

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/18/2015
CASE NO.:	UE-150204 & UG-150205	WITNESS:	Larry La Bolle
REQUESTER:	Public Counsel/Energy Project	RESPONDER:	Larry La Bolle
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC/EP – 079	TELEPHONE:	(509) 495-4710
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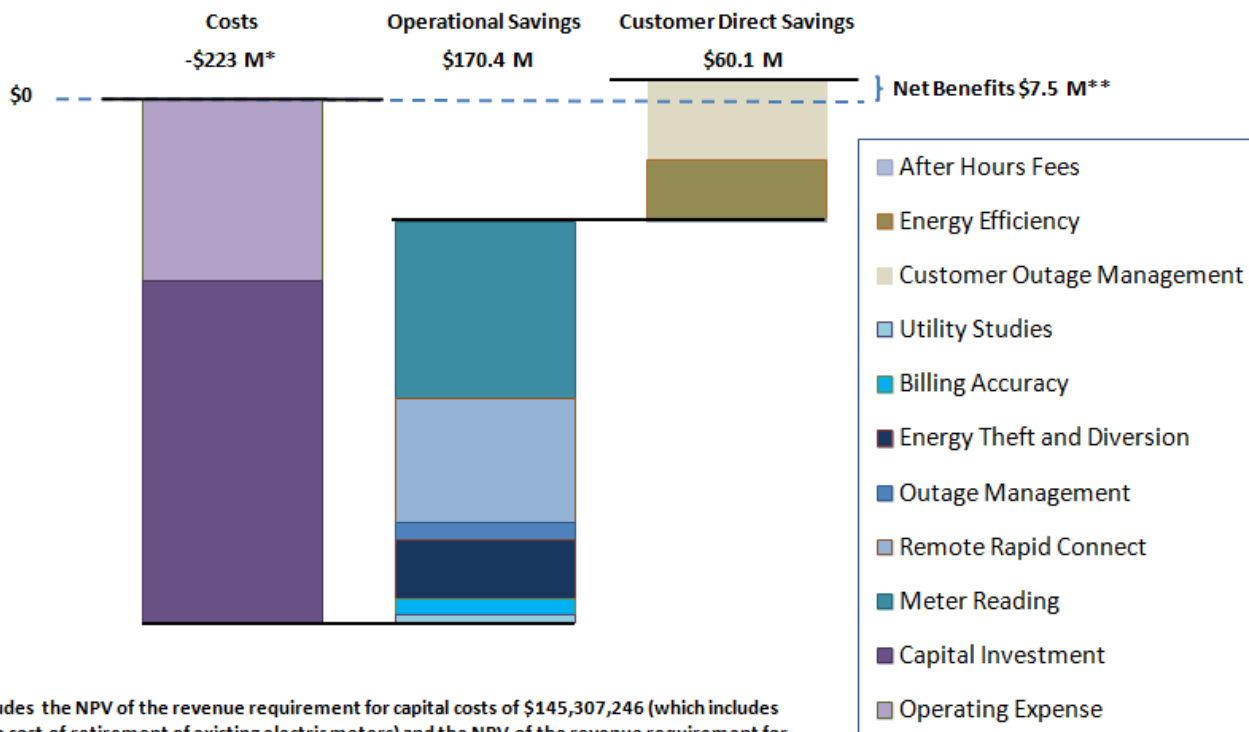
REQUEST:

Please provide an updated version of Illustration No. 6 in Mr. Kopczynski’s testimony (Exhibit No. DFK-1T, at 15) that reflects the most recent information on cost and benefit estimates as provided in this proceeding to date.

RESPONSE:

The subject illustration from Mr. Kopczynski’s testimony is provided below. The results show the NPV of the combined capital and expense costs as \$223 million, and the NPV of the combined operational and direct benefits of \$230.5 million. During this case, as explained in ICNU_DR_076 Supplemental, Avista revised its estimate of the capital and expense costs, resulting in a NPV of \$227 million. The estimated benefits were not revised, and the net benefits remain positive at \$3.5 million. The revised chart, reflecting these changes is shown on the following page. In both cases the estimated benefits do not otherwise capture the unquantified benefits described in Mr. Kopczynski’s testimony.

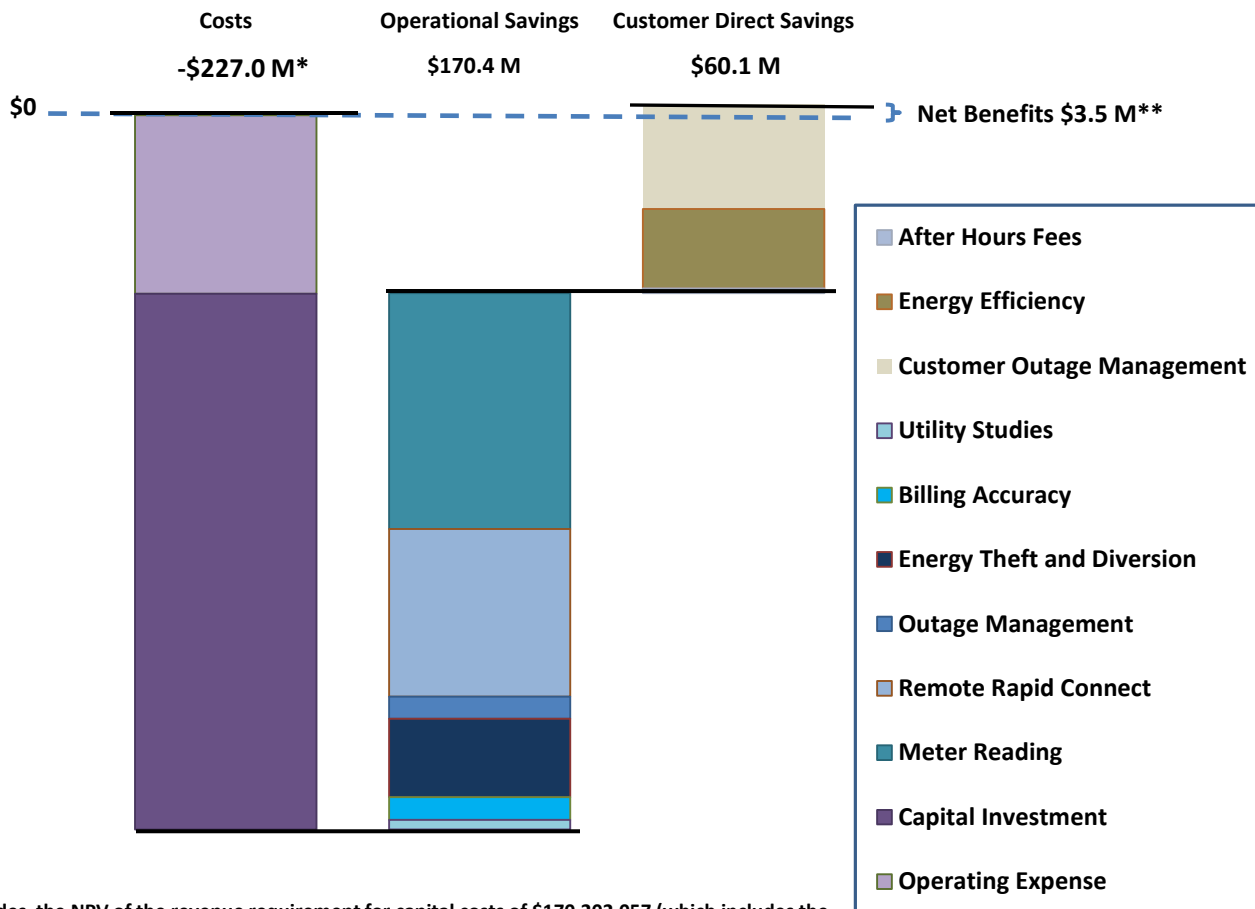
Preliminary Estimate of Lifetime Net Benefits of Washington AMI



* Includes the NPV of the revenue requirement for capital costs of \$145,307,246 (which includes the cost of retirement of existing electric meters) and the NPV of the revenue requirement for operating expenses of \$77,608,318, over a 21 year project life.

** Does not include the unquantified customer experience benefits (e.g., text alerts, web portal, access to real time data, etc.)

Preliminary Estimate of Lifetime Net Benefits of Washington AMI



* Includes the NPV of the revenue requirement for capital costs of \$170,202,057 (which includes the cost of retirement of existing electric meters) and the NPV of the revenue requirement for operating expenses of \$56,812,265, over a 21 year project life.

** Does not include the unquantified customer experience benefits (e.g., text alerts, web portal, access to real time data, etc.)

In these Dockets Avista has presented cost and benefit analyses related to its proposal to move forward with the deployment of advanced metering in Washington. In this effort, the Company has endeavored to identify and include all of the costs and benefits associated with the project. These analyses show that the benefits are equal to or greater than the costs associated with deployment of advanced metering, over the life of the system. To varying degrees, both the costs and the quantified benefits are necessarily based on estimates, including those that are more easily estimated, and those that are more difficult to estimate. In some instances the benefits are identified, but no estimated dollar amount has been assigned, and with regard to other benefits, as explained in Avista’s direct and rebuttal testimony and in discovery, the Company has been conservative (toward understating the value) in its estimate of quantified benefits.