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March 27, 2020

Via Electronic Mail

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: Docket No. UE-170002 and UG-170003 - Comments of Avista Utilities on Rulemaking to Address Electric and Natural Gas Cost of Service

Dear Mr. Johnson,

Avista Corporation dba Avista Utilities (Avista or Company) submits the following comments in accordance with the Washington Utilities and Transportation Commission's (Commission) Notice of Opportunity to File Written Comments on Proposed Rules (Notice) dated February 12, 2020.

Avista appreciates the opportunity to provide comments. Avista has reviewed the proposed rulemaking referred to in this Notice and the Company is supportive of the proposed rules. However, the Company is concerned regarding the amount of lead time necessary to fully implement the proposed rules.

The proposed rules will require extensive programming modifications to meet both the presentation requirements in proposed Section 480-85-040 and new data requirements associated with the proposed allocation methods in Section 480-85-060. Other companies expressed similar concerns in their Small Business Economic Impact Statement Questionnaire responses.

The Company believes a <u>transition period of up to one-year</u> for the complete implementation of these rules upon passage would be reasonable. Initial filings within the transition period under these rules should be allowed on a best efforts basis with the opportunity to revise components of a cost of service study into compliance as soon as reasonably possible during the pendency of a case filed prior to the end of the transition period. As shown on page 51 of the CR-101 Phase Summary of Comments, "Staff is open to consider a transition period for the adoption and use of the templates and rules."

In addition, the load study/AMI demand information requirements in Section 480-85-050 may be problematic for Avista as the Company is presently in the process of implementing AMI for its

Washington customers. The current plan[1] would complete AMI implementation by March 2021, therefore twelve months ended March 2022 would be the first full test year that could utilize AMI completely for hourly usage data. Considering the imminent availability of AMI data, the Company plans to continue to utilize twelve-months ended June 2014 load study profiles to statistically update the minimum number of test year hours necessary to develop the demand-related allocation factors used in the Company's cost of service studies for any cases filed during the interim. The Company does not believe that conducting an expensive new load study prior to the completion of its AMI meters project, likely by a third-party entity, would be a prudent use of resources for customers to incur given the imminent availability of the AMI data. The Company asks that there be flexibility in this type of situation as the Company completes its transition to full deployment of AMI meters.

The cost of service methodology proposed in Section 480-85-060 for natural gas demand costs calls for allocation by design day peak demand. Considering that design day peak demand is a planning estimate independent of actual test period daily usage, the Company finds the Section 480-85-030 (5) load study performed at a minimum every five years or Section 480-85-050 advanced metering daily load data requirements to be superfluous if the design day peak demand methodology is adopted into rule.

In conclusion, Avista is supportive of the proposed rules, but encourages flexibility in the execution of the proposed rulemaking as companies gain experience with the new requirements.

Please direct any questions regarding these comments to Tara Knox at 509-495-4325 or tara.knox@avistacorp.com or Joe Miller at 509-495-4546 or joe.miller@avistacorp.com.

Sincerely,

Patrick Ehrbar
Director of Regulatory Affairs

[1] This statement refers to the AMI implementation plan prior to delays that are likely to occur associated with the Company's response to the COVID-19 state of emergency.