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IDAHO PUBLIC  
UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION )  
OF AVISTA CORPORATION FOR THE )  
AUTHORITY TO INCREASE ITS RATES )  
AND CHARGES FOR ELECTRIC AND )  
NATURAL GAS SERVICE TO ELECTRIC )  
AND NATURAL GAS CUSTOMERS IN THE )  
STATE OF IDAHO )

CASE NO. AVU-E-08-01  
CASE NO. AVU-G-08-01

DIRECT TESTIMONY  
OF  
DON F. KOPCZYNSKI

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

1 I. INTRODUCTION

2 Q. Please state your name, employer and business  
3 address.

4 A. My name is Don F. Kopczynski and I am employed as  
5 the Vice President of Transmission and Distribution  
6 Operations for Avista Utilities, at 1411 East Mission  
7 Avenue, Spokane, Washington.

8 Q. Would you briefly describe your educational  
9 background and professional experience?

10 A. Yes. Prior to joining the Company in 1979, I  
11 earned a Bachelor of Science Degree in Engineering from the  
12 University of Idaho. I have also earned a Master's Degree  
13 in Business Management from Washington State University and  
14 a Master's Degree in Organizational Leadership from Gonzaga  
15 University. Over the past 29 years I have spent  
16 approximately 16 years in Energy Delivery, managing  
17 Engineering, various aspects of Operations, and Customer  
18 Service. In addition, I spent three years managing the  
19 Energy Resources Department, including Power Supply,  
20 Generation and Production, and Natural Gas Supply. More  
21 recently, I worked in the areas of Corporate business  
22 analysis and development, and served in a variety of  
23 leadership roles in subsidiary operations for Avista Corp.  
24 I was appointed General Manager of Energy Delivery in 2003  
25 and Vice President in 2004. I serve on several boards,

1 including the Eastern Washington University Electrical  
2 Engineering and Computer Science Advisory Board, Washington  
3 State Electrical Board, and the Washington State University  
4 Engineering Advisory Board.

5 **Q. What is the scope of your testimony?**

6 A. I will provide an overview of the Company's  
7 natural gas and electric energy delivery facilities and  
8 operations. I will also explain some of our recent efforts  
9 to increase efficiency and improve customer service, such  
10 as the newly formatted website and outsourcing of the bill  
11 print and mail service, as well as summarize Avista's  
12 customer service programs in Idaho. A table of the  
13 contents for my testimony is as follows:

14	<u>Description</u>	<u>Page</u>
15	I. Introduction	Page 1
16	II. Overview of Avista's Energy	
17	Delivery Operations	Page 3
18	III. System Improvements & Efficiencies	Page 6
19	IV. Customer Support Programs	Page 7
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21		

22 **Q. Are you sponsoring any exhibits in this**  
23 **proceeding?**

24 A. Yes. I am sponsoring Exhibit No. 9. This  
25 exhibit details the system improvements and efficiencies  
26 the Company has undertaken. This exhibit was prepared  
27 under my direction.

1                   **II. OVERVIEW OF AVISTA'S ENERGY DELIVERY SERVICE**

2                   **Q. Please provide an overview of the customers**  
3 **served by Avista Utilities in Idaho.**

4                   A. As of December 31, 2007, the Company served  
5 120,266 electric customers and 71,773 natural gas customers  
6 in the five northern counties of Idaho. Avista's largest  
7 electric customer in Idaho is the Potlatch Corporation's  
8 Lewiston facility, with an annual usage of approximately  
9 898 million kWh. The Company anticipates residential and  
10 commercial electric load growth to average 2.3 percent  
11 annually for the next ten years, primarily due to expected  
12 increases in both population and the number of businesses  
13 in its service territory. While the number of electric  
14 customers is expected to increase, the average annual use  
15 per customer is not expected to change significantly. In  
16 Idaho, the number of natural gas customers is projected to  
17 increase at an average annual rate of 3.0 percent, with  
18 demand also growing at 3.0 percent per year.

19                   **Q. Please describe the Company's electric and**  
20 **natural gas delivery facilities.**

21                   A. Avista Utilities operates a vertically-integrated  
22 electric system. In addition to the hydroelectric and  
23 thermal generating resources described by Company witness  
24 Mr. Vermillion, the Company has approximately 4,052 miles  
25 of lines in the following classes in Idaho: 286 miles of

1 230 kV transmission, 604 miles of 115 kV transmission, and  
2 3,162 miles of sub-transmission and distribution line at a  
3 variety of voltages. Avista also has 928 miles of  
4 distribution underground cable; the predominant  
5 distribution voltage is 13.2 kV. Avista owns and maintains  
6 1876 miles of natural gas pipelines (excluding services) in  
7 the state of Idaho of which 560 miles are steel and 1316  
8 miles are polyethylene. All of these pipelines are  
9 distribution, no transmission, operating at various maximum  
10 allowable operating pressures (MAOPs) from 60 psig to 720  
11 psig. Avista has 69,337 natural gas service lines in  
12 Idaho.

13 **Q. Have there been any transmission system changes**  
14 **in Avista's service territory?**

15 A. Yes. As Company witness Mr. Kinney discusses in  
16 more detail, the Company has nearly completed its 5-year  
17 (2003-2007), \$136.4 million transmission upgrade project  
18 that significantly improved the infrastructure of the 230  
19 kV transmission system. This multi-year transmission  
20 upgrade added over 100 circuit miles of new 230 kV  
21 transmission line to Avista's system, and increased the  
22 capacity of an additional 50 miles of transmission line.  
23 Related projects at six 230 kV substations were necessary  
24 to meet capacity requirements, upgrade protective relaying  
25 systems, and to meet regional and national reliability

1 standards. With the completion of these projects the  
2 transmission project focus is shifting to improving the 115  
3 kV transmission system to meet load growth and eliminate  
4 thermal loading issues.

5 **Q. Please describe the Company's operations centers**  
6 **that support electric and gas customers in Idaho.**

7 A. The Company has construction offices in  
8 Grangeville, Orofino, Lewiston-Clarkston, Moscow-Pullman,  
9 Kellogg, St. Maries, Coeur d'Alene, Sandpoint and Bonner's  
10 Ferry, and customer contact center operations in Lewiston  
11 and Coeur d'Alene. Avista's four customer contact centers  
12 in Coeur d'Alene, Lewiston, Spokane, and Medford, Oregon  
13 are networked, allowing the full pool of regular and part-  
14 time employees to respond to customer calls in all  
15 jurisdictions.

16 **Q. What construction and maintenance programs does**  
17 **the Company have in place to maintain gas and electric**  
18 **facilities?**

19 A. Avista Utilities utilizes Company seasonal and  
20 regular crews for gas and electric construction, including  
21 new and reconstructed lines, damage repair, and connecting  
22 new customers. The Company employs contract crews and  
23 temporary and part-time employees to meet customer needs  
24 during the peak construction season. The Company also has  
25 several maintenance programs to maintain the reliability of

1 our electric and gas infrastructure. On the electric side,  
2 this includes underground cable replacement, asset  
3 management (including wood pole inspection and  
4 replacement), vegetation management, electric transmission  
5 line inspection and reconstruction. Regarding natural gas  
6 operations, ongoing maintenance focuses on valve and  
7 regulator stations, atmospheric corrosion protection, and  
8 leak surveys.

9

10 **III. SYSTEM IMPROVEMENTS AND EFFICIENCIES**

11 **Q. Has the Company looked at undertaking additional**  
12 **measures to either reduce costs or increase customer**  
13 **service levels?**

14 A. Yes. Avista Utilities has undertaken a number of  
15 improvements and efficiency initiatives throughout our  
16 service area that are focused on either increasing customer  
17 service and satisfaction, or reducing costs to the company.  
18 We believe these measures have served to mitigate the  
19 impact on customers of the proposed rate increase.

20 **Q. Please explain the system improvement measures**  
21 **that Avista has implemented in Idaho.**

22 A. Some of the recent improvements that the Company  
23 has implemented are as follows:

24 • Updated our Integrated Voice Response system  
25 to help our customers interact with our  
26 company.

- 1 • Implemented a new Outage Management system to  
2 help minimize the restoration time of outages  
3 on our system.
- 4 • Implemented Mobile Dispatch to reduce the time  
5 it takes for the Company to process customers'  
6 natural gas orders, and provide service.
- 7 • Deployed our redesigned website -  
8 AvistaUtilities.com.
- 9 • Every Little Bit Energy Efficiency Campaign
- 10 • Outsourced our bill print and mailing  
11 operations.
- 12 • Evaluating transmission and distribution  
13 system efficiencies.
- 14 • Partnered with the City of Spokane in a pilot  
15 program to coordinate Design Locates.
- 16 • Helped formulate the Spokane Regional  
17 Infrastructure Efficiency Plan.
- 18 • Rolled out on-line classes for Craft Training.
- 19 • Implemented a new Asset Management Program.
- 20

21 These programs are detailed further in Exhibit No. 9,  
22 and are examples of the extensive efforts of Avista to  
23 identify and implement efficiency measures while continuing  
24 to provide quality service to customers.

25

26

#### IV. CUSTOMER SUPPORT PROGRAMS

27

**Q. Please explain the customer support programs  
28 that Avista provides for its customers in Idaho.**

29

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A. Avista Utilities offers a number of programs for  
its Idaho customers, such as energy efficiency programs,  
Project Share for emergency assistance to customers, a  
Customer Assistance Referral and Evaluation Service (CARES)  
program, senior energy outreach, level pay plans, and  
payment arrangements. Some of these programs will serve to



1 mitigate the impact on customers of the proposed rate  
2 increase.

3 **Q. Please describe Avista Utilities' demand-side**  
4 **management (DSM), or energy efficiency, programs.**

5 A. The Company's innovative Energy Efficiency  
6 Tariff Rider is celebrating its thirteenth anniversary.  
7 The tariff rider, the country's first distribution charge  
8 to fund DSM and now replicated in many other states, has  
9 provided consistent funding for the delivery of energy  
10 efficiency services. Company witness Mr. Folsom will  
11 provide more detail about Avista Utilities' energy  
12 efficiency services.

13 **Q. Please describe the recent results of the**  
14 **Company's Project Share efforts?**

15 A. Project Share is a community-funded program  
16 Avista sponsors to provide one-time emergency support to  
17 families in the Company's region. Avista customers and  
18 shareholders help support the fund with a voluntary  
19 contribution that is distributed through local community  
20 action agencies to customers in need. Grants are  
21 available to those in need without regard to their heating  
22 source. Avista Utilities' customers donated \$326,111 on a  
23 system basis in 2007, of which \$88,910 was directed to  
24 Idaho Community Action Agencies. In addition, the Company  
25 contributed \$50,000 to Idaho customers in 2007.

1           **Q. Does the Company offer a bill-averaging program?**

2           A. Yes. Comfort Level Billing helps smooth out the  
3 seasonal highs and lows of customers' energy usage and  
4 provides the customer the option to pay the same bill  
5 amount each month of the year. This allows customers to  
6 more easily budget for energy bills and avoid higher  
7 winter bills. This program has been well-received by  
8 participating customers. Over 16,750, or 12%, of Idaho  
9 electric and natural gas customers are on Comfort Level  
10 Billing.

11           In addition, the Company's Contact Center  
12 Representatives work with customers to set up payment  
13 arrangements to pay energy bills. In 2007, 27,222 Idaho  
14 customers were provided with over 90,083 such payment  
15 arrangements.

16           **Q. Please summarize Avista's CARES program.**

17           A. In Idaho, Avista is currently working with over  
18 1,251 special needs customers in the CARES program.  
19 Specially-trained representatives provide referrals to  
20 area agencies and churches for customers with special  
21 needs for help with housing, utilities, medical  
22 assistance, etc.

23           **Q. Have these programs helped mitigate the impact**  
24 **on customers in need?**

1           A.    Yes.  Through these programs, the Company works  
2   to build lasting ways to ease the burden of energy costs  
3   for customers most in need.

4           In the 2006/2007 heating season, 10,125 Idaho  
5   customers received \$2,814,506 in various forms of energy  
6   assistance (Federal LIHEAP program, Project Share, and  
7   local community funds).  These programs and the  
8   partnerships we have formed have been invaluable to  
9   customers who often have nowhere else to go for help.

10          **Q.  Does this conclude your pre-filed direct**  
11   **testimony?**

12          A.    Yes.

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\_\_\_\_\_ )

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

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**SYSTEMS IMPROVEMENTS & EFFICIENCIES**

Avista Utilities is continually evaluating potential system improvements and efficiency measures. The Company has undertaken a number of improvements and efficiency initiatives throughout our utility that are focused on either increasing customer service and satisfaction, or reducing costs to the company. Detailed below are examples of these programs:

- A. Integrated Voice Response (IVR)
- B. Outage Management
- C. Mobile Dispatch
- D. Web Redesign
- E. Every Little Bit Energy Efficiency Campaign
- F. Bill Print and Mail Outsourcing
- G. Transmission and Distribution System Efficiencies
- H. Design Locates
- I. Regional Infrastructure Efficiency Plan
- J. Craft Training
- K. Asset Management

**A. Interactive Voice Response System (IVR) -**

Avista's Interactive Voice Response System (IVR) has been in service since November 1997. Currently, nearly 40% of customer calls are handled by the IVR for self-service, which includes outage reporting and messaging, accepting payments, making payment arrangements, hearing account information and other information such as pay station, and heating assistance locations. In 2007, the IVR was updated to allow customers to use the system to conduct other business, such as electronic payments (over 115,346 in

1 2007) and obtaining account balances (over 118,534 in 2007)  
2 and payment arrangements (over 75,416 in 2007).

3 Four years ago, Nortel (manufacturer of Avista's IVR)  
4 announced the end of the operating system. Therefore, the  
5 technology is now obsolete and new functionality will be  
6 difficult or impossible to add to the current platform.  
7 The hardware was over 10 years old as of November 2007.  
8 Avista needs to refresh this technology as a way to  
9 guarantee the continued ability for customers to self-  
10 serve. New functionality includes the ability for  
11 customers to sign up for Comfort Level Billing (CLB) and  
12 Automated Payment Service (APS) along with Restoration Call  
13 Backs to customers.

14 The Company is collaborating with Intervoice, a  
15 leading IVR manufacturer on a new platform that will offer  
16 customers additional functionality as the current IVR, and  
17 will use Voice Recognition as the main interface between  
18 customers and machine. Touch-tone entry will still be  
19 available, however. The new IVR system is currently  
20 scheduled to be available for customers by the third  
21 quarter of 2008. The budget for the IVR project is  
22 approximately \$1.7 million (system), and is included in our  
23 rate request. This system will continue to allow us to  
24 have fewer customer service representatives on staff, which  
25 results in lower labor costs. These lower labor costs are  
26 reflected in the 2007 test period.

1           **B. Outage Management** - Avista's Outage Management  
2 System, completed in December 2004, is an application  
3 utilizing the Company's Geographic Information System (GIS  
4 mapping system). It allows Avista's distribution  
5 facilities to be linked to individual customer service  
6 points in a computer based model. The connectivity within  
7 the model allows for predictive analysis tools to determine  
8 outage areas, affected system devices and customers  
9 experiencing an outage. This system substantially reduced  
10 the time necessary to restore service to customers during  
11 the December 2006 wind storm, resulting in better customer  
12 satisfaction, less overtime for crews, and better  
13 coordination of restoration efforts across the Company's  
14 service territory.

15           Customers can report outages quickly by calling  
16 Avista's contact center or speaking to the Company's IVR.  
17 All customer calls are plotted in the GIS mapping system  
18 and tied to outage incidents, dramatically reducing the  
19 chance they would be missed or forgotten. Prediction of  
20 the probable outage device allows all commonly affected  
21 customers to be associated with an incident tied to the  
22 outage device, dramatically reducing the number of  
23 incidents that must be managed by the dispatcher. Quick  
24 identification of affected customers reduces outage time.

25           Customer outages are quickly identified geographically  
26 through the GIS mapping system. Crews and other resources

1 can be assigned and managed at the incident level and can  
2 be dispatched directly to the problem, reducing the outage  
3 time. Accurate outage data is collected for all incidents  
4 providing feedback to improve reliability. Outage  
5 statistics such as CAIDI and SAIFI are gathered in real  
6 time to indicate the severity of major events and assist in  
7 resource planning. The system is also capable of handling  
8 customer callbacks to validate restoration has been  
9 successful.

10 Avista's GIS system forms the data foundation of the  
11 outage management application. The GIS establishes a  
12 network model of the electric distribution system which  
13 mimics the near real-time status of the actual distribution  
14 network. All switching actions are represented as soon as  
15 the field switching is complete to maintain currency and  
16 accuracy.

17 A design application called the Construction Design  
18 Tool (CDT) was installed in 2007. This application allows  
19 semi-automated designs and eliminates some field travel by  
20 designers. This system relies on unit assemblies and their  
21 associated costs to create design scenarios for selection  
22 by the designer optimizing the use of standard materials;  
23 increasing customer satisfaction, reducing design and  
24 permitting time and increasing system effectiveness and  
25 utilization saving time in each design.



1           The GIS model provides the data necessary to analyze  
2 system characteristics for system planning studies which  
3 dictate how system modifications will proceed. Planning  
4 models are now able to represent current system  
5 configurations whereas in the past it would be easy for the  
6 models to become badly out-of-date, due to the large manual  
7 effort required to keep them current. System planners and  
8 engineers now spend the majority of their time planning  
9 instead of managing paper maps and re-creating computer  
10 models.

11           The GIS is tightly integrated with Avista's Customer  
12 and Work Management systems to providing a clear  
13 understanding of where customers receive our products, how  
14 much product the customer uses and what type of facility  
15 exists or is required to deliver our product. Day-today  
16 maintenance and operating activities rely heavily on the  
17 GIS for current system configuration and utilization.

18           The Mobile Dispatch implementation relies on the GIS  
19 system to provide accurate representations of existing  
20 facility and land features. Facility and customer  
21 information is provided for routing and facility  
22 identification. Documentation is provided by automated  
23 updating of the GIS model from the field which eliminates  
24 back office labor for map updates and insures currency of  
25 the data.

1           Finally, the very sophisticated GIS connectivity model  
2 gives Avista a distinct advantage by providing the  
3 necessary foundation for the deployment of Smart Grid  
4 technologies in the near or long term future.

5           C. Mobile Dispatch - In June 2006, the  
6 implementation of wireless laptop computers with mobile  
7 maps (Mobile Dispatch) was deployed to all Avista natural  
8 gas servicemen. Mobile Dispatch automatically dispatches  
9 work orders to Avista servicemen throughout the day through  
10 wireless technology to laptop computers mounted in Avista  
11 service trucks. Prior to Mobile Dispatch, orders were  
12 created in Avista's work management system and printed at  
13 the local construction offices. Employees in each office  
14 would sort, assign and dispatch (via phone, pager, fax or  
15 in person) orders each morning. The field employees would  
16 work with the orders and call in the completed work  
17 periodically throughout the day or simply turn-in the stack  
18 of completed orders at the end of the day. The completed  
19 orders were manually completed by employees who entered the  
20 information regarding the order back into the work  
21 management system.

22           The paper processes made it nearly impossible to track  
23 the status of individual orders and fieldworkers throughout  
24 each day. It was also very difficult for the Dispatchers  
25 to keep up with the volume of paper being sent out each

1 morning, changes to the orders that occurred during the  
2 day, and completed orders returned at the end of the shift.

3 Mobile Dispatch has automated the order creation,  
4 modification and completion process. With the new  
5 technology, orders are created in the work management  
6 system and are automatically dispatched to the correct  
7 field worker based on the order's Latitude/Longitude  
8 position and the person assigned to work orders in that  
9 area. Once a field employee has been identified, the order  
10 is sent through wireless technology to the laptop computer  
11 mounted in Avista's service truck. The order is then  
12 reviewed by the employee for specific information needed to  
13 complete the work. The order status is transmitted back to  
14 the dispatch center, as the employee indicates they are en  
15 route, on-site, and/or have completed the work. The  
16 completed order is transmitted back to the work management  
17 system where it is closed automatically.

18 Dispatchers have complete information for each order  
19 and a field employee's status. They have the ability to  
20 manage and redistribute work by simply dragging and  
21 dropping orders from one field employee to another. The  
22 orders instantly move from the originally-assigned laptop  
23 to the newly-assigned laptop.

24 The Company has profomed into this case \$140,000 in  
25 annual savings associated with the reduction in employees  
26 as further described by Company witness Ms. Andrews.

1           **D. Web Site Redesign** - Web Redesign was a project  
2 launched in July 2005 to rebuild the Avista Utilities  
3 website. This project included visual design and user  
4 interface, customer transaction automation and technology  
5 platform reliability/scalability/flexibility. The  
6 Company's primary goal is to achieve a 10% reduction in the  
7 call center's total call volume while increasing customer  
8 satisfaction. Avista transformed the website to provide  
9 meaningful and timely information with powerful self-  
10 service tools that will help customers make informed energy  
11 management choices. Official rollout of the redesigned  
12 website was in January 2008 at a total cost of \$2.9  
13 million. These costs have been included in the Company's  
14 2008 capital expenditures pro formed in this case.

15           **E. Every Little Bit Energy Efficiency Campaign** -  
16 The Company understands that rising energy costs have put  
17 added pressure on customers. With this in mind, Avista is  
18 committed to increasing customer and community awareness  
19 about wise energy use. Promoting the wise and efficient  
20 use of energy resources has taken on added importance  
21 locally, nationally and globally, and it is our goal to  
22 build customer awareness around energy usage, energy  
23 efficiency practices, and to direct them to the resources  
24 and tools we have available to assist them. To ensure we  
25 did this appropriately, Avista conducted a baseline

1 research study to determine how we could best affect  
2 customer usage habits.

3 Armed with this data, Avista created the "Every Little  
4 Bit" campaign. We were able to show customers that "every  
5 little bit" does add up and can make a difference in their  
6 energy usage. We focused this initial campaign on low-cost  
7 and no-cost measures, with information on rebates and  
8 energy efficiency. The initial campaign, launched in  
9 September 2007 is the beginning of a long-term effort aimed  
10 at making customers more efficient in their use of energy.  
11 This project is funded under the Company's DSM tariff  
12 rider.

13 **F. Bill Print and Mail Service Outsource** - Avista's  
14 bill printing and mail services were outsourced to Regulus,  
15 the second largest first class mailer in the United States.  
16 The project objectives were to move bill printing,  
17 inserting and mailing offsite and to leverage core  
18 competencies of the provider. It will also serve to  
19 promote disaster recovery, ensure daily print volume  
20 flexibility and scalability, reduce costs for bill print,  
21 inserting and mailing, and serve to maximize technology.

22 Avista's primary objective was to achieve disaster  
23 recovery. Avista needed a back-up system to ensure day-to-  
24 day business operations. Furthermore, customers expect to  
25 receive their billing statements in a timely manner in  
26 order to avoid delayed payments, unintended collections and

1 shut-offs. Through a third-party provider, Avista has  
2 available five alternative printing sites and at each site  
3 there are redundant systems for equipment breakdowns.  
4 Avista has invested in dedicated data lines to both the  
5 primary print site in Napa, CA, and to the alternative site  
6 in Charlotte, SC. In the event that those lines were not  
7 available, Avista would access lines vendors other sites.

8 Avista has obtained USPS postage expertise to maximize  
9 its postage costs. Under the Regulus contract, Avista  
10 expects to pay approximately 12 cents per piece. That is  
11 down from 17 cents under the former provider. The 12 cents  
12 per piece does not include the capital costs to implement  
13 the project. Furthermore, the Vendor has USPS postal  
14 personnel onsite to ensure that the mailings meet USPS  
15 requirements and can be delivered in the fastest means  
16 possible.

17 As part of the project, Avista redesigned its bills,  
18 letters and notices making them easier-to-read and  
19 understand, thereby reducing call center call volumes. The  
20 bill also provides flexible space for providing improved  
21 communications to customers.

22 **G. Transmission and Distribution System Efficiencies**

23 - Avista is developing innovative programs to locate and  
24 quantify energy losses across our transmission and  
25 distribution system. The efficiencies programs will review  
26 the energy savings associated with a wide range of system

1 improvements from feeder balancing to conservation voltage  
2 reduction. The energy savings associated with each program  
3 will be assembled into an energy portfolio identifying the  
4 relative cost per kWh of savings. This portfolio will be  
5 used to prioritize projects in order to focus improvements  
6 on programs with the greatest benefit.

7 Another consideration for the efficiencies programs is  
8 the development of an implementation strategy which bundles  
9 efficiencies projects with operational programs. The  
10 efficiencies program to replace older less efficient  
11 transformers with new more efficient transformers may be  
12 bundled with the redesign or replacement of secondary  
13 districts since a strong correlation exists between old  
14 transformers feeding large secondary districts. By  
15 combining these two programs, Avista can accomplish the  
16 following two program goals: 1) Coordinate crew time "touch  
17 the pole just once" and 2) Optimize energy savings.

18 Finally, as efficiencies programs are implemented,  
19 Avista is interested in accruing the energy savings across  
20 its system. Consequently, Avista is establishing work  
21 processes and information systems to track these savings  
22 when programs are implemented. For example, to account for  
23 the energy savings from the replacement of an old vintage  
24 transformer with a new transformer, the tracking system  
25 will capture the replacement date, the relative transformer  
26 losses, and the load profile. By tracking the reduction in

1 losses across our transmission and distribution system,  
2 Avista can verify the life cycle cost benefit of the system  
3 improvement.

4 **H. Design Locates** - Avista is working through  
5 collaborative efforts with the City of Spokane in a pilot  
6 program to coordinate design locates as part of the City's  
7 construction design process. The goal of this pilot is to  
8 have utility locators provide locates for the Company's  
9 existing facilities before the city projects are designed  
10 in order to avoid potentially costly facility relocation.  
11 Cost savings will be measured throughout the construction  
12 year. The measurements will be used to evaluate whether  
13 the process should be extended in conjunction with other  
14 jurisdictions throughout the Avista service territory.

15 **I. Regional Infrastructure Efficiency Plan** -  
16 Spokane's Joint Utilities Coordination Council was formed  
17 to bring together regional municipalities, utility  
18 companies, telecommunication providers, sewer, water and  
19 railroad to coordinate construction activities on an annual  
20 basis. Avista, in partnership with the City of Spokane,  
21 hosts this meeting every February, just prior to the  
22 beginning of the construction project season.  
23 Municipalities and utilities share their project plans and  
24 schedules so as to increase the coordination and mitigate  
25 the risk of unknown projects. The Joint Utilities



1 Coordination Council has resulted in greater coordination  
2 and efficiencies across the entire Spokane region.

3 **J. Craft Training** - Craft training department has  
4 developed over 50 different on-line training classes for  
5 our natural gas, electric and generation apprentice and  
6 qualification programs. In 2007, the natural gas  
7 department alone was able to cut a full day from the annual  
8 natural gas refresher training for 250 employees. The new  
9 learning network also gives us a delivery and record  
10 keeping system that allows the Company to plan, schedule  
11 and document our training programs and requirements.

12 **K. Asset Management Program** - Avista has assigned  
13 two full-time engineers to the formal Asset Management  
14 program. These individuals are responsible for gathering  
15 information, prioritizing work and executing efforts to  
16 best meet the Asset Management mission. The engineers  
17 utilize a statistical Reliability Centered Maintenance  
18 (RCM) software package to analyze data. This software  
19 allows detailed analysis of the impacts of increased or  
20 decreased reliability based on system configuration and  
21 component reliability.