

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/28/2015
CASE NO.:	UE-150204 & UG-150205	WITNESS:	Don Kopczynski
REQUESTER:	UTC Staff - Nightingale	RESPONDER:	Larry La Bolle
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 084	TELEPHONE:	(509) 495-4710
		EMAIL:	larry.labolle@avistacorp.com

REQUEST:

See page 9 - section II.E. Again referencing the Pullman project, please state whether the advanced meters installed by the project will be replaced by Avista as part of its AMI proposal in the next six years. If so, please describe why this action is necessary.

RESPONSE:

The American Recovery and Reinvestment Act of 2009 (ARRA) provided the U.S. Department of Energy (DOE) with \$4.5 billion to be used in part as grant funding to modernize the electric power grid. In October 2009, Avista was chosen to receive a matching grant from the DOE to lead a Smart Grid Demonstration Project in Pullman, Washington, which created the first "smart community" in the Pacific Northwest. The matching funds for the \$38 million project were a part of a DOE grant for a larger \$178 million regional project, which was administered by Battelle¹. A summary of the Project is included in Avista's 2014 Smart Grid Technology Report, provided here as Staff_DR_084 Attachment A. Additional highlights of the Project are also featured in a report summarizing the Pacific Northwest Smart Grid Demonstration Project, titled "Compilation of Success Stories." This report, prepared by the Bonneville Power Administration, was provided in the Company's response to Staff_DR_077 Attachment A.

In addition to the matching DOE grant, Avista also partnered with several regional entities who participated in the Project on a cost-share basis. These included Itron, Hewlett-Packard, Spirea, and Washington State University. In total, Avista's portion of the matching funds was approximately \$13.1 million, however, that allocation was not uniform across the various components of the Project. For the portion of the Project related to advanced metering, the total capital installation cost for the meters was \$853,398. Of this amount, \$661,383 was paid by Avista's partner organizations, and \$192,015 (or 22.5%) was paid by Avista.

The Company is mindful of the costs and benefits associated with the ultimate decision to either retain or replace the meters in the Pullman system, as part of the Washington advanced metering project. Though Avista has not made any decision at this time, it will continue analyzing the costs and benefits as the selection of systems, solutions and vendors progresses for the Washington advanced metering project. Some of the cost and benefit considerations related to the existing meters in Pullman, include the following:

¹ Battelle is an international science and technology enterprise that explores emerging areas of science, develops and commercializes technology, and manages laboratories for customers. Battelle supports community and education programs to promote an enhanced quality of life for its community neighbors.

- 1) The meters installed in Pullman are the “first generation” of Itron AMI meters. They are firmware upgradeable, but the communications processors cannot be upgraded to support the latest networks built on IPv6 technology. There are support staffing and troubleshooting issues associated with operating and maintaining multiple networks, which are based on disparate technology platforms.
- 2) Using the first generation meters in Pullman would require Avista to continue to stock the first generation meters, in addition to whatever new AMI meter standard is developed. This means stocking a different meter type, of which there are 12 unique meter forms, for a small geographic area. This could lead to confusion, missing data, and additional field orders if the wrong type of meter is installed. It also would add to the overhead of the metering department and asset management.
- 3) The Pullman system is using the first-generation security-management system (known as Certicom). The system requires manual command prompt intervention, which requires significant staff hours to maintain and troubleshoot. A newer security management system for AMI, which is unified across the service territory, would reduce labor costs and allow for better security key management. Data security will be one of the top priorities for the AMI deployment.
- 4) System maintenance is another issue. If the Pullman system is not replaced, and since it will be different than any new system implemented, this will result in duplicated efforts around server maintenance, integration support, demand reset process, disconnect/reconnect process, and the billing system integration.