

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	04/24/2016
CASE NO.:	UE-160228 & UG-160229	WITNESS:	Heather Rosentrater
REQUESTER:	Public Counsel/Energy Project	RESPONDER:	Dan Burgess/L. La Bolle
TYPE:	Data Request	DEPT:	State & Federal Regulation
REQUEST NO.:	PC/EP – 007	TELEPHONE:	(509) 495-4710
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REQUEST:**RE: Heather L. Rosentrater, Exhibit No. HLR-3.**

With regard to the “updated” business case report, please identify each change to this business case for each cost table and each quantified benefit table compared to the one submitted during the 2015 rate case in Docket No. UE-150204, and, with regard to each change, identify the basis for the change and the underlying work papers or documents relied upon to make this change.

RESPONSE:

With respect to the Project costs contained in the Company’s advanced metering business case, as filed in 2015, those costs were updated during the course of the case as described the Company’s response to ICNU DR 076 Supplemental, attached as PC/EP DR-007 Attachment A. The estimate of the project costs contained in Exhibit No. HLR-3 is based on more detailed information than was available for the 2015 business case. That detail comes from having more technical specifications developed for the project, having some pricing from vendors, in some cases including signed contracts, and having more comprehensive estimates of the labor resources needed for each activity.

The organization of the costs, and the cost categories, provided in the Company’s current business case, and in the AMI Cost Workbook filed as Attachment A to Exhibit No. HLR-3, is changed from that of the prior report. The AMI Cost Workbook contains very detailed information, such as the amount of time to be spent by each employee on a particular activity for every month of the project, for activities that are organized and grouped differently from those in the 2015 business case. The current AMI Cost Workbook provides information to understand the expected costs for the Washington advanced metering project, given its current state of implementation.

Regarding changes in the expected level of benefits, Avista organized some of the individual benefits differently among the benefit categories in its current AMI business case, Exhibit No. HLR-3. There are also differences between the two cases: 1) in the overall level of benefit estimated; 2) when the benefit is expected to be realized during the deployment period, and 3) the expected life of the project. In an effort to make a reasonable comparison between the benefit categories in the two business cases, we changed the organization of some benefits from the 2015 case to match the organization used in the current case, and used the benefits model from the current business case to calculate a present value for the revised categories of benefits reported in the 2015 case. The results are provided in the table below. For those areas of benefit where a difference in value between the two business cases arises from a difference in how the benefit were determined, the Company has provided a brief note explaining the primary reason for the difference.

	Area of Benefit	Current	Prior	Notes
	Meter Reading & Meters			
	Regular Reads	\$68,950,286	\$60,803,286	Updated meter reading budget.
	Special Reads	\$445,092	\$2,561,599	Updated meter reading budget.
	Net Metering	\$4,567,870	\$0	Additional area of benefit.
	Salvage Value	\$148,000	\$0	Additional area of benefit.
	Local Economy Jobs	\$1,820,000	\$0	Additional area of benefit.
	Total	\$75,931,248	\$63,364,885	
	Remote Service Connectivity			
	Account Open/Close/Transfer	\$11,756,573	\$38,486,963	Reduced number of transactions expected to be avoided.
	Credit Collections/Connections	\$12,183,407	\$5,693,471	Based on avoided budget vs calculated cost per trip, and savings are allocated differently among the two connectivity benefit categories between the two cases.
	After Hours Fees	\$395,786	\$1,306,305	Reduced the amount of fees that are expected to be eliminated.
	Total	\$24,335,767	\$45,486,739	
	Billing Accuracy			
	Estimated Bills	\$5,608,610	\$3,348,103	Cost has been updated to reflect new work process flow that accompanied new customer service system.
	Bill Inquiries	\$2,951,711	\$1,252,520	Cost has been updated to reflect new work process flow that accompanied new customer service system
	Billing Analysis	\$1,387,734	\$895,707	Cost has been updated to reflect new work process flow that accompanied new customer service system
	Rebilling	\$700,072	\$548,585	Cost has been updated to reflect new work process flow that accompanied new customer service system
	Total	\$10,648,127	\$6,044,915	
	Outage Management			
	Customer Avoided Costs	\$32,817,495	\$27,851,211	Updated ICE model and assigned proper outage costs to each customer class.
	Reduced Customer Calls	\$1,421,119	\$872,604	Cost has been updated to reflect new work process flow that accompanied new customer service system
	Avoided Single Lights Out	\$2,935,025	\$4,984,241	Reduced the cost per service trip based on more trips being made by a single person instead of two.
	Restoration Efficiencies	\$3,158,142	\$0	Additional Area of Benefit included in current case.
	Total	\$40,331,781	\$33,708,056	

	Utility Managed Energy Efficiency				
	Conservation Voltage Reduction	\$56,790,337	\$14,900,075	Use AMI data to identify and mitigate individual low-voltage services along the feeder allowing the voltage level of the entire feeder to be further reduced in the current case.	
	Total	\$56,790,337	\$14,900,075		
	Energy Theft & Unbilled Usage				
	Theft and Diversion	\$19,768,167	\$13,225,301	Included all of the expected percent of revenue savings in current case.	
	Unbilled Usage	\$1,912,078	\$2,951,632	In the prior case, a portion of the unbilled usage associated with the remote service open/close/transfer was included in this category. In the current case this portion has been moved to remote service open/close/transfer.	
	Slow/Failed Meters	\$4,319,220	\$2,132,183	The percentage of meters expected to be detected and repaired in the prior case was determined to be unreasonably low.	
	Stopped Meters	\$2,881,416	\$2,585,537	Several small miscellaneous changes.	
	Total	\$28,880,881	\$20,894,653		
	Utility Studies				
	Retail Load Analysis	\$1,154,805	\$1,822,683	Included additional load study costs in current case.	
	Meter Sampling	\$1,047,101	\$679,897	The estimated sampling effort was reduced in the current case.	
	Total	\$2,201,905	\$2,502,580		
	Customer Managed Energy Efficiency				
	Access Interval Data (Web Portal)	\$3,880,276	\$4,526,924	Reduced the estimated benefit for commercial customers in this case.	
	Additional Energy Conservation	\$389,970	\$0	Additional area of benefit included in current case.	
	Total	\$4,270,246	\$4,526,924		
	Grand Total	\$243,390,292	\$191,428,827		