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January 28, 2010

David Danner
Executive Director and Secretary
Washington Utilities & Transportation Commission
P. O. Box 47250
1300 S. Evergreen Park Drive S. W.
Olympia, Washington 98504-7250

Via Electronic Mail - records@utc.wa.gov

RE: Avista Comments in Docket No. U-090222 (Review of PURPA Standards in the Energy Independence and Security Act of 2007)

Dear Mr. Danner:

Avista Corporation dba Avista Utilities ("Avista" or the "Company") hereby submits for electronic filing its comments regarding the Review of PURPA Standards in the Energy Independence and Security Act of 2007, Public Law 110-140 (EISA). The Company's comments are responsive to the Commission's Notice of Opportunity to Submit Written Comments regarding the Proposed Rule dated December 28, 2009 in Docket No. U-090222 regarding PURPA Standard 18(A). Avista appreciates the opportunity to provide the following comments:

Comments

In regard to the Smart Grid Technology Report proposed under Docket No. U-090222, Avista believes that the Commission should consider the context of the national activities that have occurred regarding the recent awarded projects related to “The Energy Independence and Security Act of 2007 (EISA)” and Smart Grid Investment Grant Program (SGIG) and the Smart Grid Demonstration Projects (SGDG). The Company believes the technology report should stay within the context of these projects.

The Company as part of its utility planning process evaluates new technologies and approaches to continuously improve energy efficiency, reliability, customer participation, capacity, operational efficiency and O&M expense reduction. This planning process evaluates the system as a whole and utilizes life cycle economics which includes all the key elements of the Smart Grid as typically defined. Smart Grid could be characterized as more of a strategy that is incorporated into the planning process. Technology should be deployed as required to meet strategic objectives and may be applied differently depending on circuit configuration, load profile, or customer interest to name just a few of the drivers.

Avista recognizes there is substantial hype and anticipation of benefits as well as concern about costs associated with Smart Grid concepts. Uncertainty of cost and results can cause anxiety regarding any particular implementation. The Company would like to make this reporting process more of an educational partnership, whereby together we learn by establishing a vision and subsequently generating action plans that support evaluation and implementation of solutions that can help meet the goals defined by the vision. Smart Grid deployments may take twenty or more years to implement across an entire electrical system, and as such, must be maintained on a road map that is continually updated to leverage the Smart Grid capabilities that can insure northwest residents and businesses have access to reasonably priced, reliable energy.

Avista would suggest that the first submitted report be the establishment of the vision and focus on the goals and expected benefits the vision is desired to achieve. Follow-up reports will contain additional details regarding evaluations, selections, and implementation of Smart Grid solutions.

Therefore, the Company would suggest the plan to be focused on transformational Smart Grid capabilities that stand out from the day-to-day capabilities that are currently deployed.

Working together we can maximize our collective knowledge and usher in the “modern grid” that best fits the needs of the region.

WAC 480-100-505 (2)(a)

As has been noted in our previous comments, Avista considers the “Smart Grid” as a “system of systems” not as a separate definable “function.” Technologies that are typically labeled as Smart Grid may be new, but in many cases may be existing technologies applied in a different context.

WAC 480-100-505 (2)(b)

Comments:

There doesn't seem to be a need to single out pilot activities. The evaluation process for technology normally includes “testing” a specific technology/solution for effectiveness given the intended use. Pilot activities would be a test appropriate for certain types of technology and concepts and would be discussed as part of the evaluation process.

Suggested Rule Language :

WAC 480-100-505 (2)(b)

Smart grid pilot means a project designed to test the feasibility, or cost-effectiveness of smart grid technologies or customer acceptance of such. Such projects may not be cost-effective as a stand-alone project, but should lead towards better cost-effectiveness of overall Smart Grid deployment.

WAC 480-100-505 (3)(a) and (3)(b)

Comments:

With the SGIG and SGDG projects in the beginning implementation phase, September, 2010 would be premature for reporting purposes. September 1, 2011 would allow for more information and detail for the initial report. Avista, as part of its ARRA requirements, will be providing quarterly updates on the projects to the Federal Government and plans to inform the Commission at the time of these updates.

Suggested Rule Language :

WAC 480-100-505 (3)(a)

Each electric utility must file with the commission a smart grid technology/solution report no later than September 1, 2011, and subsequent reports no later than September 1 of the years 2014 and 2017.

WAC 480-100-505 (3)(b)

Unless otherwise ordered by the Commission, this reporting requirement shall expire after the filing of the last report due on September 1, 2017.

WAC 480-100-505 (4)(a)

Comments:

Avista constantly evaluates technology and process as a part of the normal utility planning process. Once again, the discussion of Smart Grid technologies/solutions the utility has considered should be in the context of intended use for improved real-time grid operations that meet Smart Grid concepts for the “modern grid.” Avista would like to use the “Smart Grid road

map” to provide a vision that moves our transmission and distribution system toward a smarter grid.

WAC 480-100-505 (4)(b)

Comments:

Some Smart Grid technologies exist today and others do not yet exist. Avista, as previously stated, evaluates technology and process continually in the normal utility planning process and cost-effectiveness is only one part of that equation. Regulatory mandates such as security may force expenditures not considered cost-effective but necessary for Smart Grid deployments, as an example.

WAC 480-100-505 (8)

Comments:

The evaluation of Smart Grid technologies will very likely contain information exempt from disclosure under Chapter 42.56 RCW, such as security information protected under RCW 42.56.420 and valuable commercial information including, but not limited to, trade secrets, costs, financial information, network configuration and design information, protected under RCW 42.56.270. Therefore, rules will be necessary so that the electric utility will be able to designate and protect all security information and valuable commercial information contained in the report.

Suggested Rule Language:

WAC 480-100-505 (8)

All security information subject to protection under RCW 42.56.420 that may need to be included as part of this report shall not be released to the public for inspection or copying. All valuable commercial information that may need to be included as part of this report shall be protected at the highest level of confidentiality allowed for in applicable statutes and rules, including the designation of "highly confidential" for information, that if disseminated, imposes a highly significant risk of competitive harm to the disclosing party.

WAC 480-100-505 (9)

Comments:

The purpose of the periodic reports is to inform the Commission of the utility's evaluation and plans, it is not for the purpose of determining whether or not the electric utility is subject to penalties should those plans for implementation change.

Suggested Rule Language:

WAC 480-100-505 (9)

The report is for informational purposes only. Should an electric utility decide not to implement Smart Grid technologies as stated in previously filed reports it shall not be subject to any penalties.

WAC 480-100-505 (10)

Comments:

The rules would need to explain what action the Commission will take after the compliance filing is made. Avista suggests that the Commission formally indicate that the utility has met compliance with the reporting requirements.

Suggested Rule Language:

WAC 480-100-505 (10)

After the electric utility has filed the compliance report, the Commission, after appropriate review shall indicate that it has accepted the compliance report as meeting the requirements of the rule.

Please direct any questions on this matter to Curt Kirkeby at 509.495.4763 or myself at 509.495.4975.

Sincerely,

/s/ Linda Gervais

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