



Avista Corp.

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March 2, 2020

VIA – UTC Web-Portal

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Dear Mr. Johnson,

In compliance with Order 01 in Docket Nos. UE-180418 and UG-180419, Avista Corporation’s dba Avista Utilities (“Avista” or “the Company”) submits its second “Bi-Annual Status Report” related to the Company’s Advanced Meter Infrastructure (AMI) customer opt-out pilot.

I. BACKGROUND

Per ¶ 4 of Order 01 in Docket Nos. UE-180418 and UG-180419 – “For Proposed New Tariff Revisions, Electric Schedule 80, and Natural Gas Schedule 180, Advanced Metering Infrastructure (AMI) Non-Communicating Meter”, the Company is to provide biannual “status” reports to the Commission beginning March 1, 2019, with a final pilot project report to the Commission no later than November 30, 2020.

The Company filed its first report on March 1, 2019, which included an update on its recently completed Phase 1 of its Advanced Meter Infrastructure (“AMI”) project. Phase 1 consisted of a smaller customer population that was clustered around downtown Spokane. As such, the information provided in the first status update did not represent the Company’s customers as a whole, not did it provide enough information to determine price reasonableness. The

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Company filed its second report on August 30, 2019, and believes that this status report provided a better representation of the Company’s customers who have elected to opt-out of receiving an advanced meter.

II. STATUS OF METER DEPLOYMENT

Avista’s Washington AMI project began in September of 2018 and is scheduled to be complete in 2020 which includes installation of approximately 425,000 electric meters and natural gas modules. To date, over 261,000 electric meters and natural gas modules have been exchanged reaching 161,100 residential and commercial customers, and approximately 1,518 customers have completed and returned the application to Opt-Out.

Avista is currently installing smart meters in three regions: Northwest Spokane, Othello, and Davenport as provided in the following Illustration. As of February 18, 2020, approximately 1518 customers have completed and returned the application to Opt-Out.

Illustration No. 1

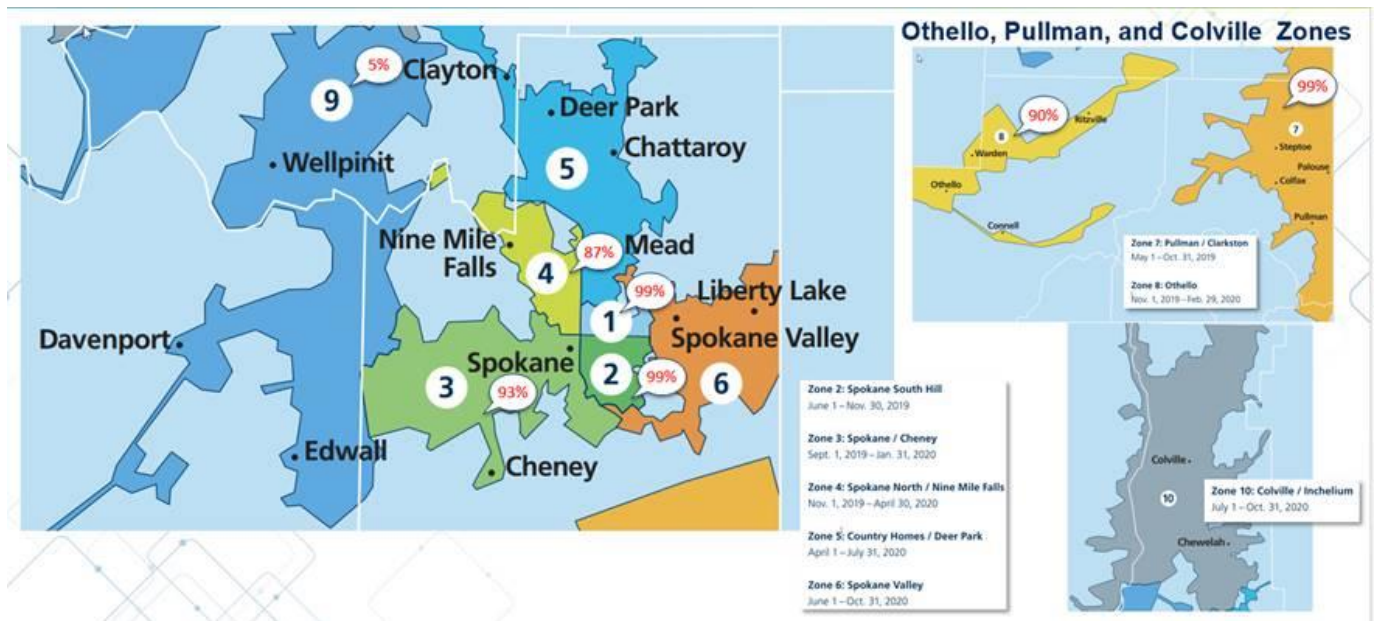


Table No. 1 - AMI Meter/module installations as of 01/01/2020 by quarter:

Year	Quarter	Electric	Natural Gas	Total
2019	Q1	4,979	3,343	8,322
2019	Q2	31,282	19,093	50,375
2019	Q3	56,523	31,756	88,279
2019	Q4	46,079	29,371	75,450

III. NUMBER AND REASONS FOR CUSTOMER OPT-OUT

Avista has determined that at the current pace, there is projected to be approximately 3,000 customers who elect to opt-out. As provided above, to date, Avista has 1,518 customers who have completed and returned a signed application to opt-out of receiving an advanced meter. Of those, 126 customers are customers who have received energy assistance through the Company’s low-income assistance programs. Table No. 2 below shows the number of current and predicted opt-out customers.

Table No. 2

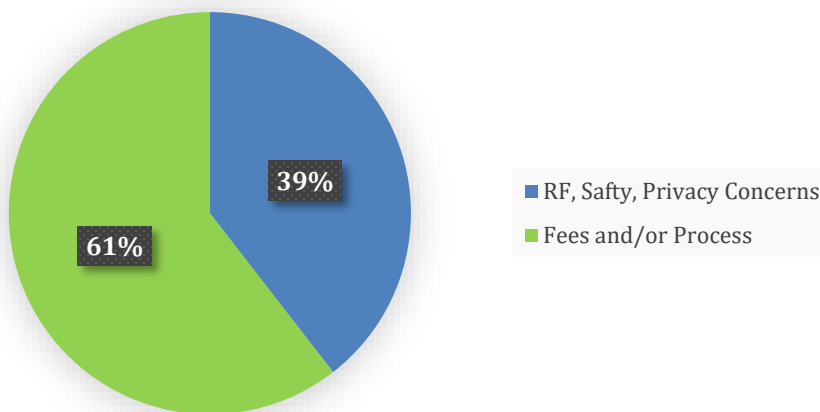
Predicted Opt out through 2020	
Current Opt Out Customers	1,518
Predicted Opt Out Customers	3,000

Customer feedback has come from several sources, including “Telephone Town Hall” sessions, account executive and regional business manager customer interactions, and Avista Contact Center customer feedback. While Avista requests that customers provide a reason for why they are choosing to opt-out, some customers may not provide a clear, or any, reason. From what we can ascertain,¹ opt-out customer sentiment for smart meters varies. As noted in the chart below,

¹ The Opt-Out Application requests that the customer provide a reason, however customers are not required to provide a reason.

38% of the reasons for customers opting out can be generally categorized between concerns regarding radio frequency (“RF”), safety (cyber security), and data privacy.

Chart No. 1 – Reasons for Opt Out



As you can see in the chart above, however, 61% of customers either did not provide a clear reason why, or they simply prefer to keep their existing meters and would not allow Avista, or our representatives, to have access to their premise for purposes of installing a new communicating, or even a new non-communicating meter. For them, the \$5 per month charge has not been a financial impediment, although customers have shared their concerns that the monthly fee may increase at the end of the pilot based on the language in the current tariff and they will need to make financial adjustments to account for this change.

Given the volume of current and forecasted opt-out customers within the Washington service territory, Avista anticipates additional costs will be incurred to provide the necessary quality of service due to an increase in required network devices. Because the AMI network uses a “mesh” technology which relies on other meters in the areas to securely gather and transmit meter reads, opt-out meters create gaps in their areas that will likely require installation of more network equipment to obtain the same read quality. The actual impacts are still unknown, but these situations will be closely monitored, documented, and reported by Avista. In addition, the volume of opt out customers and the complexity of handling their distribution across Avista’s large service territory is significantly higher than originally anticipated at the start of the AMI project.

IV. OPT OUT FEES

On January 6, 2020, the Company filed proposed revisions to its tariff Schedule 80 to increase the fee for Customers who request to opt-out of receiving an AMI meter before installation, as well as those customers who opt-out within 30 days of installation, are not charged any upfront fees.² In its filing, the Company noted that the number of customers who have already opted out, and the trajectory of opt outs forecasted for the entire AMI project, is much larger than Avista imagined. Currently, the Company is working with the Commission Staff and other interested parties on revisions to its proposed tariff and intends to file a “revised” proposed opt-out fee the first week of March incorporating their feedback.

V. CONCLUSION

The number of customers who have already opted out, and the trajectory of opt outs forecasted for the entire AMI project, is much larger than Avista imagined which is why the Company has proposed revisions to the opt-out fee. The Company continues to access all aspects of its AMI opt out program and its unanticipated issues and commits to continued status reports to the Commission. Please direct any questions regarding this filing to me at 509-495-4975.

Sincerely,

/s/Linda Gervais

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Regulatory Affairs
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² Docket No. UE-200013.