

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

JURISDICTION:	Washington	DATE PREPARED:	7/12/2007
CASE NO:	UE-070804 & UG-070805	WITNESS:	Heather Cummins
REQUESTER:	Public Counsel	RESPONDER:	Heather Cummins
TYPE:	Data Request	DEPT:	Distribution Engineering
REQUEST NO.:	PC - 187	TELEPHONE:	(509) 495-4430

REQUEST:

Re: Testimony of Heather Cummins, page 8 and Response to PC 55.

Ms. Cummins indicates that the preliminary estimate of the total cost of installing an AMR system for gas and electric meters in Washington may be as much as \$71.4 million. She also indicates that no incremental costs are required to modify its billing system to accept monthly information from certain of these new meters (response to PC 55 c and f) but there will be incremental costs required to modify its billing system to accept monthly information from the new electric meters to be installed under phase II (response to PC 55 i and l). Please provide the following information regarding the economic justification for this program:

- a. The total capital project budget for the installation of AMR, including but not limited to associated upgrades of data processing and billing systems, and any other costs associated with AMR deployment that Avista management has approved for Washington. Please provide the major components of this budget by cost category and by year.
- b. The economic justification upon which Avista management based their decision to approve this capital project budget.
- c. Confirmation that Avista understands it will have to demonstrate that this investment is prudent, used and useful in a future general rate case in order to recover any, or all, of the revenue requirements associated with this investment in its rates?
- d. To the extent not provided in response to the above, please provide Avista's projections of total costs associated with the deployment of advanced metering in Washington. Please provide the major components of this cost projection by cost category and by year (e.g., cost categories may include, but are not limited to: meter costs, installation costs, billing system upgrades, data processing and analysis).
- e. Any and all studies prepared by or for Avista, or reviewed by Avista, regarding demand response programs, including but not limited to time-of-use programs, critical peak pricing programs, or direct load control programs.
- f. Any and all studies prepared by or for Avista, or reviewed by Avista, regarding the use of "smart" or advanced meters in connection with demand response programs.

RESPONSE:

- a. The incremental costs of modifications to Avista's existing billing systems to incorporate monthly billing for the Phase II AMR meters has not been specifically included in the estimates. See attached spreadsheet (Attachment A) for additional data.
- b. The Washington AMR project is in Avista's plan, but is subject to final approval by the annual Avista capital budgeting process. The initial AMR project was justified on the basis that it was relatively rate payer neutral in the long run. The incremental cost of the Phase II system for Washington will need to be analyzed as the scope is determined.
- c. Yes, the Company understands it will have to demonstrate that the investment in AMR is prudent, used and useful in a future general rate case in order to recover any, or all, of the revenue requirements associated with our investment in rates.
- d. Please refer to the attached spreadsheet referenced in a. above.
- e. Over time the Company stays current with literature on demand response programs but does not retain in its files all that has been reviewed. Attached are those documents that have been reviewed and are in our files. Due to the voluminous nature of these documents, the attachments are only being provided in electronic format. The Company will produce paper hard copies upon specific request.

Attachment D – faruqui proposal

Attachment E – EEI Plexus

Attachment F – EEI NERA

Attachment G – NARUC FERC

Attachment H – FERC Act

Attachment I – WG2_DR_Final_Report

Attachment J – Valuation of Demand Response Vol 1 01-2006

Attachment K – Valuation of Demand Response Vol 2 01-2006

Attachment L – Lawrence Berkeley 2007_May_Demand Response_Report

Attachment M – BestPractice_DRPrograms

Attachment N – Residential_Load_Control_2-20-0

Attachment O – demand-response

Attachment P – LMADRT_060506

Avista also reviewed information from the following website links:

http://www.aesp.org/associations/5980/files/Goldman_Chuck_Final.pdf

www.ferc.gov/legal/staff-reports/demand-response.pdf

http://www.eei.org/industry_issues/retail_services_and_delivery/wise_energy_use/programs_and_incentives/progs.pdf

Please also see Avista's **CONFIDENTIAL** response PC-187 C for the following four **CONFIDENTIAL** attachments:

Confidential Attachment B
Confidential Attachment C
Confidential Attachment Q
Confidential Attachment R

Please note that Avista's **CONFIDENTIAL** response to PC - 187 C is protected from disclosure per Protective Order (Order 03 issued May 30, 2007 under Docket Number UE-070804, UG-070805, and UE070311) and by WAC 480-07-160.

Due to the voluminous nature of these documents, the attachments are only being provided in electronic format. The Company will produce paper hard copies upon specific request.

- f. Over time the Company stays current with literature on "smart" or advanced meters but does not retain in its files all that has been reviewed.

Avista continues to review and monitor information regarding "smart" or advanced metering from many resources. The following website links are of particular interest:

www.utilipoint.com

<http://www.sce.com/PowerandEnvironment/ami/>