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March 7, 2016

VIA ELECTRONIC FILING

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

Re: Avista Corp., d/b/a Avista Utilities Petition for an Order Authorizing Deferred Accounting Treatment Related to the Net Book Value of the Company's Existing Electric Meters, Docket UE-160100

Dear Mr. King,

Public Counsel files these comments to address Avista's Amended Petition for an Order Authorizing Deferred Accounting Treatment related to the Undepreciated Net Book Value of the Company's Existing Electric Meters, filed in this docket on March 4, 2015.

On January 21, 2016, Avista Utilities (Avista) filed a Petition for Order Authorizing Deferred Accounting Treatment Related to the Undepreciated Net Book Value of the Company's Existing Meters (Accounting Petition). Public Counsel filed a Response to Avista's Petition on February 10, 2014. Public Counsel's response addressed a number of issues with Avista's petition, including concerns that: (1) Avista continues to seek a decision from this Commission regarding whether it should invest in Advanced Metering Infrastructure (AMI) before actually committing to making the investment, despite the fact that the Commission declined a similar proposal in Avista's 2015 General Rate Case (GRC), and (2) Avista's proposal would have transferred the entire undepreciated amount into a regulatory asset prior to the meters being removed from service.¹

Since Public Counsel's Response, Avista filed an Amended Petition that modifies its request to allow "deferral of the investment in existing electric meters to a regulatory asset account *as they are removed from service* over the calendar period 2017-2020, instead of all at once when the contract for new meters is executed."² Avista's Amended Petition is an improvement over its initial request because the undepreciated amounts would be moved into a regulatory asset only after the meters are removed from service, providing more appropriate timing of the deferral.³

¹ Public Counsel's Response to Avista's Petition for Accounting Treatment, ¶¶ 2-9.

² Amended Petition of Avista Corporation, ¶ 4.

³ Avista Amended Petition, ¶ 4. (Emphasis added.)



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However, the Amended Petition does not alleviate Public Counsel's concern that the Company's request is not ripe for Commission decision. Public Counsel continues to be concerned that Avista continues to effectively place its obligation to decide whether to invest in AMI with the Commission. Avista has not executed contracts with its chosen vendors, and has placed the project on hold. Avista justifies its request by stating that they are seeking to comply with its understanding of GAAP rules, the FERC Uniform System of Accounts, and guidance from accounting firms.⁴

Public Counsel understands Staff recommends that if the Commission approves Avista's Amended Petition, the approval should be contingent on Avista's execution of the AMI contracts with vendors. While Public Counsel would prefer that the Company enter into the contracts under its own accord prior to seeking an accounting petition for the undepreciated amounts of the replaced meters, Staff's recommended approach would be an improvement over the Company's request. Even if the Commission adopts this approach, Public Counsel recommends that the Commission clearly reiterate that approval of this accounting petition under no circumstances should be viewed as providing any sort of guidance on the decision to move forward with the AMI investment. As the Commission noted in Order 05 of Docket Nos. UE-150204 and UG-150205, there was considerable uncertainty surrounding the business case analysis provided by the Company in the 2015 General Rate Case (GRC). While Avista provided cursory information in this docket regarding what it believes will be the benefits of AMI deployment, questions associated with the benefits and costs of this project will be thoroughly vetted in a different proceeding, and the Company will have the burden of proof to substantiate the reasonableness of the proposed investment.

Public Counsel believes that it would be appropriate for the Commission to deny Avista's Amended Petition, however, if it decides to grant the petition, the Commission should clearly articulate the limitations of the approval, as described above. Public Counsel will attend the March 10, 2016, Open Meeting.

Sincerely,



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SAJ:kb

cc: Melissa Cheesman, UTC (via E-mail only)
Kelly Norwood, Avista (via E-mail only)
David Meyer, Avista (via E-mail only)

⁴ Avista's Reply to Public Counsel and The Energy Project, ¶ 6.