

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION D/B/A/ AVISTA UTILITIES

Respondent.

DOCKETS UE-220053, UG-220054, and UE-210854 (Consolidated)

**SEBASTIAN COPPOLA
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT SC-23

Avista's Response to Public Counsel's Data Request No. 227, on ADMS/OMS

July 29, 2022

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/13/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Jim Kensok
REQUESTER:	Public Counsel	RESPONDER:	Mike Littrel/Mike Mudge
TYPE:	Data Request	DEPT:	Enterprise Technology
REQUEST NO.:	PC – 227	TELEPHONE:	(509) 495-
		EMAIL:	mike.littrel@avistacorp.com

SUBJECT:

Capital Additions TY1 and TY2, Direct Testimony of James M. Kensok, Exh. JMK-1T at 43:19-45:1.

REQUEST:

On IT capital spending. The \$10 million and \$15 million forecasted amounts for the Outage Management Systems & Advanced Distribution Management Systems (OMS and ADMS) systems for 2023 and 2024 appear to be Rough Order of Magnitude (ROM) estimates. Please:

- a. Confirm that forecasted costs are ROM estimates. If not confirming, please explain.
- b. Explain how the \$10 million and \$15 million projected costs were determined and on what basis.
- c. Explain whether the Company bid out this project to multiple vendors for the software and contractors for installation. If yes, provide the date and a copy of the analysis of the bids received and identification of the winning bidder or bidders.
- d. Explain if the Company has completed the detailed requirements phase of the project. If yes, provide the date and copy of the analysis. If no, identify when it will be completed.
- e. Identify the highest level of management who has approved this project, the amount approved, and the date of approval.
- f. Provide a copy of the cost/benefit analysis in Excel with formulae intact, supporting data, and assumptions clearly explained that show this project is economically justified.

RESPONSE:

- a. Yes, the forecasted costs are ROM.
- b. The project ROM estimates noted above are based on conversations with other utility companies who have completed similar projects, conversations with potential vendors, conversations with industries experts and Avista experience with projects of similar scope and scale. Included in the filing of this case is the Company's updated transfer-to-plant amounts as noted of \$0 million in 2022, \$10 million in 2023 and \$15 million in 2024 on a system basis, or \$0M in 2022, \$6.55 million in 2023, and \$9.83 million in 2024 on a Washington electric basis (see also PC-DR-122 Attachment A for details.)
- c. Avista is currently in the process of developing a Request for Proposal (RFP) for this project, which will be sent out for bid in Q3 of 2022. The RFP responses will be evaluated in order to select the software and implementor for the project. The Company is targeting software and implementation vendor selections to be complete and work starting in Q4 of 2022.
- d. The detailed requirements are being developed as part of the RFP process and will not be available until that process is complete later in 2022.
- e. For Capital Business Cases there are several layers of approval. The highest level of approval is with senior management and Board of Directors when they approve the 5-year capital plan proposed by the Capital Planning Group. Please refer to Company witness Patrick Ehrbar for details on the capital approval process at Exh. PDE-1T at 11: 4-14:11. In addition, the most direct level of approval is through the capital business case. This was provided as a part of this filing in Company witness

James Kensok's testimony at Exh. JMK-2 at 256-263, where Avista Directors have approved this project.

- f. See Exh. JMK-2 at 256-263 for the OMS and ADMS Business Case for support for the business case need and requirements. As stated in the Business Case, the OMT application and data model have been used for nearly two decades and are approaching technology obsolescence. Continuing to utilize OMT would continue to create O&M cost pressure while also creating risks and lost opportunities. Additionally, the current system is limited in the functionality it can provide to Company staff as they respond to electric customer outages on an increasing complex distribution system. The existing application platform used by the OMT is scheduled for end of support in 2024.

However, as noted in Exh. EMA-5, Modernizing Avista's outage management software and associated business processes is anticipated to provide indirect labor, and avoided costs associated with future reduced labor needs. High-level estimated savings are based on a review of current and previous projects completed at Avista, with a uniform efficiency value applied based on the types of applications deployed. In addition, the Company has provided a direct benefit calculation for this business case as discussed by Company witness Ms. Andrews at Exh. EMA-5 at page 20, of \$12,920 and \$19,379 in 2023 and 2024, respectively for Washington electric operations. There are also indirect benefits of approximately \$32,785 in 2023 for Washington electric Operations.