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June 28, 2022

Jan Noriyuki, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Building 8, Suite 201-A
Boise, ID 83714

AVU-G-22-03

RE: Avista Utilities Request for Temporary Exemption from GSR 151 and 152, UCRR 203(3), and Associated Tariffs

Dear Ms. Noriyuki:

In accordance with Idaho Code §§ 61-501 and -507, and pursuant to Rule of Procedure (RP) 53 (IDAPA 31.01.01.53), Avista Corporation, dba Avista Utilities ("Avista" or "Company"), hereby submits for electronic filing with the Idaho Public Utilities Commission ("Commission") a Petition for Temporary Exemption from provisions of Gas Service Rules 151 and 152 (IDAPA 31.31.01.151 and .152), Utility Customer Relations Rule 203 (IDAPA 31.21.01.203), and associated Company tariffs. This request is being made so that Avista may provisionally pause its current natural gas meter testing procedures, or Periodic Meter Changeout (PMC) Program, due to ongoing meter supply issues, as described within the Petition.

If you have any questions regarding this filing, please contact me at (509) 495-2782 or shawn.bonfield@avistacorp.com.

Sincerely,

/s/ Shawn Bonfield

Shawn Bonfield
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Attorney for Avista Corporation

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF AVISTA CORPORATION FOR AN EXEMPTION FROM GAS SERVICE RULES 151 AND 152, UTILITY CUSTOMER RELATIONS RULE 203(3), AND ASSOCIATED TARIFFS	**CASE NO. AVU-G-22-03** PETITION FOR TEMPORARY EXEMPTION

Avista Corporation, dba Avista Utilities ("Avista" or "Company"), in accordance with *Idaho Code* §§ 61-501 and -507, and pursuant to Rule of Procedure (RP) 53 (IDAPA 31.01.01.53), hereby petitions the Idaho Public Utilities Commission ("Commission") for an order providing temporary exemption from the provisions of Gas Service Rules (GSR) 151 and 152, IDAPA 31.31.01.151 and .152, and Utility Customer Relations Rule (UCRR) 203, IDAPA 31.21.01.203, through December 31, 2023. GSRs 151 and 152 set forth the requirements for the periodic testing of customer natural gas meters and standards for natural gas service, while UCRR 203 provides stipulations regarding the issuance of corrected bills, including specifics regarding the rebilling time period to be used in the event that the time when a billing problem began cannot be reasonably determined. Through this Petition, Avista requests temporary exemption from these rules so that it may provisionally pause its current natural gas meter testing procedures, or Periodic Meter

Changeout (PMC) Program ("Program"), due to ongoing meter supply issues. The Company also requests temporary exemption from Sections 24-25 of its own natural gas tariff, I.P.U.C. No. 27, Schedule 170, as they pertain to Avista's meter accuracy and testing procedures.

In short, because testing must occur in a controlled environment on Company premises, diaphragm meters must be temporarily removed from service, and there are insufficient replacement meters to temporarily install, due to supply chain issues. Avista will resume testing of these meters prior to December 31, 2023, if and when sufficient supply of replacement meters is available.

Avista serves approximately 406,000 retail electric and 372,000 retail natural gas customers in a 30,000 square mile service territory covering portions of Washington, Idaho, and Oregon. Of that amount, approximately 141,000 electric and 91,000 natural gas are Idaho customers.

I. BACKGROUND

While IDAPA 31.31.01 provides broad Gas Service Rules for the investor-owned utilities in Idaho, including reference to appropriate ANSI/ASQ standards, there are no Federal or State rules that further describe the specific details and nuances of a gas meter testing program. As such, most natural gas local distribution companies (LDCs) in the industry share best practices and are in alignment with not only one another but with ANSI Z1.9[1] (or its successor, when such standards are updated over time) standards for natural gas meter testing practices. Avista is in-step with such alignment, with the intent of the Company's PMC Program being to ensure Avista maintains a quality control program to verify performance of new and installed meters. Avista utilizes, and in

[1] The American National Standards Institute, ANSI, is a non-profit organization that promotes voluntary conformity standards for products, services, processes, or systems in the United States (U.S.) as well as representing the U.S. in international standards organizations, helping to create guidelines that are universally accepted in multiple industries.

turn tests via its PMC Program, three primary meter types, each with a specific niche or use. These meter types are: 1) diaphragm meters, which are the most commonly used meter type and have a range from residential to medium commercial loads; 2) rotary meters, which are used to serve commercial and industrial loads; and 3) turbine meters, which serve industrial loads. For purposes of this Petition, the Company is only requesting to temporarily pause testing of its diaphragm meters with sizes up to 1,000 cubic feet per hour (cfh). The total population of diaphragm meters eligible for the PMC program in the Company's Idaho service territory is approximately 59,594 meters; of these, Avista tests an average of 830 meters per year. Additionally, approximately 1,588 meters, on average, are processed as FF.[2] Please see Tables 2-4 below for more specific estimations of the number of meters potentially needed for both the PMC Program and FF retirements for 2022 and 2023. All rotary and turbine meters will continue to be tested as described in Avista's Schedule 170 and corresponding Gas Standards Manual (GSM) and Standards of Procedure (SOP).

The testing process for natural gas diaphragm meters is briefly described in the Company's natural gas tariff Schedule 170, Sec. 25(C). For new meters, this includes the meter manufacturer factory testing and certifying each meter before it leaves the plant, followed by the Company then inspecting each meter shipment for physical damage. Any meters found to be damaged or in damaged packaging upon arrival will be tested, repaired and/or calibrated, or returned to the manufacturer if the Company is unable to fix the meter. After physical inspection, a sampling of the meters are tested before the meter order is made available for use. The sample size for each delivery varies, as it is driven by the number of meters in the order. If the meters pass the test, they are put into inventory and made available for use by Avista. If the tests fail, the Company works with the meter manufacturer to determine the best course to remedy the situation.

[2] Information provided for both PMC and FF are based on 2018-2021 averages.

For existing meters already in-service, formal meter evaluations begin when a meter reaches 10 years old. As previously noted, ANSI Z1.9 provides the basis of Avista's PMC Program. The Program is based on calendar years, with sample meters required to be pulled and tested within a given calendar year, then test results are analyzed to drive the protocol for the following year. A meter family (defined as a meter size, model, and manufactured year) automatically defaults to "normal" inspection levels when it enters into the Program. The sample size utilized for each family's testing is dictated by the overall size of the family and the family's historical testing results. For example, if a family of meters has been performing accurately for 10 years, the sample size can be changed to "reduced" in subsequent years, thus allowing fewer meters to be pulled from that family for purposes of the PMC Program. Conversely, if a family has not been performing well in two out of the last five years, the sample size changes to "tightened" and more samples are required for the following year's evaluation. A meter family is considered "failed" when a population under tightened inspection has encountered 1) three consecutive yearly inspections that are not accepted, *and/or* 2) two consecutive yearly inspections that are not accepted, and the meters are testing fast (i.e., the indicated volume is greater than actual volume through the meter). Once a specified meter family has been deemed as "failed", they are referred to as a "Failed Family" (FF) and removed from service or their Installation Constant updated in the Company's Meter Data Management (MDM) system. The Installation Constant solution is only suitable for meter families that are experiencing a consistent drift in accuracy; these families will continue to be tested in the PMC Program.

It is important to note that while Avista's electric meters can undergo such testing in the field, natural gas meters are tested using specialized equipment that is only available in a shop setting. Therefore, removal of meters from service is the only way to test these meters.

Additionally, it is essential that these meters are tested in a temperature-controlled environment, again making field testing impractical.

II. NEED FOR TEMPORARY EXEMPTION

As experienced by many industries across the nation, the supply chain issues that continue to plague the country as a result of the COVID-19 pandemic have proven to be a detriment to Avista's natural gas meter supply. Over the past two years, orders for meters have had increasingly lengthened lead times. Moreover, as shown in Table No. 1 below, the pace at which these lead times changed—from anticipated delivery in less than two months after order date, increasing to over a year before delivery can be expected for some meter types—has made appropriate management of inventory levels nearly impossible.

Table No. 1 – Meter Lead Times, 2020-2022

Meter Lead Time (weeks)										
	2020				2021				2022	
Meter Size	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
AC250	7	7	7	7	16	16	41	41	54	52
AL425	8	8	8	8	16	16	41	41	31	39
AC630	8	8	8	8	16	16	41	41	31	39

Avista has sought to mitigate these supply chain issues in many ways, some even prior to the pandemic. In 2019, throughout the course of typical business practice improvements and diversification (unrelated to, and prior to, COVID-19), Avista explored potentially ordering meters from a second meter manufacturer. After having investigated the process, including aligning meter specifications, badging, and system integrations—in addition to an on-site visit to the vendor's manufacturing facility to ensure their QA/QC processes were acceptable to the Company—Avista decided that its current meter vendor was still the best possible option for the Company to procure

its natural gas meters.[3] As the supply issues became increasingly prevalent throughout the pandemic, Avista encountered many barriers when adapting to the new lead times. For example, the idea of borrowing or buying meters from other utilities, though considered, was found to be not feasible due in part to the unique badging system required for each utility's meters. Further, Avista's Encoder Receiver Transmitter (ERT) modules, which are attached to the meters by the meter manufacturer and used to transmit meter reading data to a hand-held receiver carried by a meter reader, are even more unique to Avista as they necessitate exclusive electronic security to be installed to ensure that the communication path used is applicable to only the Company's system. Because this unique communication technology is specific to a particular vendor, Avista's ERT modules are sole-sourced. The lead times for these ERT modules is currently roughly 24 weeks. Like the lead times for the meters themselves, the ERT timing has varied over the last two years and, at times, has been the primary issue (longest lead time) in the meter ordering process.

As an alternative to diaphragm meters, Avista has also been examining a different type of metering technology called ultrasonic metering. This technology is not as widespread as the existing diaphragm meters and is being used by only a handful of other utilities. The lead time is improved with these meters; however, this approach requires much further scrutiny before the Company can be confident that the new technology will guarantee safe and accurate measurement of natural gas services for its customers.

Table Nos. 2 and 3 below provide data for both 2022 and 2023, respectively, regarding the Company's existing meter supply count, as well as a forecast of the number of meters needed to support general natural gas customer growth for 2022-23, the number of meters that would be

[3] Comparatively, this second manufacturer has seen similar increases in lead time through the past two years and is currently experiencing lead times up to 70 weeks.

needed for the PMC Program to continue at its usual cadence,[4] and the number of meters needed to support replacement of any FFs during the given year. For 2022, these numbers are inclusive of anticipated meter shipments to be received in November (40 meters – AL1000) and December (120 meters – AL425). For 2023, shipments for AC250 are expected in March (1,920), April (1,100), and May (1,600); all other meter types are set to receive a single delivery in January. All data provided in Table Nos. 2-5 is the best-known information as of June 9, 2022.

Table No. 2 – 2022 Projected Meter Supply Need (All Programs Included)

2022						
	Currently In Stock	Qty Needed Growth	Qty Needed PMC	Qty Needed FF	Expected to Deliver	Meter Totals
Meter Type						
AC250	3,238	1,226	811	1,541	0	-340
AL425	104	88	104	166	120	-134
AC630	53	37	48	212	0	-244
AL1000	101	12	63	193	40	-127

Table No. 3 – 2023 Projected Meter Supply Need (All Programs Included)

2023						
	Estimated Stock At Beginning of Year	Qty Needed Growth	Qty Needed PMC	Qty Needed FF	On Order	Meter Totals
Meter Type						
AC250	-340	1,889	811	529	4,620	1,052
AL425	-134	155	104	102	300	-194
AC630	-244	70	48	37	400	0
AL1000	-127	25	63	0	200	-14

For comparison purposes, Table Nos. 4 and 5 show the same information but assumes the temporary suspension of the PMC Program, and associated FF replacements, for 2022.

[4] PMC Program forecasts include a 20% "overpull" assumption for Idaho; a comparable assumption is included by the Company in all of its jurisdictions.

Table No. 4 – 2022 Projected Meter Supply Need (PMC and FF Excluded)

2022						
	Currently In Stock	Qty Needed Growth	Qty Needed PMC	Qty Needed FF	Expected to Deliver	Meter Totals
Meter Type						
AC250	3,238	1,226	0	0	0	2,012
AL425	104	88	0	0	120	136
AC630	53	37	0	0	0	16
AL1000	101	12	0	0	40	129

Table No. 5 – 2023 Projected Meter Supply Need (PMC and FF Excluded for 2022)

2023						
	Estimated Stock At Beginning of Year	Qty Needed Growth	Qty Needed PMC	Qty Needed FF	On Order	Meter Totals
Meter Type						
AC250	2,012	1,889	811	2,070	4,620	1,863
AL425	136	155	104	268	300	-90
AC630	16	70	48	249	400	49
AL1000	129	25	63	193	200	48

It is crucial to consider the above-referenced timeline for anticipated meter shipments when viewing Table Nos. 2 – 5, as the month in which these deliveries are expected (and, if such deliveries are delayed, as they have been frequently over the past two years) is paramount in considering whether the Company will incur a meter deficit or not in a given year. For example, until the anticipated December 2022 delivery of AL425 meters is received, Avista will be experiencing a meter shortage of approximately 254 meters rather than the deficit of 134 meters illustrated in Table No. 2. Likewise, even with the temporary pause of the PMC Program and FF replacements for 2022, as shown in Table No. 4, receipt of this shipment is imperative to reach the 136 total reflected—without it, the Company faces a deficit of approximately 16 AL425 meters. Notably, Table No. 5 assumes resumption of the PMC Program in 2023, which, if all anticipated deliveries are received on schedule, will be when the Company aims to resume its Program. Avista's exemption request contained within this Petition, which is proposed through December

31, 2023, is being made in an abundance of caution to accommodate the possibility that anticipated meter delivery dates will remain unreliable. If, at any time, the Company is able to supply enough natural gas meters to resume the Program with confidence that such supply can be consistently maintained prior to December 31, 2023, it will certainly do so.

Customer Impact and Company Mitigation of Such Impacts

As Avista considers temporary suspension of its PMC Program, and associated FF replacements, the Company is cognizant of the provisions of UCRR 203(1) which require that the utility prepare a corrected bill for a customer "whenever the billing for utility service was not accurately determined for reasons such as meter malfunction or failure", among other reasons. Avista strives for accuracy and reliability in providing natural gas service to all Idaho customers, and is aware that pausing its PMC Program until such time that the supply of natural gas meters is able to keep pace with the number of meters needed for customer growth, the PMC Program, and FF replacement, will undoubtedly result in the need to rebill any customers whose meters do eventually test outside of the prescribed parameters of GSR 154(1) once the Program is reinstated. Currently, such billing would need to be completed in accordance with UCCR 203(3)(a), which states:

> If the time when the billing error, billing under incorrect rates, or failure to bill (collectively referred to as "billing problem") began cannot be reasonably determined to have occurred within a specific period, the corrected billings will not exceed the most recent six (6) months before the discovery of the billing problem. [Emphasis added]

While six months is an appropriate timeframe in many rebilling scenarios, the Company's request for temporary exemption of UCCR 203 in this Petition is intended to allow Avista to exceed this six-month limitation, instead providing up to an 18-month rebill for any customers potentially **over**charged during the PMC Program's suspension. Customers that may be **under**charged during this time due to a meter that tests slow upon Program resumption will only

be rebilled for up to 6 months.[5] The Company believes this to be a necessary protection for customers, so that they will be appropriately compensated in the event that any of its natural gas meters do eventually enter FF status after resumption of the Program. It is noteworthy that, historically, in instances where a natural gas meter does fail testing, the percentages by which these failures are outside of the 2% fast/slow threshold noted in GSR 154(1) are relatively low. For example, of those natural gas meters that tested fast through PMC Program from 2020-2022, the average percent fast was 2.7% in 2020, 2.6% in 2021, and 2.5% for 2022 YTD. For purposes of rebilling, if this information is used to assume that the average "fast" natural gas meter will be billed at approximately 2.6% above the customer's actual usage, this means that the average customer[6] would have been overbilled by approximately $1.45 per month, or $17.40 on an annual basis. Thus, when resuming the PMC Program, if a customer has been overbilled as stated in this illustrative example, they would receive a bill credit for $26.10 (18 months x $1.45 per month). Bill credits for overbilling will only be provided to those customers whose meters actually test fast once the Program resumes, not all customers of a FF.

II. MODIFIED PROCEDURE

Avista believes that a hearing is not necessary to consider the exemption requested herein and respectfully requests that this Petition be processed under Modified Procedure; i.e., by written submissions rather than by hearing. *See* RP 201, *et seq*.

[5] Meters identified as "stopped" during the Program's suspension will be subject to the customary rebilling timeframes.
[6] The "average" Idaho Avista customer uses 63 therms per month, or $55.86 (using Schedule 101 rates effective February 1, 2022).

III. COMMUNICATIONS AND SERVICE OF PLEADINGS

All communications, pleadings, and orders with respect to this proceeding should be directed to:

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VII. REQUEST FOR RELIEF

As described in greater detail above, Avista respectfully request that the Commission approve the requested temporary exemption from the provisions of GSR 151 and 152 (IDAPA 31.31.01.151 and .152) and UCRR 203 (IDAPA 31.21.01.203), as well as from Sections 24-25 of the Company's own natural gas tariff, I.P.U.C. No. 27, Schedule 170, through December 31, 2023, as it relates to the testing of diaphragm meters.

DATED this 28th day of June 2022.

Respectfully submitted,

Avista Utilities

By: *__/s/ David Meyer__*
David J. Meyer, Vice President and Chief
Counsel for Regulatory and Governmental Affairs