

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKET NO. UE-20_____
	)	DOCKET NO. UG-20_____
Complainant,	)	
v.	)	
AVISTA CORPORATION, d/b/a AVISTA UTILITIES,	)	AVISTA CORPORATION'S
	)	PETITION FOR LIMITED
Respondent.	)	EXEMPTION FROM
	)	WAC 480-85-050
	)	

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1 COMES NOW, Avista Corporation (hereinafter "Avista" or the "Company"), and pursuant to WAC 480-85-070, seeks a limited exemption from the requirements of WAC 480-85-050(1) and WAC 480-85-050(2) requiring that rate schedule usage data for any cost of service study must come from "the best available source" – i.e., either from AMI or a load study, and that any such load study must be no older than five years old.<sup>1</sup> Service of documents pertaining to this filing should be to the following Avista Corporation representatives:

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2 Under WAC 480-85-070, the Commission may grant an exemption from the rules of this Chapter (480-85) under the standards and procedures set forth in WAC 480-07-110, if consistent with

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<sup>1</sup> This Petition is filed in conjunction with Avista's general rate case filings (UE-20\_\_\_\_\_ & UG\_20\_\_\_\_) to which it relates. WAC 480-07-110 (1) allows the Commission to modify the application of procedural rules on its own initiative during a particular adjudication or other docket without following the process identified in subpart (2) of the rule.

the public interest, the purposes underlying regulation, and applicable statutes. (WAC 480-85-050(1) for natural gas and WAC 480-85-050(2) for electric) The standard for determination is the “public interest standard” – i.e., whether it would work an “undue hardship” and would be “contrary to the underlying purposes of the rule and public interest.” (WAC 480-07-110(3)) On October 30, 2020, the Company filed an electric and natural gas general rate case in the above-captioned matter and provided a cost of service study to support the spread of rates among customer service schedules. Doing so presented certain difficulties, in light of recently-adopted rule changes set forth in WAC Chapter 480-85 governing cost-of-service filings. With the exception of Section -050 discussed in greater detail below, the Company believes both the electric and natural gas studies presented in its filing meet all of the requirements set forth in WAC Chapter 480-85.<sup>2</sup>

3           WAC 480-85-050(1) requires usage data for the studies to come from the best available source, including advanced metering technology (AMI). The Company is presently completing implementing AMI for its Washington customers, as discussed by Company witnesses Ms. Rosentrater and Mr. DiLuciano in its 2020 general rate case filing. As implementation was just beginning during the 2019 test year, consistent hourly data for 2019 for electric and daily data for natural gas representative of all customers during the test year is not available. Therefore, the Company falls under sub-section (1)(d) requiring the use of a load study, and section (2), which requires that usage data may not be older than five years.

4           Regarding natural gas cost of service, Avista (as is true with most other jurisdictional natural gas utilities) has never prepared a load study comprised of daily usage data for natural gas, and has been waiting to collect a year’s worth of customer energy usage data from its nearly completed installation of AMI meters for natural gas customers before doing so. Avista’s first natural gas load

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<sup>2</sup> E.g., the Company adopted all presentation requirements and new data requirements associated with the allocation provisions within Section 060. These included such things as the renewable future peak credit and 12 coincident peak allocation methodology for electric, and the design day peak and winter sales storage allocation methodology for natural gas.

study will be conducted after the full implementation of AMI. Absent available AMI data (not fully implemented) or a load study (does not exist), the Company has utilized the best available source for usage data, namely 2019 billing data.

5           Regarding electric cost of service, until such time that AMI is fully deployed, hourly electric usage data is not available for 2019; such hourly data, however, is contained with its earlier 2014 load study. Consequently, hourly demand estimates for use in developing all demand allocation factors relied primarily on 2019 billed usage data shaped based on the prior 2014 load study. Consistent with recent cost of service studies prepared by the Company, hourly shaping was estimated using the relationship between average monthly kWh and hourly kW from the Company's 2014 electric load study applied to 2019 monthly billed data (average monthly kWh) as this is the best information available to the Company. As just noted, the time period measured in the Company's most recent electric load study was 12-months ended June 30, 2014. That time period is more than five years earlier than the test year by six-months. Prior to the decision to pursue AMI, the Company policy was to perform an electric load study every five years which would have initiated a new study to commence with January 2019 meter readings. In 2018 the decision was made to defer the next load study until AMI implementation was complete. As stated in the Company's comments in Dockets UE-170002 and UG-170003 (included as Attachment A) on March 27, 2020:

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.” (General Order R-599 Appendix A, page 6)

Until AMI is complete, the “best available” information is derived from a 2014 electric load study and the use of 2019 test year customer billing determinants for natural gas. For purposes of the cost of service studies, as required by rule, the Company has utilized the “best available” source for usage data, namely 2019 billing data. While it is reasonable to assume that more granular data, whether

from AMI or a new load study, could provide more precise demand allocation factors, the Company does not believe this would have a material effect on the directional accuracy of the electric or natural gas study results.

6           Out of an abundance of caution, the Company is filing this Petition in conjunction with its general rate filings, so that the filings themselves are not deemed deficient and rejected as a matter of course. As noted, the Company recently brought this problem to the attention of the Commission in its rulemaking comments, but these concerns were not addressed in the final rule.<sup>3</sup>

7           The required use of the “best available information” for cost-of-service purposes will still be satisfied by the use of the 2014 electric load study and test period customer usage data for 2019 natural gas customers. Once completed and after at least twelve months of data has been collected by AMI in the near future, the “best available data” will truly be that which is provided by the AMI system (one of its benefits). Until such time, and for purposes of the newly-filed electric and natural gas rate filings, the public interest can still be satisfied with existing information (albeit not daily information for all rate schedules for natural gas; see WAC 480-85-010(2); load profile estimates for electric, however, can be hourly as required). In the final analysis, cost-of-service studies are, at best, a guide to rate spread among many other factors. And, in this case, the Company has proposed a uniform rate spread among all schedules, preserving the existing relationships among customer classes. It would not be in the public interest and would work an undue hardship to deprive Avista of the opportunity to seek rate relief through strict application of all provisions of WAC Chapter 480-85 without providing a transition period and granting the limited exemptions requested.

WHEREFORE, for the foregoing reasons, Avista respectfully requests a limited, one-time exemption, from the requirements of WAC 480-85-050(1) requiring that rate schedule usage

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<sup>3</sup> As stated on General Order R-599, Appendix A, page 1, Staff seemed to understand and concur with the concerns expressed by Avista in this regard, stating: “Staff understands the concerns of stakeholders about implementation and will ask that the Commission take it into consideration.”

must come from AMI (not fully implemented) or a load study (does not exist) for purposes of the natural gas cost of service study. As for electric cost-of-service, Avista requests a limited exemption from WAC 480-85-050(2) allowing for the continued use of its 2014 electric load study (slightly older than five-years) in this proceeding.<sup>4</sup>

RESPECTFULLY SUBMITTED this 29<sup>th</sup> day of October, 2020.

*/s/ David J. Meyer*

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David J. Meyer, Vice President and Chief Counsel  
for Regulatory and Governmental Affairs

cc: Service List

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<sup>4</sup> WAC 480-85-050(2) states “Rate schedule usage data for any cost of service study must not be older than five years.”  
Petition for Limited Exemption