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VIA – Commission Web-Portal

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

Dear Mr. Johnson,

Attached for filing with the Commission is an electronic copy of Avista Corporation’s dba Avista Utilities (“Avista” or “the Company”) proposed modifications to its Tariff Schedule 80 “Meter Reading and Billing Practices” in response to the Commission’s “Policy on Customer Choice for Smart Meter Installation (“Policy Statement”)” dated April 10, 2018. The proposed additions are included in the following tariff sheets, WN U-28:

Original Sheet 80a

I. BACKGROUND

The purpose of this filing is to implement the terms and conditions that would allow for customers to be served by a non-standard (i.e. non-communicating) electric meter, due to the Company’s adoption and deployment of a new advanced metering infrastructure (AMI) standard across its Washington service territory. The Company has been discussing the deployment of advanced meters with the Commission and other stakeholders as well as the importance of having a policy in place that would provide a reasonable option for customers who are ultimately opposed to having a communicating meter installed at their home. The Company appreciates the important

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foundational elements of the Policy Statement that recognize customer benefits of advanced metering and grid modernization more broadly. Avista also appreciates the Commission acknowledging the utility's appropriate right to select metering systems and other plant¹ required to serve our customers, as well as the need to achieve a level of customer participation that preserves the integrity of the advanced metering system.

II. AVISTA'S METERING TECHNOLOGY

Advanced meters are “smart” digital meters equipped with the capability for two-way communication, including certain remote sensing and operating capabilities. The meters are connected with specialized communications and enabling computer hardware and software systems, which are collectively referred to as Advanced Metering Infrastructure (AMI). Traditionally, utility customers have had few tools to effectively understand and manage their energy use because conventional meters, including automatic meter reading systems (AMR),² are not equipped to provide near real-time information on energy consumption. Advanced meters³ can measure the incoming and outgoing⁴ flow of energy from a customer's premises in configurable intervals that range from 5 minutes to an hour. This energy data can be remotely transmitted to the utility and the customer, and the meter can also receive and respond operationally to signals sent from the utility to the meter. When the interval data is provided to the customer through a web portal, mobile application, or an in-home energy display through their home area network, it may help them better understand their energy consumption, and can provide information to better manage their energy use.

AMI is not a new technology, and in fact, it's rapidly becoming the utility metering standard across Europe and the United States. These meters and systems have been proven to be

¹ Subject to demonstration of prudence of the investment.

² Automatic meter reading meters (or “AMR”) typically provide only one-way communication from the meter to the utility in the form of one monthly reading of the customer's energy use.

³ The advanced electric meter replaces conventional electro-mechanical, non-communicating digital, or AMR meters. Advanced metering for natural gas is accomplished by replacing the mechanical register on the existing natural gas meter with a new digital, communicating module. The natural gas meter itself is not replaced.

⁴ Advanced meters measure the energy and demand used by the customer, and also measure the amount of energy being delivered from the customer's distributed generation onto the utility distribution system (known as ‘net metering”).

safe for customers.⁵ At present, an estimated 76 million homes are being served by an advanced meter (covering 60% of U.S. households), and by the time Avista completes its deployment in 2021, it is expected that 90 million customers will be served with AMI systems and meters.⁶

For Avista, the choice of retaining an analog/existing meter is not an option for our deployment. First, analog meters are no longer being manufactured; if they ever need to be replaced there are no meters available (the Company does not support purchasing used meters for this purpose). Second, this option would expand the number of manufacturers and types of meters the Company has in the field, which becomes complex to manage. With smaller “meter families” it increases meter testing costs and the number of meter tests a customer may experience.⁷ Field meter tests are performed by electric metermen, which take approximately 30 minutes of time, not including travel. This would also require additional training to keep metermen trained on mechanical meters, which also increases costs. Once all mechanical meters are removed from the Company’s system it will no longer train employees on mechanical meters. Next, retaining mechanical meters adds additional cost for having to store and manage inventory. Older analog meters come in many different meter types, meaning the Company could have upwards of 20 different mechanical meters deployed if enough customers choose a non-communicating meter. Lastly, a new digital meter with the communications turned off provides the same choice as retaining an analog meter. Respectfully, Avista believes that it should retain the right to choose the equipment that best serves the needs of the Company and its customers.

⁵ According to the American Cancer Society, the frequency and power of the RF waves given off by a smart meter are similar to that of a typical cell phone, cordless phone, or residential Wi-Fi router. Unlike many of these other devices, smart meters typically send and receive short messages about 1% of the time. Because the smart meter antenna usually is located outside the home, people are much farther away from the source of RF waves than some other possible sources of exposure to RF radiation, such as cell and cordless phones. In addition, walls between the person and the smart meter’s antenna further reduce the amount of RF energy exposure. This means that the amount of RF radiation that someone would be exposed to from a smart meter is probably much lower than the amount that they would be exposed to from other sources.

⁶ The Edison Foundation, Institute for Electric Innovation. Electric Company Smart Meter Deployments: Foundation for a Smart Grid. December 2017.

⁷ If Avista had more types of meters deployed, each type of meter (meter family) would require testing. To provide a statistical significant test, it may actually require certain premises to have their meter tested annually, a burden for the Company and the customer.

III. COSTS AND FEES ASSOCIATED WITH OPT-OUT

As shown in the proposed tariff modifications, Avista's proposed non-standard meter option will be for single-family residential homes (i.e., excluding duplexes, apartment complexes, etc.) only. Metering technology for multi-family and commercial customers can be far more complex thus making it difficult to offer such an option. Avista believes that costs associated with non-standard metering should be borne by the individual customers making that choice. All customers will already be paying for the cost of the new metering system, including the additional costs of providing a non-standard metering option. Avista believes these additional incremental costs required to support non-standard metering should be borne exclusively by the customers making this choice. As discussed below, however, based on the Commission's Policy Statement, Avista has greatly tempered the amount of the incremental costs it proposes to charge such customers.

- A. *One-Time Fee*: In comments filed in Docket No. U-180117, Avista supported a one-time fee to cover the costs of re-configuring the meter technology, as well as removing and replacing the meter when the customer moves or closes their account (that one-time fee was approximately \$208.35 for an electric and natural gas customer). However, consistent with the guidance of the Policy Statement, Avista has decided to waive the one-time fee for installation of a non-communicating meter recognizing that these costs will be socialized among all residential customers.

Also, consistent with the guidance of the Policy Statement, Avista proposes to assess a fee of \$75.00 for customers who call in after installation of the new AMI meter requesting a non-communicating meter. This fee is to cover the costs of the labor and transportation associated with the installation. However, Avista will waive this \$75 fee in the event that the customer contacts the Company within 30 days of install date of their new AMI meter.

Avista will not automatically replace a non-communicating meter when a customer moves out of a premises, without first consulting with the new customers regarding their metering preference. Whether the new customer chooses a non-communicating or communicating

meter, the Company will not charge the new customer any up-front or one-time fees for either retaining or replacing the existing non-communicating meter.

- B. *Recurring Fee*: Presently, Avista reads its customers' meters on a monthly basis. Avista discussed and considered some of the ideas contained in the Policy Statement for even less-frequent manual reading of the customer's non-communicating meter. Our principal concern with less frequent manual reading comes from our experience working with customers who have been surprised and dismayed by the amount of the 'true-up' cost they have to pay in some instances after just one billing-cycle based on estimated usage. This is particularly the case during winter months when usage tends to be greater, and when temperature and weather differences month-to-month can lead to substantial variability in the amount of the monthly bill. In our experience, this can present a hardship for the customer and be a real dissatisfier as well. We simply don't want to 'set up' our customers, especially those who may have limited experience with estimated billing.

As noted above, Avista considered a range of options to reduce the annual number of manual meter reads for customers served by non-communicating meters. Even under our Comfort-Level-Billing (CLB) program, the Company uses actual monthly reads of the customer's energy usage to forecast the expected amount of any future balance true-up the customer might face, and we then adjust the monthly billing amount as needed to better ensure there is not a sizeable negative true-up balance on the customer's CLB anniversary date. Without having these actual monthly meter reads to perform this forecasting, the Company would be "blindly" performing a balance true-up for the customer over an extended period of time, with what we believe could be negative results. We also discussed the possibility of having the customer provide their own monthly meter reads (either alone or to support the CLB approach), which we would then verify with a manual read on a quarterly basis. All in all, the combination of the additional administrative cost and gathering and inputting customer reads, dealing with reads that are missed or late, the potential for customer dissatisfaction with their service choice, the Company ruled this out as a viable option.

Avista had informally shared with Commission Staff and Public Council some of its initial draft fee structure for an opt-out. That proposed monthly fee was ~\$48.00, which we believe was a conservative estimate of the monthly cost for only reading the meter. Interpreting the Policy Statement to say that the incremental costs customers pay for this non-standard service level should not be punitive or create an unreasonable barrier to their ultimate choice, Avista has chosen to reduce the recurring fee to mitigate these expenses for such customers.

Under the proposed tariff, the Company will manually read each customer's non-communicating meter on an every-other-month basis⁸, and will estimate⁹ the customer's bill in the intervening month. Further, the Company proposes to arbitrarily reduce the monthly fee to be paid by the customer for each manual read by an amount of \$8.00, or roughly 16%. When this lower monthly cost (\$40.00) is spread across two months, the resulting levelized per-month cost is \$20.00 each month.

Avista's proposed tariff and supporting policy providing our customers a choice of non-standard metering equipment represents a substantial move from our initial policy, a move toward the interests and terms represented in the Commission's Policy Statement. Table No. 1 below represents our proposed fee policy:

⁸ This proposed approach would not require the Company to file a petition for exemption from WAC 480-07-110.

⁹ Consistent with WAC 480-100-178 (1)(ii), and WAC 480-90-178 (1)(ii).

Table No. 1

Meter Reading Costs

Meter Readings - Customers that choose a non-communicating meter will have their meter(s) read by the Company every other billing cycle. The non-manual meter read billing cycles will be estimated by the Company. The cost of each type of meter read is as set forth below:

Read Type	Electric Meter(s) Only	Both Electric and Natural Gas Meter(s)
Manual by Avista Every Other Billing Cycle	\$40.00	\$38.00
Estimated by Avista Every Other Billing Cycle	\$0.00	\$0.00

Table No. 2

In the event a customer requests a non-communicating meter during the period after an AMI meter has been installed, that customer will be charged as described below:

Opt-Out Following Installation of an AMI Meter	Electric Meter Only	Both Electric and Natural Gas Meter
Within 30 days	\$0.00	\$0.00
After 30 days	\$75.00	\$75.00

Any charges under this schedule will be subject to the Company's Rules and Regulations under Tariff Schedule 70.

C. *Low-Income*: The Company remains sensitive to the additional cost for customers on a limited income who may chose a non-communicating meter, however, Avista does not income qualify its customers, we would not know whether or not a customer was considered low-income. Our current low-income programs are administered through six different community action agencies in the state of Washington.¹⁰ Adding verification related to a customer's selection of utility equipment would be cost prohibitive, as those agencies would charge Avista a per-customer administration fee.

¹⁰ The Low-Income Rate Assistance Program (LIRAP), Project Share, and Low-Income Weatherization.

IV. CUSTOMER COMMUNICATIONS

Consistent with the interpretation of the Policy Statement, Avista has prepared a comprehensive customer communication effort across a range of channels to help ensure the success of our AMI system deployment by providing a positive experience for our customers. Indeed, the fundamental success of this effort hinges largely on our ability to communicate effectively with our customers regarding why Avista is deploying a new metering system, the many customer benefits of the new system, how they can access and use new tools it offers them, when they can expect to have a new AMI meter installed at their home, and responsive and helpful information for any questions or concerns they might have about the new system. In addition to these messages, all of our communication materials about the metering system highlight the availability of relevant customer information on our website, and promote and encourage customers to call the Company in the event they have questions or any concerns about the system.

Avista's direct communications will include bill inserts and individual customer mailings distributed at key points during the course of the project. This targeted material will reinforce key project information and provide timelines for meter installation, will contain Frequently Asked Questions (FAQs)¹¹ and answers about a range of relevant topics, as well as provide contact information to reach qualified Avista employees who will be well-versed in the many aspects of AMI, including our customers' option to be served by a non-standard meter should they so choose.

Customers who have a concern about smart meters, including having one installed at their home, will call Avista to talk about it just as they did during our Pullman AMI project, and just as some of them do today when they hear about our pending smart meter deployment. In the course of these conversations with our customers about their concerns, we are in the vast majority of instances, able to satisfy their need for more information, which allows them to put their concerns into some perspective that is helpful for them – this is a real satisfier for the customer. In cases where the customer may have already made up their mind they don't want a smart meter, or when the additional information we provide them does not help alleviate their concerns, then Avista will gladly and without hassle provide them the option to not have a communicating meter – again, this is a real satisfier for the customer. In the Company's experience of successfully deploying AMI in

¹¹ Information regarding customer's options related to a non-standard meter will be included in our frequently asked questions (FAQ) as part of Avista's direct communication.

the communities of Pullman and Albion, Washington, having well versed employees who are available to respond directly to customer's questions and concerns is key to providing a quality experience for each of our customers, and achieving a successful deployment overall.

Avista will regularly provide copies of all our planned customer communications for our advanced metering deployment to the Commission's Consumer Protection Staff, at least 30 days in advance of distribution. However, as provided in the Policy Statement, our current development schedule does not allow for a 30-day review period for Phase 1 of our project. Avista will expedite the finalizing of materials and get these to the Commission Staff as quickly as possible.

V. CONCLUSION

Advanced metering systems are being deployed by utilities across the United States to optimize the value of other smart grid technologies, and provide customer benefits ranging from lower operating costs and improved reliability, to information and tools to better understand and derive greater value from their energy service. AMI also provides the platform required to implement such programs as time-of-use and demand-based pricing, demand response, and the integration of customer-owned distributed generation. The Company views advanced metering as an enabling technology key to achieving these customer benefits and our long-term customer service objectives.

Avista's outreach and communication plan is designed to help our customers understand the advanced metering project, to be timely aware of pending deployment activities, and to surface issues of importance to our customers that we can actively address. The Company will continue its practice of responding directly to every customer who raises a concern with advanced metering. We have found this direct approach of providing accurate, understandable, and balanced information to be very helpful and effective to our customers. Even though no customers requested to be served by a non-standard meter during Avista's advanced meter deployment in Pullman, we do anticipate that some will choose this option in the planned full deployment across our Washington service area. Accordingly, the Company supports the Commission's Policy Statement and is committed to providing metering options for our customers. We believe our proposed options included in the proposed tariffs will meet the needs of our customers and is in line with the Commission's Policy Statement.

Again, Avista appreciates the good work done by Commission Staff and the guidance provided by the Commission's Policy Statement. Avista requests the tariff conditions proposed herein become effective July 2, 2018.

Please direct any questions regarding this filing to me at 509-495-4975.

Sincerely,

/s/Linda Gervais

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Avista Utilities