

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION

Respondent.

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DOCKET NOS. UE-200900, UG-200901, and UE-200894 (*Consolidated*)

**CROSS-ANSWERING TESTIMONY OF SHAY BAUMAN  
ON BEHALF OF THE  
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL  
PUBLIC COUNSEL UNIT**

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**EXHIBIT SB-9T**

May 28, 2021

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**I. INTRODUCTION AND PREVIEW**

1 **Q. Please state your name and business address.**

2 A. My name is Shay Bauman, and my business address is 800 5th Avenue Suite 2000,  
3 Seattle, WA 98104.

4 **Q. Have you previously testified in this proceeding?**

5 A. Yes. I submitted testimony on behalf of Public Counsel addressing Avista's deployment  
6 of Advanced Metering Infrastructure (AMI).

7 **Q. Is this cross-answering testimony also provided on behalf of Public Counsel?**

8 A. Yes, it is.

9 **Q. What is the purpose of your cross-answering testimony?**

10 A. In this cross-answering testimony I will address Public Counsel's concerns with the  
11 response testimony of Staff witness Ms. White, regarding Avista's AMI capital spending  
12 and cost recovery.

**II. STAFF TESTIMONY ON ADVANCED METERING INFRASTRUCTURE  
SPENDING**

13 **Q. What is Staff's testimony regarding advanced metering infrastructure spending?**

14 A. Staff witness Ms. White recommends that the Commission approve a return on capital, as  
15 well as a return of capital Avista spent on its advanced metering infrastructure (AMI).

16 **Q. Does this conflict with Public Counsel's previous testimony on AMI?**

17 A. Yes. In my testimony, I recommended that Avista only be awarded a return of capital. I  
18 recommend a return on capital be rejected until Avista properly evaluates all potential  
19 benefits actually delivered by Avista's AMI investment. This is consistent with the

1 Commission's decision regarding Puget Sound Energy's request for a return on AMI  
2 capital.<sup>1</sup>

3 **Q. On what basis does Ms. White recommend the Commission approve a return on**  
4 **AMI capital, as well as a return of AMI capital?**

5 A. Ms. White recommends the Commission approve Avista's request for a return on AMI  
6 capital based on updated benefit projections supplied by Avista in testimony.<sup>2</sup> These  
7 benefit projections suggest Avista's AMI investment will deliver benefits to customers in  
8 excess of costs.<sup>3</sup> Ms. White apparently accepts Avista's benefit projections as proof that  
9 Avista will deliver the benefits Avista projects from its AMI deployment, without  
10 considering the evidence, or lack thereof, behind the projections. She also bases her  
11 recommendation on the Commission's decision in Puget Sound Energy's (PSE) recent  
12 rate case regarding recovery of AMI investment, without considering the full scope of the  
13 Commission's determination.

14 **Q. In what ways does Ms. White not consider the lack of evidence behind Avista's**  
15 **benefit projections?**

16 A. Ms. White notes the Commission decision in Docket UE-190529, PSE's most recent rate  
17 case, which presented six use cases for leveraging AMI. She then notes that Avista's  
18 business case showed benefits in five of the six: time-of-use rates; real-time energy use  
19 feedback, behavior-based programs, and grid-interactive efficient buildings, with the last  
20 use case, data disaggregation, being integrated with other benefits.<sup>4</sup>

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<sup>1</sup> *WUTC v. Puget Sound Energy*, Dockets UE-190529 et al., Order 08: Final Order, ¶ 156 (July 8, 2020).

<sup>2</sup> Response Testimony of Amy I. White, Exh. AIW-1T, at 8:20.

<sup>3</sup> Direct Testimony of Joshua D. DiLuciano, Exh JDD-2 at 10–11.

<sup>4</sup> White, Exh. AIW-1T, at 9:2.

1 As noted in my response testimony Exh. SB-1T, however, Avista has not yet proposed  
2 time of use rates. In fact, recent revisions to their 2021 Integrated Resource Plan have  
3 pushed back system-wide implementation of time of use rates to 2031<sup>5</sup> (from 2024),  
4 nearer to the end of the AMI useful life than the beginning. It is possible pilots could  
5 occur before then, but those benefits would not be system-wide. It is not feasible, then, to  
6 accept Avista's projection as a true benefit at this time. Additionally, Avista's first AMI-  
7 enabled behavior-based program does not launch until the end of 2021,<sup>6</sup> and their grid-  
8 interactive efficient buildings program is still in the construction phase.<sup>7</sup> These are three  
9 major benefit categories Ms. White has accepted that are not yet operational. Further,  
10 Avista's benefit projections have been consistently volatile throughout AMI deployment,  
11 which has only just been completed, and throughout this rate case. My testimony  
12 indicates that many of their benefits are likely overstated. The system is still simply too  
13 new to take the benefit projections at face value, as Ms. White appears to.

14 **Q. How does Ms. White fail to consider the full scope of the Commission's decision in**  
15 **PSE's recent rate case?**

16 Ms. White states in her testimony that "the Commission instructed PSE to continue to  
17 defer costs related to its ongoing AMI installation until the project is complete," and that  
18 Staff views Avista's project as effectively complete.<sup>8</sup> Public Counsel agrees with Ms.  
19 White that the AMI deployment is "effectively complete." What Ms. White leaves out,

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<sup>5</sup> Avista Corp., *2021 Electric Integrated Resource Plan*, Table 6: Timing Changes of Demand Response Programs (2022-2045) (Apr. 30, 2021), available at <https://www.myavista.com/-/media/myavista/content-documents/about-us/our-company/irp-documents/avista-electric-2021-irp-prs-update.pdf>.

<sup>6</sup> DiLuciano, Exh. JDD-2r, at 56.

<sup>7</sup> DiLuciano, Exh. JDD-2r, at 77.

<sup>8</sup> White, Exh. AIW-1T, at 10:15-16.

1           however, is the Commission determination in the PSE case that they “will reserve a final  
2           determination of prudence on the project as a whole until the AMI installation is  
3           complete *and* all customer benefits can be presented for evaluation. *The final prudence*  
4           *determination thus rests on PSE’s ability to live up to its promises of multiple customer*  
5           *benefits.”*<sup>9</sup> Avista has not yet adequately lived up to the promises of benefits, and work  
6           remains to be done to ensure customers see the full value of the incredibly costly system.  
7           Avista could choose tomorrow to simply abandon the programs that provide customer  
8           AMI benefits or only partially deploy the programs with lower benefits. My  
9           recommendation aims to prevent this result by providing Avista an incentive to ensure  
10          they obtain all possible benefits from the AMI system.

11   **Q.    What is your associated recommendation for the Commission?**

12    A.    I recommend the Commission authorize only a return of Avista AMI capital at this time,  
13          rejecting a return on Avista AMI capital until Avista properly evaluates all potential  
14          benefits actually delivered by Avista’s AMI investment.

15   **Q.    Does this conclude your cross-answering testimony?**

16    A.    Yes, it does.

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<sup>9</sup> *WUTC v. Puget Sound Energy*, Dockets UE-190529 et al., Order 08: Final Order, ¶ 156 (July 8, 2020). (emphasis added).