

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

DOCKET NOS. UE-200900 and UG-200901 (*Consolidated*)

PAUL J. ALVAREZ AND DENNIS STEPHENS
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT

EXHIBIT PADS-11

Avista Revised Response to Public Counsel Data Request No. 288

April 21, 2021

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/15/2021
CASE NO.:	UE-200900 & UG-200901	WITNESS:	Heather Rosentrater
REQUESTER:	Public Counsel	RESPONDER:	Larry La Bolle
TYPE:	Data Request	DEPT:	Transm Ops/System Planning
REQUEST NO.:	PC – 288 Revised	TELEPHONE:	(509) 495-4710
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SUBJECT: Customers' Reliability Expectations

REQUEST:

Refer to Avista's response to Public Counsel Data Request 227, regarding "willingness to pay" research on reliability improvements.

- a) Provide the "detailed results of a proprietary survey on customer willingness to pay (provided to us as a favor by the utility who paid for the research)".
- b) Given that Avista's reliability performance, particularly as measured by SAIFI, is already strong, and given Avista's belief that "customers are unwilling to pay more in rates for promises of better service reliability", explain the rationale for Avista's use of "standing budgets" for grid modernization, substation rebuild, and any other programs, which involve the prospective replacement of equipment outside of standard industry practices (including "run to failure" for distribution equipment; routine testing for substation equipment; and routine pole inspection programs, to name a few).

RESPONSE:

- a) The referenced study was conducted in 2016, at the behest of HydroOne for their purposes, and was not relied upon by Avista for purposes of this case.
- b) Please see Avista's responses in the subparts below to the statements made in part (b) of this request.
 - i. Pertaining to the initial part of the statement in this request, Avista is unable to assign any meaning or interpretation to Public Counsel's attribution to the Company's SAIFI as "already strong."
 - ii. Pertaining to the reference to "standing budgets" for programs: The Company has responded to numerous data requests on its many infrastructure programs that are intended to have the integrated long-term impact of generally maintaining and upholding the overall reliability performance of our electric infrastructure.¹ Programs for which we have provided very detailed information include, among others, grid modernization, wood pole management, vegetation management, wildfire resiliency, transmission minor rebuilds, transmission major rebuilds, investments to meet transmission code compliance, substation rebuilds, new distribution substations, distribution minor rebuilds, Avista's overall electric system planning and assessment, and a wide range of electric infrastructure and asset management plans, system reliability modeling, and a wide range of data, analyses, failure modeling and lifecycle cost

¹ Service reliability, is of course, only one of the many objectives, risks costs and benefits that are optimized in our infrastructure investments, including our overall intent to meet our many legal and compliance obligations and to generally provide our customers service at the lowest reasonable lifecycle cost. Please see the Company's responses to PC-DR-297 through PC-DR-305.

modeling. In Avista's view, to not have standing infrastructure programs to address the many issues and objectives we have already identified and discussed in detail, would be imprudent and in conflict with our obligation to meet the service standards required by the Commission.² Further, the Company has identified in numerous instances why its program budgets are not static, and in particular, why some budgets have had to increase over time just to maintain and uphold our current compliance requirements, lifecycle cost value, and the overall reliability performance of our infrastructure.

- iii. Regarding the statement referring to "prospective replacement," the Company has at every instance noted its disagreement with Public Counsel's use of that phrase, including the use of "preemptive replacement," to describe how Avista replaces any equipment before it fails in service. The reason for our strong disagreement is that use of these phrases seeks to establish a premise that the default (and proper) strategy for replacement of assets is only when they fail in service. As we have stated in response to numerous requests, the Company replaces electric system assets when they are deemed to have reached the end of useful life. Further, we have explained and demonstrated that 'end of useful life' is determined through asset failure analysis, and evaluation of costs, benefits and risks in both simple analyses and very complex lifecycle cost modeling – all to identify the replacement strategy (and the ultimate designation of end of life) that allows us to deliver service to our customers at the lowest reasonable optimized cost. Therefore, Avista does not preemptively or prospectively replace equipment, rather, we replace assets at a point in time and in a manner that delivers our customers the greatest overall value. Accordingly, there is no 'one size fits all' definition of what constitutes the end of useful life for an asset. It's defined by the specific context and application for each asset, based on analysis of those specific risks, consequences and costs associated with that equipment failing in service, the unique costs of replacement, in that particular application and context.
- iv. Regarding the statement "outside of industry practices," Avista is not aware of any accepted electric utility practice that seeks to achieve a different outcome than the prudent practices adopted by the Company, described in part (iv), above.

² Please see Avista's responses to PC-DR-297 through 305.