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September 11, 2017

Via Electronic Filing

Mr. Steven V. King
Executive Director & Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: Amended Petition of Avista Corporation for an Order Authorizing
Deferred Accounting Treatment related to the Company's Investment in
Advanced Metering Infrastructure ("AMI") and Approval of Depreciation
Rate ("Amended Petition")
Docket UE-170327

Dear Mr. King:

The Industrial Customers of Northwest Utilities ("ICNU") files these written comments in response to Agenda Item A.1, scheduled for discussion by the Washington Utilities and Transportation Commission ("WUTC" or the "Commission"), during the September 14, 2017 Open Meeting.^{1/} While representatives from ICNU will be unable to attend the Open Meeting, either in person or remotely, due to conflicting regulatory process, these comments will hopefully provide the Commission with a good sense of how Avista Corporation's ("Avista or the "Company") largest Washington customers view the Company's Amended Petition.

ICNU supports a Commission grant of the Company's threefold authorization request within the Amended Petition. First and foremost, ICNU's support is premised upon the Company's good faith efforts in following through on the proposal modifications, contained in Attachment B to the Amended Petition. As the Company represents, these modifications are the culmination of Avista's discussions with WUTC Staff ("Staff").^{2/} ICNU had multiple conversations with Staff, prior to the filing of the Amended Petition, and commends Staff for its efforts in cooperatively securing these proposal modifications with the Company. Generally, the

^{1/} Please also note that ICNU filed a petition to intervene in Docket UE-170327 on September 1, 2017, to the extent that Commission action justifies further process following this Open Meeting.

^{2/} Amended Petition at ¶ 2.

modified proposal contained in Attachment B appears to offer much stronger ratepayer safeguards than in the Company's original petition.

More specifically, ICNU places significant importance on provision "A.4" of Attachment B, which requires "comprehensive" reporting from Avista on the AMI system. Such reporting will be critical as "an element in a prudence determination for the AMI project in whole,"^{3/} whenever that may ultimately occur. Also, for ICNU members receiving service under Schedule 25, the following reporting component will be crucial when determining future prudence and cost recovery issues: "Avista's report will contain a detailed analysis of AMI system costs and benefits *relative to each customer rate class.*"^{4/}

Granular analysis of AMI costs and benefits, relative to individual rate classes, is an absolute imperative for ICNU. This is because AMI investment plans have featured in each of the Company's last two completed general rate cases, prompting considerable discovery from ICNU. In brief, ICNU is seriously concerned that the Company's massive AMI investment plans could provide little incremental benefit for Schedule 25 customers, who already have more advanced metering systems than other rate class customers. Thus, comprehensive AMI reporting from the Company, which includes detailed analysis of costs and benefits on a class-by-class basis, should provide ICNU and other parties with a workable starting point in future prudence/cost recovery proceedings.

Finally, ICNU appreciates the Company's emphasis, noted in multiple places within the Amended Petition, of the fact that both prudence and cost recovery will be addressed in future regulatory proceedings, and that no prudence determinations are being requested now.^{5/} In so doing, Avista is taking what appears to be an equitable approach, preserving both its own interests in future recovery opportunities, without any presumption that recovery will actually be granted.

Sincerely,

/s/ Jesse E. Cowell

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Of Attorneys for the Industrial Customers
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^{3/} Amended Petition, Att. B at A.5.

^{4/} Id. at A.4 (emphasis added).

^{5/} E.g., Amended Petition at ¶¶ 18, 19, 21, 25.

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cc: Chairman Danner
Commissioner Rendahl
Commissioner Balasbas
Commission Staff (Mark Vasconi, Tom Schooley, Melissa Cheesman, and Christopher Casey)
Avista (David Meyer and Kelly Norwood)
Public Counsel (Lisa Gafken and Armikka Bryant)