

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/30/2016
CASE NO:	UE-160228 & UG-160229	WITNESS:	Heather Rosentrater
REQUESTER:	UTC Staff - Cheesman	RESPONDER:	Steve Carrozo / Larry La Bolle
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff – 178C	TELEPHONE:	(509) 495-4710
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REQUEST:

Relating only to Avista’s AMI project, in Excel please provide an itemized list (including the date billed, a description of the cost, the dollar amount, and the date paid) for all actual costs incurred by the Company from October 2015 to September 2016, and, if applicable, the allocation to Washington supported by calculation. Additionally, please provide all supporting invoices.

RESPONSE:

Please note that the information provided in the attachments to Avista’s response to Staff – 178C are **Confidential per Protective Order in UTC Dockets UE-160228 & UG-160229.**

The actual project costs incurred by month are provided electronically only in the attached excel file, Staff_DR_178C Confidential Attachment A, which is an update of the “Avista AMI Cost Workbook.”¹ Monthly costs, listed by activity, are shown in the tab labeled “Budget by Project – Month.” Activity areas, such as the Meter Data Management System, for example, are listed in column B. The monthly total costs as well as the cumulative project cost are provided in lines 74 and 75, respectively. Through August 2016, the actual project spend was \$9.953 million (System), of which, approximately \$9.206 million (or 92.5%) is represented by costs paid to contractors, as shown in the invoices provided in Staff-178C Confidential Attachments B and C. Total actual spend through September is not available at this time but is expected to be approximately \$16.0 million (system). The Company expects total system spend of \$29.3 million for the AMI project through year-end 2016, with an incremental spend of \$51.8 million during 2017, totaling approximately \$81.1 million of system spend through year-end 2017. Table No. 1 below provides the actual spend balances through August, as well as that expected through 2016 and 2017, respectively, for both system and the Washington jurisdiction.

Table No. 1-AMI Project Spend

AMI Capital Spend (In Millions)	Through 08.2016	Through 12.2016 ⁽¹⁾	Incremental 2017	Cumulative Balances Through 12.2017
Gross Capital Spend ⁽²⁾				
WA Electric	5.2	17.7	33.7	51.4
WA Natural Gas	1.6	5.2	13.9	19.1
WA Total	\$ 6.8	\$ 22.9	\$ 47.6	\$ 70.5
System	\$ 10.0	\$ 29.3	\$ 51.8	81.1

(1) Includes 2015 expenditures.
(2) See Avista's responses to Staff_DR_177 and 178C

¹ Exhibit No.__(HLR-3) Confidential Attachment A.

Invoices for vendors supporting the project are provided in Staff_DR_178C Confidential Attachments B and C. Attachment B, electronically only, contains two files listing the vendor invoices paid by invoice number, date, vendor, and amount paid for the two groups of contractors described below. All of these vendor costs are included in the monthly actual costs provided in Staff_DR_178C Confidential Attachment A. Attachment C, electronically only, contains the actual invoices for each of these vendors, including their respective allocations to Avista's AMI project. The vendors represent two categories of project support, which include Primary AMI Systems Contractors and Information Technology Support Contractors. The totals spent to date for each group of contractors is \$5,617,978, and \$3,588,401, respectively.

Primary AMI Systems Contractors (\$5,617,978) – Those contractors either providing or installing primary AMI systems, or directly supporting the deployment, which include:

Boreas Group – supporting development of technical specifications for various requests for proposals supporting the project.

Oracle – meter data management computer application.

Triniti Consulting – Installation services for the meter data management system.

SmartMark Communications – Supporting development of Avista's customer education and outreach plan for its Washington advanced metering project.

Hanna & Associates – Supporting deployment of the AMI customer education and outreach effort.

Information Technology Support Contractors (\$3,588,401) – These contractors provide ongoing support to the Company's Information Technology group in support of a wide range of projects, which include the Washington AMI project. These contractors include: Black & Veatch Corporation, Fujitsu America, Hewlett Packard, IBM, Intellitect, MSR Cosmos, Nuvodia LLC, Oxford, TEK Systems, and Utility Solution Partners, LLC. The AMI support activities provided by each of these vendors is included in the file containing invoice numbers, dates, amounts paid, and descriptions in Confidential Attachment B.

As noted in the Company's rebuttal testimony by Ms. Rosentrater, the Meter Data Management System, for example, will not transfer to plant-in-service until July 2017, with the first meter install transfer occurring in September 2017. Due to the timing of the 2017 capital additions, the Company has included only those balances that have transferred into service during the 2017 rate period, on an average-of-monthly-average (AMA) basis. Table No. 2 below provides the gross plant, expense and revenue requirement for the 2017 AMI project adjustment included within the Company's electric and natural gas Attrition Studies as an "After Attrition Adjustment," as the AMI project was not reflected within the trending of prior costs. Also shown is the amounts for the six-month period ending June 2018 on an AMA basis, which is included in the Company's electric and natural gas Cross Check Studies only (and not in Avista's AMI "After Attrition Adjustment").

Table No. 2 – AMI After Attrition Adjustment

AMI Gross Transfers to Plant and Expenses (In Millions)	(After Attrition Adj.) 2017 - AMA ⁽²⁾	6 Mos. Ended June 2018 - AMA ⁽³⁾	Cross Check Study Totals ⁽³⁾
Net Operating Expense			
WA Electric	1.7	1.8	3.5
WA Natural Gas	0.5	0.6	1.1
WA Total	\$ 2.2	\$ 2.4	\$ 4.6
Gross Transfers to Plant ⁽¹⁾			
WA Electric	13.6	25.6	39.2
WA Natural Gas	4.3	9.3	13.6
WA Total	\$ 17.9	\$ 34.9	\$ 52.8
Revenue Requirement			
WA Electric	3.8	4.7	8.5
WA Natural Gas	1.1	1.8	2.9
WA Total	\$ 4.9	\$ 6.5	\$ 11.4
<p>(1) See Exhibit Nos. _(EMA-6T) and _(KKS-8T), prior to impact of Accumulated Depreciation and Accumulated Deferred Federal</p> <p>(2) Included in After Attrition Adjustment within Exhibit Nos. _(EMA-7) through _(EMA-10).</p> <p>(3) Included in Exhibit Nos. _(JSS-5) and _(JSS-6) Cross Check Adjustments.</p>			

The total gross transfers to plant for Washington electric and natural gas included within the “After Attrition Adjustment” is \$17.9 million, which is much less than the AMI Project spending level (WA share) of \$70.5 million through 2017. (Compare Table Nos. 1 and 2)

Confidential per WAC 480-07-160

Costs and Invoices

Staff_DR_178C Confidential Attachment A

Staff_DR_178C Confidential Attachment B

Staff_DR_178C Confidential Attachment C