Agenda Date:	September 29, 2022
Item Number	A2
Docket:	**UG-220476**
Company:	Avista Corporation d/b/a Avista Utilities
Staff:	Andrew Sellards, Regulatory Analyst Kristen Hillstead, Regulatory Analyst

Recommendation

Issue an order granting exemptions to WAC 480-90-343(1)(a) and WAC 480-90-348(1)(a) and authorize the tariff revisions to become effective by operation of law with less than statutory notice as requested in the cover letter accompanying the revised petition submitted September 16, 2022, allowing the tariff revisions to become effective September 30, 2022. Commission staff (Staff) finds the exemptions granted to be consistent with the Commission's exemption standards and in the best interest of the public. Staff believes Avista has shown good cause with this request which will ensure the tariff aligns with the exemption request.

Discussion

On September 16, 2022, Avista Corporation d/b/a Avista Utilities (Avista or Company) filed a revised Petition with the Washington Utilities and Transportation Commission (Commission) for exemption of Washington Administrative Codes (WACs or rules) 480-90-343 pertaining to Statement of meter test procedures, 480-90-348(1)(a) outlining meter testing parameters for natural gas meters up to three thousand cubic feet per hour (cfh), and natural gas tariff WN U-29 Schedule 170, Paragraph 24, Section C, Subsection b.iii.1, detailing Avista's Periodic Meter Changeout (PMC) program.

Avista's Petition reports supply chain issues impacting the meter supplier will soon result in Avista's inability to simultaneously operate the PMC and conduct customer requested meter tests. If approved, this Petition for exemption will temporarily suspend Avista's PMC program testing of diaphragm type natural gas meters with up to 1,000 CFH (Cubic feet per hour) flow rates, until December 31, 2023.

In this Petition for exemption, Avista cites a shrinking inventory of diaphragm meters coupled with increasingly longer lead times with their meter supplier Elster, as the basis for this petition. In the Petition, Avista notes the Company no longer has adequate inventory to operate the PMC and complaint meter tests pursuant to WAC 480-90-183. If this Petition is granted, the PMC will be suspended through December 31, 2023, however meter tests requested by customers pursuant to WAC 480-90-183 will remain in effect.

In addition to the low inventory, Avista states increasingly longer lead times from the meter supplier compounds the issue. For reference, in 2020, Elster was able to routinely deliver meters approximately eight weeks after the purchase date. In 2022, these delivery times have extended to approximately 39 weeks in the first quarter of 2022 and approximately 44-weeks on average in the second quarter of 2022. In follow up discussions with the Company, Avista states new orders were submitted to Elster in early August, and the *estimated delivery date* provided by the meter supplier for these orders is Quarter 1, 2024.[1]

To test natural gas meters, for both the PMC program and customer requested meter tests, the existing meter is removed, and a second meter is installed at the service address to maintain the continuity of service for a customer. Hence the requirement for an adequate inventory of natural gas meters.

If Avista were to continue operating the PMC and replacing meters using the current inventory and remaining deliveries for 2022, Avista expects to experience a deficit of natural gas meter models AL425 and AC630, both of which serve residential and small industrial or small commercial customers by the end of the year. The Petition notes if no exemption is granted and the PMC continues as is into 2023, Avista will also experience a deficit for AL1000 type meters which serve industrial and commercial customers. The tables below show a projected comparison for 2022 and 2023, with an approved petition and a denied petition.

Table 1 – Avista PMC projections for 2022 should the petition be denied.[2]

2022						
	Currently In Stock	**Qty Needed Growth**	**Qty Needed PMC**	**Qty Needed FF**	**Expected to Deliver**	**Meter Totals**
Meter Type						
AC250	1,416	1,847	1,622	3,138	6,800	1,609
AL425	413	143	207	294	144	-87
AC630	23	63	97	334	288	-183
AL1000	263	22	125	459	420	77

[1] Quarter 1, 2024 is January, February, and March 2024, or approximately 80 weeks as the *estimated delivery date* of the order placed Aug. 8, 2022.

[2] FF stands for Failed Family meters. Meters categorized as FF mean they are subject to more frequent testing as part of the PMC.

Table 2 – Avista PMC projections for 2023 should the petition be denied.

2023						
	Estimated Stock at Beginning of Year	**Qty Needed Growth**	**Qty Needed PMC**	**Qty Needed FF**	**On Order**	**Meter Totals**
Meter Type						
AC250	1,609	2,501	1,622	1,765	6,020	1,741
AL425	-87	206	207	248	936	188
AC630	-183	93	97	73	232	-214
AL1000	77	33	125	0	36	-45

Table 3 – Avista PMC projections for 2022 should the petition be granted through end of 2022 only.

2022						
	Currently In Stock	**Qty Needed Growth**	**Qty Needed PMC**	**Qty Needed FF**	**Expected to Deliver**	**Meter Totals**
Meter Type						
AC250	1,416	1,847	0	0	6,800	6,369
AL425	413	143	0	0	144	414
AC630	23	63	0	0	288	248
AL1000	263	22	0	0	420	661

Table 4 – Avista PMC projections for 2023 should the petition be granted through 2022 only.

2023						
	Estimated Stock at Beginning of Year	**Qty Needed Growth**	**Qty Needed PMC**	**Qty Needed FF**	**On Order**	**Meter Totals**
Meter Type						
AC250	6,369	2,501	1,622	4,903	6,020	3,363
AL425	414	206	207	542	936	395
AC630	248	93	97	407	232	-117
AL1000	661	33	125	459	36	80

Avista stresses that even with the projected delivery dates as currently scheduled, the Company still projects to experience a deficit of AC630 specific meters throughout 2023. Avista confirms the Company plans to refurbish or rebuild AC630 models as needed to overcome this small

deficit. Avista notes these dates are *estimated delivery dates* and actual delivery dates for all meter types may be further delayed due to circumstances outside of Avista's or Elster's control.

The Company has considered options on how to possibly mitigate the current inventory deficits. Avista states in the petition, the Company had preliminary internal discussions about procuring meters from another supplier to supplement the current inventory. However, Avista determined, that due to meter identification requirements of WAC 480-90-328 that require specific serial numbers and company name on the meters themselves, it was not practicable to integrate any third-party meters into Avista's existing infrastructure. Avista notes there were additional issues raised with implementing the current Encoder Receiver Transmitter (ERT) technology on third-party meters which allows Avista to obtain meter reads using a handheld device. Currently, the ERT module is installed on the meter itself by the meter manufacturer, which uses a specific communication path exclusive to Avista's systems.

As noted in the petition, Avista indicates it sought out other possible solutions to the meter inventory issue. Avista indicates one possible solution, is to manually adjust the Installation Constant on those meters that have experienced meter drift to counteract the minimal drift of the readings[3]. Avista states this practice is only suitable where for meter families that are experiencing a consistent drift in accuracy. As Avista's inventory has decreased, this practice of adjusting the installation constant has increased over the past two years. However, once a meter is found to be +/- 2 percent, it is removed from service and is no longer used. The table below illustrates the increase of this practice from 2018 to the current year.

Table 5 – Increase in Installation Constant Adjustments 2018 – 2022.

Year	Removed from Service	New Installation Constant Adjustment Meters	Cumulative Installation Constant Adjustment Meters
2018	3,791	N/A - This solution was implemented in 2019	N/A
2019	2,849	5,810	5,810
2020	734	0	5,810
2021	3,611	22,486	28,296
2022	1,382	9,282	37,578

Once the PMC is resumed in 2024, and Avista is able to determine the accuracy of natural gas meters, the Company will review any instances of overbilling or underbilling while the PMC is suspended. In the event of an underbilling, Avista will issue a corrected bill recovering six months of usage from the date of the error. Conversely, in the event of an overbilling, Avista will issue a corrected bill covering a period of six years pursuant to WAC 480-90-178(5)(a). Avista's petition notes for meters that are tested and confirmed to be "fast", historically test fast by an average margin of 2.6 percent. Meaning that in the event a meter is in-accurate pursuant to

[3] WAC 480-90-338 states "A meter must not deviate more than two percent fast or slow at each test rate."

WAC 480-90-338, it is only off by 0.6 percent due to the 2.0 percent variance as allowed by rule. Avista notes an average customer with a "fast" meter using 67 therms of natural gas per month would be overbilled by an average of 2.6 percent equal to $1.69 per month, or $25.35 over a 15-month period. Once the PMC is resumed, and Avista can confirm the overbilling amount, Avista will provide credits as required in WAC 480-90-178(5)(a).

Commission staff feels the temporary suspension of the PMC program until December 31, 2023, allows the Company to balance its current natural gas meter inventory and pending orders, while simultaneously maintaining compliance with WAC 480-90-183[4] and is therefore in the public's interest.

Conclusion:

Issue an order as described in the recommendations section of this memo granting exemptions to WAC 480-90-343(1)(a) and WAC 480-90-348(1)(a) and authorizing the tariff revisions to become effective with less than statutory notice as requested in cover letter for the revised petition submitted September 16, 2022, allowing the tariff revisions to become effective September 30, 2022.

[4] WAC 480-90-183 relates to complaint meter tests as the request of a customer. The meter testing procedures for both PMC meter testing and customer requested meter tests is the same.