in restoration efficiency. The customer benefit quantified by the Company, as explained in the subject documents, is equal to 5.9% of our actual restoration costs ($0.595 \times (\text{Restoration Cost} \times 0.10)$). Though the Company acknowledges that more efficient storm restoration will have a positive impact on the overall outage duration (e.g. CAIDI), Avista did not attempt to quantify or estimate any impact on overall outage duration, and did not include any such reduction in outage duration in the calculation of any customer benefit in its business case. As noted above, the only reduction in outage duration that was estimated by Avista and used in the determination of any customer benefit was 5%.

Avista does not agree with the creation of a performance standard for electric system reliability that is based on any single item of investment in reliability. To do so would single out one of the many elements that otherwise comprise the benefits of the overall advanced metering program. Moreover, Avista, Commission Staff, and other parties recently met to develop a comprehensive set of service quality and reliability measures for the Company, setting performance standards for customer satisfaction and service quality, system reliability reporting, and customer service guarantees, including outage restoration. This program was approved by the Commission in Order 06 in Dockets UE-140188 and UG-140189 (Consolidated), and was implemented in 2015. As such, comprehensive performance standards have already been established; piecemeal additions to these standards are not warranted at this time.