

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

JURISDICTION:	Washington	DATE PREPARED:	07/09/2007
CASE NO:	UE-070804/UG-070805	WITNESS:	Heather Cummins
REQUESTER:	Public Counsel	RESPONDER:	Heather Cummins
TYPE:	Data Request	DEPT:	Distribution Engineering
REQUEST NO.:	PC -34	TELEPHONE:	(509) 495-4430

REQUEST:

Re: Testimony of Heather Cummins, page 8, lines 10 to 12.

Please provide the following information regarding Avista's economic justification for investment in AMR:

- a. Does Avista expect to justify rate recovery of these investments solely on demonstrated, or projected, savings in its operating costs? Please explain why, or why not.
- b. Does Avista expect to justify rate recovery of these investments in whole or in part on the potential for customers to reduce their costs if they have the capability to respond to time-of-use critical peak pricing. If so, please provide all research and analyses prepared by, or for, Avista to support that expectation.

RESPONSE:

- a. The estimated operational cost savings are expected to justify a portion of the investment in AMR. Other cost savings are expected through improved supply resource management that the selected AMR system would provide a foundation for. The AMR system enables more granular data around usage patterns for the company and customer to leverage which could help manage resource costs more effectively.
- b. Avista has provided two cost estimates for its urban areas. The low estimate assumes one-way radio based communication, while the high estimate assumes two-way radio based communication. The two-way solution would allow for real-time price signal communication to customers, providing the foundation for time-of-use critical peak pricing. If the two-way radio based communication method is chosen, the higher investment could be partially justified by this functionality. However, before decisions are made, more research needs to be done concerning the value of time-of-use critical peak pricing, the cost of supporting billing system modifications required to support this type of pricing, and other customer communication methods available to deliver this real-time information to customers.