

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	07/20/2017
CASE NO.:	UE-170485 & UG-170486	WITNESS:	Karen Schuh
REQUESTER:	UTC Staff	RESPONDER:	Larry La Bolle
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	Staff - 002	TELEPHONE:	(509) 495-4710
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REQUEST:

Referring to Karen Schuh's direct testimony, Exh. KKS-1T, page 9, line 14, for the six electric projects and seven gas projects Ms. Schuh identifies, please describe how each project is independently useful to Washington ratepayers and how the operation of each project is independent of the operation of other projects.

RESPONSE:

Requested information for the five electric projects that meet this threshold is provided below (Avista notes that the referenced line from KKS-1T, page 9, line 14 inadvertently stated six electric projects, rather than the five projects shown in Ms. Schuh's workpapers).

Wood Pole Management – This program is described in the Company's capital business case summary provided as Exhibit No. HLR-6, pages 21-28. This program replaces and repairs wood poles in the Company's electric distribution system based on asset condition (end of useful service life). This program, which dovetails with our Distribution Grid Modernization Program (described below), is our primary activity for cost effectively replacing and repairing poles before they fail and result in an outage for our customers.

Distribution Grid Modernization – This program is described in the Company's capital business case summary provided as Exhibit No. HLR-6, pages 5-12. The Grid Modernization program rebuilds our overhead electric feeders at the end of their useful service life, which includes among other equipment the replacement of wood poles that would otherwise have been replaced under the Wood Pole Management program, above. But in addition to replacing end of life assets, this program evaluates and implements improvements to the feeder that deliver greater customer value, such as energy conservation and reliability benefits, than if the feeder were to be rebuilt exactly like the original line.

Substation Rebuilds – This program is described in the Company's capital business case summary provided as Exhibit No. HLR-6, pages 98-100, and is the primary activity for rebuilding the Company's distribution electric substations as the equipment reaches the end of its useful life. Replacing this equipment before it fails helps Avista avoid significant customer outages and more expensive replacement costs (emergency repairs of failed plant).

Little Falls Powerhouse Redevelopment – This project is described in the Company's capital business case summary provided as Exhibit No. SJK-4, pages 39-43, and is replacing equipment in the powerhouse that has reached or has exceeded its useful life based on asset condition. This project is the primary activity for replacing this equipment before it fails. Without these investments, the generating equipment would

continue to be replaced when components fail, which would result in a loss of generation that would have to be replaced by some alternative generation resource at a greater overall cost to our customers.

Information Technology Refresh Program (Electric Operations) – This project is described in the Company’s capital business case summary provided as Exhibit No. JMK-2, pages 10-14, and is a key activity for upgrading or replacing information technology systems that must be updated to remain viable and cost effective or have reached obsolescence. Because these technology systems underlie so many of our operations and business processes, a failure in these systems can have a substantial impact on our business and the service of our customers. This program helps ensure the Company can continue to support the systems that are essential to its many business processes.

Requested information for the seven natural gas projects that meet this threshold is provided below.

Gas Replacement for Street and Highway Projects – This program is described in the Company’s capital business case summary provided as Exhibit No. HLR-6, pages 215-216, and reflects the mandatory investments Avista must make to relocate its facilities in order to accommodate public transportation and other infrastructure projects.

Gas Distribution Non-Revenue Blanket – This program is described in the Company’s capital business case summary provided as Exhibit No. HLR-6, pages 185-189, and is the key activity for replacement of failed or obsolete natural gas assets, to make needed location specific improvements to the system such as the deeper installation of shallow facilities, and to install protective barriers around our facilities such as meters.

Aldyl A Pipe Replacement – Referred to also as the “Gas Facilities Replacement Program,” this program is described in the Company’s capital business case summary provided as Exhibit No. HLR-6, pages 192-198, and is the key activity for replacing vintage DuPont Aldyl A natural gas pipe and tee transitions in its natural gas system. Because this vintage pipe has been shown to have the tendency to become brittle with age, and to leak as a result, and because those leaks pose a significant safety risk, its removal has become a nationwide concern.

Information Technology Refresh Program (Natural Gas Operations) – This project is described in the Company’s capital business case summary provided as Exhibit No. JMK-2, pages 10-14, and is a key activity for upgrading or replacing information technology systems that must be updated to remain viable and cost effective or have reached obsolescence. Because these technology systems underlie so many of our operations and business processes, a failure in these systems can have a substantial impact on our business and the service of our customers. This program helps ensure the Company can continue to support the systems that are essential to its many business processes.

Information Technology Expansion to Enable Business Process (Natural Gas Operations) – This project is described in the Company’s capital business case summary provided as Exhibit No. JMK-2, pages 38-42, and is a key activity for using new technology solutions to cost effectively add functionality and efficiency to our existing tools or systems through automation of our business processes. Examples of infrastructure investment made under this program include hardware, software and fiber optic products. Without these investments, Avista would have to accomplish its business objectives through other means, such as adding to employee compliment, that would be more costly and less effective than addressing them with information technology solutions.

Central Office Facility Long-Term Restructuring Plan – Phase 2 – This program is described in the Company’s capital business case summary provided as Exhibit No. HLR-6, pages 307-326. This program reflects the decision made in 2011 to comprehensively address the current issues and needs associated with the Company’s central office facilities, as well as plan for effectively accommodating future facility needs and demands. These needs include providing work space for an expanding employee base, resolving long-standing parking issues, provide needed materials storage facilities, resolve safety and traffic flow issues, and to address the changing business needs of our vehicle fleet and operational processes. The capital costs reflecting improvements that will support Avista’s natural gas operations are included in the subject category of costs pertaining to this request.

New Downtown Network Building – The downtown network building project was inadvertently included in the pro forma adjustment as being split between Washington Electric and Washington Natural Gas operations. However, this investment will support Avista’s Washington Electric operations only. Therefore, this item should be removed from consideration as a natural gas related capital investment in 2017. This correction has been reflected in the Company’s response to Staff_DR_001 Attachment A.