



Avista Corp.
 1411 East Mission, P.O. Box 3727
 Spokane, Washington 99220-0500
 Telephone 509-489-0500
 Toll Free 800-727-9170

October 7, 2021

Amanda Maxwell
 Executive Director and Secretary
 Washington Utilities & Transportation Commission
 621 Woodland Square Loop SE
 Lacey, WA 98503

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 UTIL. AND TRANSP.
 COMMISSION

RE: Avista Utilities Proposed Revisions to Tariff Schedule 180, “Meter Reading and Billing Practices”

Dear Ms. Maxwell:

Attached for filing with the Washington Utilities and Transportation Commission (Commission) is an electronic copy of Avista Corporation’s, dba Avista Utilities (Avista or the Company), proposed modifications to its natural gas tariff Schedule 180 “Meter Reading and Billing Practices.” The proposed changes are included in the following tariff sheets, WN U-29:

Second Revision Sheet 180b Canceling 2nd Substitute First Revision Sheet 180b

The primary purpose for this filing is to update Avista’s “Ongoing Monthly Meter Reading Charge” to reflect the actual costs of the Company’s quarterly manual meter reads. Additional modifications to the tariff are housekeeping in nature.

I. BACKGROUND

On May 14, 2018, the Company filed with the Commission revisions to its electric tariff Schedule 80 and natural gas tariff Schedule 180. The purpose of the electric and natural gas filings was to implement the terms and conditions of a pilot program that would allow customers to be served by non-standard (i.e., non-communicating) meters as an exception to the Company’s adoption and deployment of a new Advanced Metering Infrastructure (AMI) standard across its

Washington electric and natural gas service territories.¹ One such provision included in the pilot program was the institution of a meter reading fee, or opt-out fee, to be charged monthly to customers that choose a non-communicating meter. This opt-out fee is intended to help the Company recover the costs associated with manually reading these customers' meters on a quarterly basis. After several iterations of revisions to its tariff Schedule 180 spanning 2018-2020, the Commission approved an opt-out fee of \$10 per month, which the Company began charging on October 1, 2020.²

II. PROPOSED OPT-OUT FEE CHANGE

In its recent Final AMI Opt-Out Status Report (Report), filed on September 30, 2021 in Docket Nos. UE-180418 and UG-180419, Avista provided updated data regarding its AMI deployment and associated opt-out statistics. The Report provides that to date, over 408,000 electric meters and natural gas modules have been exchanged, reaching approximately 269,036 residential and commercial customers. Of these customers, 2,325 customers have opted out of receiving an AMI meter. Additionally, with regard to the monthly opt-out fee, the Report states:

With the installation of AMI now substantially complete, Avista has been able to optimize its meter reading routes and, in turn, update its total annual cost and per opt-out customer costs for the reading of meters for AMI opt-out customers on a quarterly basis.

With these optimizations now in place, the Company's cost of reading opt-out customers' meters has changed from prior forecasts. This cost variation is primarily due to Avista's choice to deviate from its original plan of eliminating meter readers and utilizing existing meter technicians, local area representatives, or serviceman to conduct the reads; instead, the Company has retained its meter readers to perform these reads in order to save on labor costs. Meter reads are collected in batches relative to the customer's bill day, and thus are spread throughout the month, blending costs. The following table provides a breakdown of Avista's updated estimates regarding the average cost to read an opt-out customer meter.³

¹ Avista's Washington AMI project began in September of 2018 and is now substantially complete, with only 181 AMI installments left to be completed.

² Docket No. UE-200013.

³ Information presented is based on actual route data, configured to read the route in a single eight-hour day based on mileage between service points.

Table No. 1 below, also provided in the Report,⁴ provides the breakdown of the costs mentioned above.

Table No. 1 – Estimated Average Cost to Read an Opt-Out Customer Quarterly

Number of Opt-Out customers:	2,325
Total number of miles:	6,558
Truck (Class 46) Cost per mile:	<u>\$2.00</u>
Total vehicle cost:	\$13,116
Number of Opt-Out Read Routes per Read Cycle:	43
Average Meter Reading Time (hrs.) per Read Cycle:	344
Average Hourly Meter Reading Rate (loaded):	<u>\$58.50</u>
	\$20,124
Department Overheads: ⁵	\$8,600
Total Cost per read cycle:	<u>\$41,840</u>
Average cost to read per premise:	\$18.00

On an annual basis, the \$18 average cost to read each opt-out customer’s meter equates to approximately \$72 per year, or \$6 per month. As such, Avista requests that the “Ongoing Monthly Meter Reading Charge” contained within tariff Schedule 180 be modified to better align with the actual costs being incurred of \$6 per month. With this filing, the Company has also made various modifications to the tariff to remove prescriptive language that is no longer warranted, such as the term “pilot” or dates that have since passed.

⁴ Avista Utilities Final AMI Opt-Out Status Report, at page 4 (Table No. 3)

⁵ Department overheads include administrative labor support from the Meter Reading department to perform the quarterly meter reads.

III. CUSTOMER COMMUNICATIONS

Consistent with the interpretation of the Commission's Policy Statement,⁶ Avista has engaged in a comprehensive customer communication effort across a range of channels throughout the deployment of its AMI systems. Avista continues to provide all AMI-related communication materials on its website and encourages customers to call the Company in the event they have questions or any concerns about AMI. In accordance with WAC 480-100-194(3), Avista will publish a notice of this proposed tariff modification to its website, but will not send individual customers notices to those customers that have opted out since this request is for a *decrease* in charges and does not restrict access to any services. Avista will continue its practice of responding directly to every customer who raises a concern with advanced metering, as we have found this direct approach of providing accurate, understandable, and balanced information to be very helpful and effective for our customers.

IV. CONCLUSION

With the substantial completion of its AMI deployment, Avista is now able to better pinpoint the actual costs associated with its continued manual meter reads for opt-out customers, rather than rely on its prior forecasts which contained estimates for data points that were previously-unknown (such as exact meter reading routes). These modifications, coupled with the decreased labor costs borne from the Company's decision to retain its meter readers rather than utilize existing meter technicians, local area representatives, or serviceman to conduct the reads, have provided Avista with an updated data set from which to estimate the average cost to read an AMI opt-out customer's meter. With this data set showing that the cost to provide these manual meter reads has decreased to a level that is more manageable for customers to bear the actual costs of their reads, Avista respectfully requests that the Commission approve the decrease to the opt-out fees proposed herein, with an effective date of December 1, 2021.

⁶ Commission's "Policy on Customer Choice for Smart Meter Installation ("Policy Statement")" dated April 10, 2018.

Please direct any questions regarding this filing to me at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy
Avista Utilities
509-495-2782
shawn.bonfield@avistacorp.com

Enclosure