

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/27/15
CASE NO.:	UE-150204 & UG-150205	WITNESS:	Karen K. Schuh
REQUESTER:	ICNU	RESPONDER:	Karen K. Schuh
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	ICNU - 200	TELEPHONE:	(509) 495-2293
		EMAIL:	karen.schuh@avistacorp.com

REQUEST:

Please refer to Exhibit (“Exh.”) No. KKS-5 and the Company’s response to ICNU DR 007. Please explain and reconcile all differences between the “Assessment Score” for particular business cases contained in Exh. No. KKS-5 and the “Assessment Score” for the same cases listed in the Company’s response to ICNU DR 007.

RESPONSE:

Some of the Business Case forms included in KKS-5 had a printing problem in the assessment score box, when they were printed. The following business cases have been reprinted showing the assessment score and are attached:

- ET-06 - Enterprise Security
- ET-07 - Technology Expansion to Enable Business Process Program Business Case
- ETD-01 - Colstrip Transmission
- ETD-06 - Distribution Wood Pole Management
- ETD-07 - Minor Meter Blanket
- ETD-11 - Transmission - Reconductors and Rebuilds
- ETD-23 - Clearwater Sub Upgrades
- ETD-25 - Harrington Upgrades
- ETD-28 - Transmission - Asset Management
- ETD-30 - Transmission - NERC Low Priority Lines Mitigation Work
- ETD-31 - Transmission - NERC Med Priority Lines Mitigation Work
- ETD-32 - SCADA - SOO and BUCC
- ETD-35 - Street Light Management
- ETD-36 - Westside Rebuild Phase One
- ETD-37 - Washington AMI Project
- G-06 - Apprentice Training
- G-10 - COF LngTrm Restruct Ph2
- GP-01 - Base Load Hydro
- GP-06 - Nine Mile Rehab Program
- GP-10 - Peaking Generation
- GP-16 - Cabinet Unit 1 Rehab
- NGD-06 - Gas Telemetry Program
- NGD-08 - Gas Overbuilt Pipe Replacement Program
- NGD-13 - Gas Goldendale HP Main Reinforcement Project

- NGD-14 - Gas N-S Corridor Greene St HP Main Project
- NGD-15 - Gas ERT Replacement Program
- T-01 - Fleet Budget

All other business case assessment scores reconcile to what is included in KKS-5.



Investment Name:	Washington AMI	Assessments:			
Requested Amount	\$142,127,719	Financial:	6.90%		
Duration/Timeframe	6 no. years	Strategic:	Customer Experience		
Dept., Area:	Engineering	Business Risk:	Business Risk Reduction >10 and <= 15		
Owner:	Heather Rosentrater	Project Risk:	Moderate certainty around cost, schedule and resources		
Sponsor:	Don Kopczynski	Assessment Score:	83	Annual Cost Summary - Increase/(Decrease)	
Category:	Project				
Mandate/Reg. Reference:	n/a				

Recommend Project Description:	Performance	Capital Cost	O&M Cost	Other Costs	Business Risk Score
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.	\$ 142,127,719	\$ 5,835,871	\$ (15,403,507)	4

Alternatives:		Performance	Capital Cost	O&M Cost	Other Costs	Business Risk Score
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.	\$ -	\$ -	\$ -	15
<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.	\$ 142,127,719	\$ 5,835,871	\$ (15,403,507)	4
<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	\$ 9,981,059	\$ -	\$ -	\$ 10,000,000
2016	\$ 31,291,786	\$ -	\$ -	\$ 31,000,000
2017	\$ 29,756,056	\$ -	\$ -	\$ 31,000,000
2018	\$ 37,246,505	\$ -	\$ -	\$ 39,750,000
2019	\$ 25,799,366	\$ -	\$ -	\$ 25,250,000
2020	\$ 8,052,947	\$ -	\$ -	\$ -
Total	\$ 142,127,719	\$ -	\$ -	\$ 137,000,000

Associated Ers (list all applicable):			

ER	2015	2016	2017	2018	2019	Total	Mandate Excerpt (if applicable):
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

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



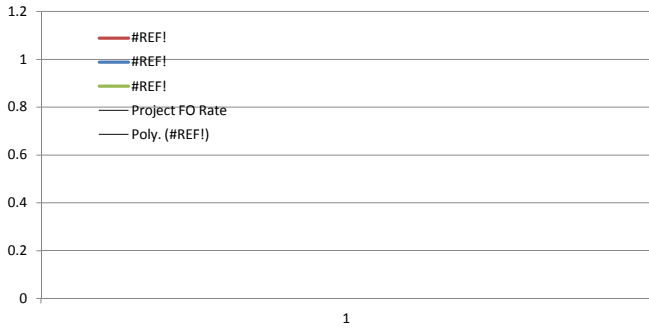
January-00	open	January-00	open	January-00	open
January-00	open	January-00	open	January-00	open

Resources Requirements: *(request forms and approvals attached)*

Internal Labor Availability:	<input type="checkbox"/> Low Probability	<input type="checkbox"/> Medium Probability	<input checked="" type="checkbox"/> High Probability	Enterprise Tech:	<input type="checkbox"/> YES - attach form	<input type="checkbox"/> NO or Not Required	Capital Tools:	<input type="checkbox"/> YES - attach form	<input type="checkbox"/> NO or Not Required
Contract Labor:	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO		Facilities:	<input type="checkbox"/> YES - attach form	<input type="checkbox"/> NO or Not Required	Fleet:	<input type="checkbox"/> YES - attach form	<input type="checkbox"/> 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

Reviewed signature
Director/Manager

Other Party Review signature
(if necessary) Director/Manager

Reviewed Signature
Chairman, President & CEO

Reviewed Signature
President Avista Utilities, SR VP Corp

Reviewed Signature
Vice President of Energy Delivery

To be completed by Capital Planning Group

Rationale for decision	Review Cycles	
	2012-2016	
	Date	Template