

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/10/2015
CASE NO.:	UE-150204 & UG-150205	WITNESS:	Don Kopczynski
REQUESTER:	UTC Staff - Nightingale	RESPONDER:	Linda Gervais
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 063	TELEPHONE:	(509) 495-4975
		EMAIL:	linda.gervais@avistacorp.com

REQUEST:

Please provide documentation presented to Avista management in their decisions to pursue capital investments for AMI and other Washington smart grid related projects.

RESPONSE:

Please see Staff_DR_063 Attachment A related to AMI
Please see Staff_DR_063 Attachment B related to the Energy Storage Project
Please see Staff_DR_063 Attachment C related to Distribution Grid Modernization

Investment Name:	Washington AMI	Assessments:	
Requested Amount	\$158,515,177	Financial:	4.60%
Duration/Timeframe	6 no. years	Strategic:	Value & Growth
Dept., Area:	Engineering	Business Risk:	Business Risk Reduction >0 and <= 5
Owner:	Heather Rosenrater	Project Risk:	Moderate certainty around cost, schedule and resources
Sponsor:	Don Kopczynski	Assessment Score:	#NAME?
Category:	Project		
Mandate/Reg. Reference:	n/a		

Recommend Project Description:	Performance	Annual Cost Summary - Increase/(Decrease)			Business Risk Score
		Capital Cost	O&M Cost	Other Costs	
Avista is committed to offering its customers information and choices that help them manage their energy costs, and it views advanced metering infrastructure as an enabling technology key to this mission. The Washington AMI Project will install an advanced metering system to include meters, communication network, back office systems, and data repository. The project is slated for the years 2015 - 2020. The range of customer benefits associated with advanced metering includes near real-time energy use information, energy alerts, more accurate billing, greater privacy, improved energy efficiency and remote service reconnect. These systems also serve to reduce operating costs for the benefit of customers, including reduced field services, theft loss prevention, energy efficiency, outage management, utility planning, and employee safety. In addition to these benefits, advanced metering enables customer engagement tools that will Avista to connect with customers in ways they prefer.	Improves the quality of customer service, reduces O&M costs for customers, and optimizes distribution system efficiency.	\$ 158,515,177	\$ (5,835,871)	\$ -	6

Alternatives:		Performance	Annual Cost Summary - Increase/(Decrease)			Business Risk Score
			Capital Cost	O&M Cost	Other Costs	
Unfunded Project:	Conventional meters will remain in service and customers will continue to have few tools to actively manage their energy use, and will not realize any of the other service benefits. Avista will be unable to capture any of the O&M savings for customers resulting from the proposed deployment.	No customer service or O&M savings benefits.	\$ -	\$ -	\$ -	9
<i>Same as proposed project but with different communication network technology.</i>	Washington meters would be replaced with a combination of RF and Powerline carrier meters depending on the urban/rural density of customers. This option is highly likely, and the project plan right now is to optimally mix technologies to keep cost as low as possible while still implementing the intended functionality of the AMI system.	Same as proposed project.	\$ 158,515,177	\$ (5,835,871)	\$ -	6
<i>Installation of AMR meters in Washington.</i>	The automated meter reading option will not be viable because it does not provide the customer service and operational savings for customers of a system that has interval data and secure two-way communications with remote operations capability.	Reduces some O&M costs to customers.	\$ -	\$ -	\$ -	0
<i>Alternative 3 Name: Brief name of alternative (if applicable)</i>			\$ -	\$ -	\$ -	0

Program Cash Flows

	Capital Cost	O&M Cost	Other Costs	Approved
Previous	\$ -	\$ -	\$ -	\$ -
2015	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
2016	\$ 31,994,000	\$ -	\$ -	\$ 31,000,000
2017	\$ 34,416,000	\$ -	\$ -	\$ 31,000,000
2018	\$ 37,045,000	\$ -	\$ -	\$ 39,750,000
2019	\$ 31,208,000	\$ -	\$ -	\$ 25,250,000
2020	\$ 13,853,000	\$ -	\$ -	\$ -
Total	\$ 158,516,000	\$ -	\$ -	\$ 137,000,000

Associated Ers (list all applicable):

ER	2015	2016	2017	2018	2019	Total	Mandate Excerpt (if applicable):
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
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0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Additional Justifications: Some of the customer benefits of AMI are not quantifiable today, though they will contribute positively to the quality of service from Avista. In addition, new customer tools and uses of interval data will evolve and deliver future value to the customer, as the industry continues to move toward the digitization of energy-use information.

Milestones (high level targets)

January-00	open	January-00	open	January-00	open
January-00	open	January-00	open	January-00	open
January-00	open	January-00	open	January-00	open
January-00	open	January-00	open	January-00	open
January-00	open	January-00	open	January-00	open

Milestones should be general. Use your judgement on project progress so that progress can

January-00

open

January-00

open

January-00

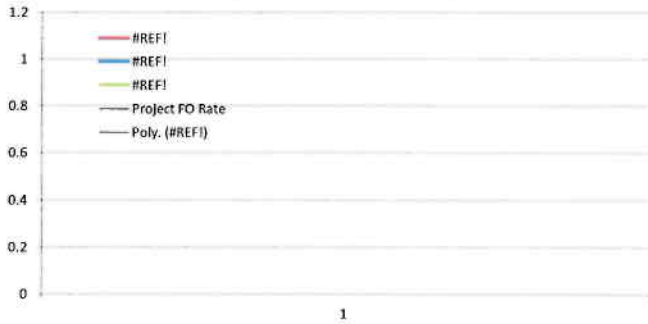
open

Resources Requirements: (request forms and approvals attached)

Internal Labor Availability: Low Probability Medium Probability High Probability Enterprise Tech: YES - attach form NO or Not Required Capital Tools: YES - attach form NO or Not Required
Contract Labor: YES NO Facilities: YES - attach form NO or Not Required Fleet: YES - attach form NO or Not Required

Key Performance Indicator(s)

Expected Performance Improvements	
KPI Measure:	Fill in the name of the KPI here
	Fill in the name of the KPI here



Prepared signature *Michael [Signature]*

Reviewed signature *[Signature]*
Director/Manager

Other Party Review signature
(if necessary) Director/Manager

Reviewed Signature *Scott [Signature]*
Chairman, President & CEO

Reviewed Signature *[Signature]*
President Avista Utilities, SR VP Corp

Reviewed Signature *[Signature]*
Vice President of Energy Delivery

To be completed by Capital Planning Group

Rationale for decision	Review Cycles	
	2012-2016	
	Date	Template