



Avista Corporation

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June 28, 2022

Public Utilities Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3612

RE: Avista Utilities Request for Temporary Exemption from OAR 860-023-0015, OAR 860-021-0135, and Associated Company Tariffs

Filing Center:

In accordance with ORS 757.250 and OAR 860-023-0000(2), attached for electronic filing with the Public Utility Commission of Oregon (Commission) is the Application of Avista Corporation, dba Avista Utilities (Avista or the Company), requesting temporary exemption from provisions of OAR 860-023-0015, OAR 860-021-0135, 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 Application.

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
Sr. Manager of Regulatory Policy & Strategy
Avista Utilities

Enclosure

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM _____

In the Matter of)
)
AVISTA CORPORATION, d/b/a AVISTA UTILITIES) APPLICATION OF AVISTA
) CORPORATION
Application for Waiver of OAR 860-023-0015, OAR 860-)
021-0135, and Associated Company Tariffs)
_____)

In accordance with ORS 757.250 and OAR 860-023-0000(2), Avista Corporation, dba Avista Utilities (“Avista” or “Company”), hereby applies to the Public Utility Commission of Oregon (“Commission”) for an order providing temporary waiver of the provisions of OAR 860-023-0015, Testing Gas and Electric Meters, and OAR 860-021-0135, Adjustment of Utility Bills, through December 31, 2023. OAR 860-023-0015 sets forth the requirements for the periodic testing of customer natural gas meters, while OAR 860-021-0135(2) provides stipulations regarding the issuance of corrected bills, including specifics regarding the rebilling time period to be used. Through this Application, Avista requests temporary waiver of 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 waiver of Sections B.5 and C of its own natural gas tariff, P.U.C. OR. No. 5, Rule 18, as they pertain to Avista’s meter accuracy and testing procedures, as well as Rule 9, Section C.1 as it pertains to the timeframe to be utilized for rebilling in such instances that the time when a billing problem began cannot be reasonably determined.

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

6 Avista provides natural gas service in southwestern and northeastern Oregon and is a public
7 utility subject to the Commission’s jurisdiction under ORS 757.005(1)(a)(A). This Application is
8 filed pursuant to ORS 757.250(2), which empowers the Commission to “establish reasonable rules,
9 regulations, specifications and standards to secure the accuracy of all meters”, and to OAR 860-
10 023-0000(2), which authorizes the Commission to waive any of the Division 023 rules for good
11 cause shown. As further explained below, good cause exists to waive OAR 860-023-0015 and
12 OAR 860-021-0135(2), as it allows the Company to maintain its commitment to providing safe,
13 reliable service to its Oregon natural gas customers while providing restitution to any customers
14 impacted by the temporary suspension of the PMC Program.

15 Avista requests that all notices, pleadings, and correspondence regarding this Application
16 be sent to the following:

17	David J. Meyer, Esq.	Patrick Ehrbar
18	Vice President and Chief Counsel	Director of Regulatory Affairs
19	Regulatory & Governmental Affairs	Avista Corp.
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26 Avista Dockets (Electronic Only) - AvistaDockets@avistacorp.com

1 **I. BACKGROUND**

2 While Chapter 860, Division 023 rules provides broad Service Standards for the investor-
3 owned utilities in Oregon, including the requirements for testing natural gas and electric meters as
4 prescribed in OAR 860-023-0015, there are no Federal or State rules that further describe the
5 specific details and nuances of a gas meter testing program. As such, most natural gas local
6 distribution companies (LDCs) in the industry share best practices and are in alignment with not
7 only one another but with ANSI Z1.9¹ (or its successor, when such standards are updated over
8 time) standards for natural gas meter testing practices. Avista is in-step with such alignment, with
9 the intent of the Company’s PMC Program being to ensure Avista maintains a quality control
10 program to verify performance of new and installed meters. Avista utilizes, and in turn tests via its
11 PMC Program, three primary meter types, each with a specific niche or use. These meter types
12 are: 1) diaphragm meters, which are the most commonly used meter type and have a range from
13 residential to medium commercial loads; 2) rotary meters, which are used to serve commercial and
14 industrial loads; and 3) turbine meters, which serve industrial loads. For purposes of this
15 Application, the Company is only requesting to temporarily pause testing of its diaphragm meters
16 with sizes up to 1,000 cubic feet per hour (cfh). The total population of diaphragm meters eligible
17 for the PMC program in the Company’s Oregon service territory is approximately 75,519 meters;
18 of these, Avista tests an average of 2,207 meters per year. Additionally, approximately 1,141
19 meters, on average, are processed as FF.² Please see Tables 2-4 below for more specific estimations
20 of the number of meters potentially needed for both the PMC Program and FF retirements for 2022

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.

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

1 and 2023. All rotary and turbine meters will continue to be tested as described in Avista’s Schedule
2 170 and corresponding Gas Standards Manual (GSM) and Standards of Procedure (SOP).

3 The testing process for natural gas diaphragm meters is briefly described in the Company’s
4 natural gas tariff Rule 18. For new meters, this includes the meter manufacturer factory testing and
5 certifying each meter before it leaves the plant, followed by the Company then inspecting each
6 meter shipment for physical damage. Any meters found to be damaged or in damaged packaging
7 upon arrival will be tested, repaired and/or calibrated, or returned to the manufacturer if the
8 Company is unable to fix the meter. After physical inspection, a sampling of the meters are tested
9 before the meter order is made available for use. The sample size for each delivery varies, as it is
10 driven by the number of meters in the order. If the meters pass the test, they are put into inventory
11 and made available for use by Avista. If the tests fail, the Company works with the meter
12 manufacturer to determine the best course to remedy the situation.

13 For existing meters already in-service, formal meter evaluations begin when a meter
14 reaches 10 years old. As previously noted, ANSI Z1.9 provides the basis of Avista’s PMC
15 Program. The Program is based on calendar years, with sample meters required to be pulled and
16 tested within a given calendar year, then test results are analyzed to drive the protocol for the
17 following year. A meter family (defined as a meter size, model, and manufactured year)
18 automatically defaults to “normal” inspection levels when it enters into the Program. The sample
19 size utilized for each family’s testing is dictated by the overall size of the family and the family’s
20 historical testing results. For example, if a family of meters has been performing accurately for 10
21 years, the sample size can be changed to “reduced” in subsequent years, thus allowing fewer meters
22 to be pulled from that family for purposes of the PMC Program. Conversely, if a family has not
23 been performing well in two out of the last five years, the sample size changes to “tightened” and

1 more samples are required for the following year’s evaluation. A meter family is considered
2 “failed” when a population under tightened inspection has encountered 1) three consecutive yearly
3 inspections that are not accepted, *and/or* 2) two consecutive yearly inspections that are not
4 accepted, and the meters are testing fast (i.e., the indicated volume is greater than actual volume
5 through the meter). Once a specified meter family has been deemed as “failed”, they are referred
6 to as a “Failed Family” (FF) and removed from service or their Installation Constant updated in
7 the Company’s Meter Data Management (MDM) system. The Installation Constant solution is
8 only suitable for meter families that are experiencing a consistent drift in accuracy; these families
9 will continue to be tested in the PMC Program.

10 It is important to note that while Avista’s electric meters can undergo such testing in the
11 field, natural gas meters are tested using specialized equipment that is only available in a shop
12 setting. Therefore, removal of meters from service is the only way to test these meters.
13 Additionally, it is essential that these meters are tested in a temperature-controlled environment,
14 again making field testing impractical.

15 **II. NEED FOR TEMPORARY WAIVER**

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

23

1 **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

2
3 Avista has sought to mitigate these supply chain issues in many ways, some even prior to
4 the pandemic. In 2019, throughout the course of typical business practice improvements and
5 diversification (unrelated to, and prior to, COVID-19), Avista explored potentially ordering meters
6 from a second meter manufacturer. After having investigated the process, including aligning meter
7 specifications, badging, and system integrations—in addition to an on-site visit to the vendor’s
8 manufacturing facility to ensure their QA/QC processes were acceptable to the Company—Avista
9 decided that its current meter vendor was still the best possible option for the Company to procure
10 its natural gas meters.³ As the supply issues became increasingly prevalent throughout the
11 pandemic, Avista encountered many barriers when adapting to the new lead times. For example,
12 the idea of borrowing or buying meters from other utilities, though considered, was found to be
13 not feasible due in part to the unique badging system required for each utility’s meters. Further,
14 Avista’s Encoder Receiver Transmitter (ERT) modules, which are attached to the meters by the
15 meter manufacturer and used to transmit meter reading data to a hand-held receiver carried by a
16 meter reader, are even more unique to Avista as they necessitate exclusive electronic security to
17 be installed to ensure that the communication path used is applicable to only the Company’s
18 system. Because this unique communication technology is specific to a particular vendor, Avista’s

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.

1 ERT modules are sole-sourced. The lead times for these ERT modules is currently roughly 24
2 weeks. Like the lead times for the meters themselves, the ERT timing has varied over the last two
3 years and, at times, has been the primary issue (longest lead time) in the meter ordering process.

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

10 Table Nos. 2 and 3 below provide data for both 2022 and 2023, respectively, regarding the
11 Company's existing meter supply count, as well as a forecast of the number of meters needed to
12 support general natural gas customer growth for 2022-23, the number of meters that would be
13 needed for the PMC Program to continue at its usual cadence,⁴ and the number of meters needed
14 to support replacement of any FFs during the given year. For 2022, these numbers are inclusive of
15 the following anticipated meter shipments:

- 16 • AC250: December (3,240)
- 17 • AL425: September (252), November (40), and December (100)
- 18 • AC630: June (180), September (252), and November (20)
- 19 • AL1000: December (20)

20 For 2023, the expected delivery schedule is as follows:

- 21 • AC250: February (780), April (1,200), and June (1,680)
- 22 • AL425: February (72), March (72), and April (100)

23
24 All data provided in Table Nos. 2-5 is the best-known information as of June 9, 2022.

⁴ PMC Program forecasts include a 40% "overpull" assumption for Oregon; a comparable assumption is included by the Company in all of its jurisdictions.

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	719	633	1,622	3,088	3,240	-1,384
AL425	36	43	207	145	392	33
AC630	36	18	97	175	452	198
AL1000	108	6	125	89	20	-92

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	-1,384	1,101	1,622	236	3,660	-683
AL425	33	90	207	80	244	-100
AC630	198	41	97	61	0	-1
AL1000	-92	15	125	0	0	-232

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.

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	719	633	0	0	3,240	3,326
AL425	36	43	0	0	392	385
AC630	36	18	0	0	452	470
AL1000	108	6	0	0	20	122

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	3,326	1,101	1,622	3,324	3,660	939
AL425	385	90	207	225	244	107
AC630	470	41	97	236	0	96
AL1000	122	15	125	89	0	-107

1 It is crucial to consider the above-referenced timeline for anticipated meter shipments when
2 viewing Table Nos. 2 – 5, as the month in which these deliveries are expected (and, if such
3 deliveries are delayed, as they have been frequently over the past two years) is paramount in
4 considering whether the Company will incur a meter deficit or not in a given year. For example,
5 until the anticipated December 2022 delivery of AC250 meters is received, Avista will be
6 experiencing a meter shortage of over 4,600 meters rather than the deficit of 1,384 illustrated in
7 Table No. 2. Notably, Table No. 5 assumes resumption of the PMC Program in 2023, which, if all
8 anticipated deliveries are received on schedule, will be when the Company aims to resume its
9 Program. Avista’s exemption request contained within this Application, which is proposed through
10 December 31, 2023, is being made in an abundance of caution to accommodate the possibility that
11 anticipated meter delivery dates will remain unreliable. If, at any time, the Company is able to
12 supply enough natural gas meters to resume the Program with confidence that such supply can be
13 consistently maintained prior to December 31, 2023, it will certainly do so.

14 **Customer Impact and Company Mitigation of Such Impacts**

15 As Avista considers temporary suspension of its PMC Program, and associated FF
16 replacements, the Company is cognizant of the provisions of OAR 860-021-0135(2) which require
17 that the utility prepare a corrected bill for a customer “if an energy utility determines that a current
18 or former customer of the energy utility was under-billed or over-billed for a service provided by
19 the energy utility under rate schedules or tariffs in effect when the service was provided.” Avista
20 strives for accuracy and reliability in providing natural gas service to all Oregon customers, and is
21 aware that pausing its PMC Program until such time that the supply of natural gas meters is able
22 to keep pace with the number of meters needed for customer growth, the PMC Program, and FF
23 replacement will undoubtedly result in the need to rebill any customers whose meters do eventually

1 test outside of the prescribed parameters of 860-023-0015(2) once the Program is reinstated.
2 Currently, such billing would need to be completed in accordance with OAR 860-021-0135(2),
3 which states:

4 (a) The energy utility may issue a bill to collect amounts previously under-billed
5 during the 12-month period ending on the date on which the customer or former
6 customer was last under-billed. The energy utility may not bill for services provided
7 more than two years before the date the energy utility discovered the under-billing.

8 (b) The energy utility must issue a refund or bill credit for amounts previously over-
9 billed during the 12-month period ending on the date on which the customer or
10 former customer was last over-billed. The energy utility is not required to issue a
11 refund or bill credit for amounts over-billed more than three years before the date
12 the energy utility discovered the over-billing. [Emphasis added]

13 While 12 months is an appropriate timeframe in many rebilling scenarios, the Company’s
14 request for temporary exemption of OAR 860-021-0135(2) in this Application is intended to allow
15 Avista to exceed this 12-month limitation, instead providing up to an 18-month rebill for any
16 customers potentially overcharged during the PMC Program’s suspension. Customers that may be
17 undercharged during this time due to a meter that tests slow upon Program resumption will only
18 be rebilled for up to 6 months.⁵ The Company believes this to be a necessary protection for
19 customers, so that they will be appropriately compensated in the event that any of its natural gas
20 meters do eventually enter FF status after resumption of the Program. It is noteworthy that,
21 historically, in instances where a natural gas meter does fail testing, the percentages by which these
22 failures are outside of the 2% fast/slow threshold noted in 860-023-0015(2) are relatively low. For
23 example, of those natural gas meters that tested fast through PMC Program from 2020-2022, the
24 average percent fast was 2.7% in 2020, 2.6% in 2021, and 2.5% for 2022 YTD. For purposes of
25 rebilling, if this information is used to assume that the average “fast” natural gas meter will be
26 billed at approximately 2.6% above the customer’s actual usage, this means that the average

⁵ Meters identified as “stopped” during the Program’s suspension will be subject to the customary rebilling timeframes.

1 customer⁶ would have been overbilled by approximately \$1.77 per month, or \$21.24 on an annual
2 basis. Thus, when resuming the PMC Program, if a customer has been overbilled as stated in this
3 illustrative example, they would receive a bill credit for \$31.86 (18 months x \$1.77 per month).
4 Bill credits for overbilling will only be provided to those customers whose meters actually test fast
5 once the Program resumes, not all customers of a FF.

6 **III. REQUEST FOR RELIEF**

7 As described in greater detail above, Avista respectfully request that the Commission
8 approve the requested temporary waiver from the provisions of OAR 860-023-0015 and OAR 860-
9 021-0135(2), as well as from the Company’s own natural gas tariff, P.U.C. OR. No. 5, Rule 18,
10 Sections B.5 and C and Rule 9, Section C.1, through December 31, 2023, as it relates to the testing
11 of diaphragm meters.

12 DATED this 28th day of June 2022.

13 Respectfully submitted,

14 Avista Utilities

15 By: /s/ David Meyer
16 David J. Meyer, Vice President and Chief
17 Counsel for Regulatory and Governmental Affairs

⁶ The “average” Oregon Avista customer uses 48 therms per month, or \$68.17 (using Schedule 410 rates effective January 1, 2022).