

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/18/2015
CASE NO.:	UE-150204 & UG-150205	WITNESS:	Kelly Norwood
REQUESTER:	Public Counsel/Energy Project	RESPONDER:	Kelly Norwood
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC/EP - 093	TELEPHONE:	(509) 495-4267
		EMAIL:	kelly.norwood@avistacorp.com

REQUEST:

RE: Rebuttal Testimony of Kelly O. Norwood, Exhibit No. KON-1T, p. 40, ll. 2-4, 20-23, p. 41, ll. 1-4.

Mr. Norwood states: "Avista is not (emphasis in original) requesting approval by the Commission at this time, of the prudence of any dollars associated with the new investment or operating costs of AMI."

Mr. Norwood also states:

With regard to Commission decisions, Avista requests an order in these Dockets that supports Avista's decision to move forward (emphasis in original), in principle with the deployment of AMI. Avista understands that in future proceedings, the Company will need to support the prudence of the dollar amounts of investment and operating costs associated with AMI, i.e., the prudence of the decision to move forward with the deployment of AMI would occur in these Dockets, and the prudence of the dollars spent on AMI would occur in future dockets. Avista is not (emphasis in original) requesting approval by the Commission at this time, of the prudence of any dollars associated with the new investment or operating costs of AMI.

- a. Please explain what precedent and standard the Commission would use to evaluate Avista's decision to move forward with AMI deployment in this docket.
- b. Please explain:
 - (i) what the standard for evaluation of prudence would be in later dockets,
 - (ii) how it differs from the standard for the decision to move forward in this docket, and
 - (iii) provide examples of how the dollar amounts for AMI expenses might be found imprudent after the Commission had preapproved the decision to pursue AMI deployment.

RESPONSE:

Avista is requesting in this docket an affirmation that the Company should proceed with the implementation of AMI, so long as the costs of implementation are prudently incurred. Avista anticipates that the Commission will consider the benefits of advanced metering, both in the form of quantified benefits, and un-quantified or intangible benefits, in its determination as to whether the Company's advanced metering project should proceed as planned. Avista will continue to proceed with requests for proposals (RFP) from qualified vendors for various components of the project. We will use objective criteria for evaluating and selecting vendors, and will create and maintain effective documentation for

these and other aspects of the decisions of the Company in the management of the project. In seeking to recover costs of implementing AMI in its next general rate proceeding, the Company will demonstrate that it has met the prudence criteria of the Commission, regarding “...what would a reasonable board of directors and company management have decided given what they knew or reasonably should have known to be true at the time they made the decision.” (emphasis added) (Eleventh Supplemental Order, Docket No. UE-920433, September 21, 1993)