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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-15-05 CASE NO. AVU-G-15-01 EXHIBIT NO. 10 JAMES M. KENSOK

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

Overview of

Avista's Project Compass

Avista Utilities

August 2013

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I. Summary

Avista Utilities (Avista or Company) is engaged in a multi-year effort to replace its legacy Customer Information System (or System). Research and planning for this effort began in 2010, and the actual work of replacement, which was named Project Compass (or Compass) was begun in May of 2012. The Company's Customer Information System has been in service since 1994, and has been fortified over time by linking it with nearly 100 other software applications and systems to keep pace with evolving information technologies and expanding customer preferences. While this strategy has provided our customers value, the Company has also been mindful that its ability to continue supporting this aging technology is finite. Between 2003 and 2010, Avista and its technology support partner Hewlett-Packard, assessed options for modernizing the legacy system in order to reduce business risks and operating costs while delaying its ultimate replacement. The Company decided in 2010 to commence with the research and planning needed to support the current replacement initiative. During 2011, Avista selected a technology partner to assist in documenting technology needs, and in assessing commercial business applications from leading vendors. Project Compass was formally launched in 2012, and proceeded with Avista's purchase of Oracle's Customer Care & Billing application, IBM's Maximo asset management application, and implementation support from EP2M. A final capital budget was approved for the Project in 2012. The Company and its support contractors are currently engaged in the implementation of these new systems, which involves the complex process of enabling them to support over 3,500 business requirements associated with 200 business processes, and to connect seamlessly with 100 other software systems and applications. In addition, the training programs needed to support these new systems and work processes, are also being developed and tested. Portions of the Maximo application will be enabled in the fall of 2013, and all other asset management and Customer Care & Billing systems will enter service in July of 2014. A final Phase of Project Compass will span a period of 6 to 12 months after the systems are fully in service, to ensure that all technical, training, and process issues that arise are identified, assessed and timely solved.

II. Avista's Legacy Customer Information System

A utility's Customer Information System is one of the most essential business systems enabling the organization's daily operations. For Avista, it supports functions that range from customer calls, to automated service on the phone system or web, access to electric and gas meter information, customer billing, outage management, customer work scheduling and status reporting, ordering construction materials, and managing customer account information. Each of these activities, and many more, is supported by our highly-integrated Customer Information System. Developed in the early 1990's, it's considered a "legacy" System because it relies on key technologies that are no longer manufactured, commercially available, or supported. Like the systems implemented by many utilities of that era, our software applications were designed and developed by Avista staff, and are often referred to as "homegrown." The decisions of companies to 'self build' resulted in part from the then-high cost of commercially available software products, and the desire to tailor systems to their own unique business processes. In 1992, Avista contracted with Electronic Data Services (EDS) to provide enterprise-wide information technology support, including the ongoing development of the Customer Information System, which was placed in service in August 1994.

Architecture of the System

Avista's legacy System is composed of three highly-integrated applications, also known as the Avista "Workplace." As a unified platform, these applications draw information from a common set of master data tables, and form the technology foundation for a network of complex business processes and transactions. A brief description of the applications is provided below.

1. Customer Service – application supports the traditional utility business functions of meter reading, customer billing, payment processing, credit, collections, field requests and customer service orders. In addition, it hosts the single source of customer-related data that is used widely throughout Avista for various other business processes.
2. Work Management – this application supports gas 'trouble' reporting and the electric Outage Management System, and is used to create orders for location services, permitting, and construction jobs, including those requested by our customers and those arising

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through the normal course of construction scheduling and operations. In addition, the Work Management system is linked with the Company's Enterprise Procurement System, part of Avista's Oracle e-Business Suite, for the automated ordering and proper accounting of construction materials.

3. Electric and Gas Meter Application – module used to inventory and manage the Company's fleet of in-service electric and gas meters. In addition to hosting the meter data associated with each customer and premise, the system is also used to track each meter and manage the periodic requirements for meter maintenance and testing.

Avista's Customer Information System was developed around then state-of-the-art concepts including 'single source data,' 'subject area databases,' and 'relational databases.' These innovative and powerful tools, based on the 'relational model', organized very large sets of data into a series of normalized tables (or *relations*). Each table represented a certain type of data, such as the street addresses where the Company provided service. Data in these tables could be freely inserted, deleted and edited, and stored much more efficiently than 'linked' databases. In this model, each individual record in every data table was associated with a unique identifier or 'key'. This unique key might represent a single service address contained in the table of address data. But the unique key for this address was also shared by all of the data related to that address that was contained in all of the other data tables. In this way, a service address was linked with all other related data for that address, including such information as the date of meter installation, the meter manufacturer, meter serial number and usage data for that meter, etc.

The System also employed the now ubiquitous 'client-server' architecture. But when implemented in 1994, it was the first utility system in North America to deploy this design. Databases were built and managed for the mainframe platform using IBM's DB2 product, and the application program code was written in the then-mainstream programming language COBOL v2. The COBOL application routines or programs were developed using the CASE tool "ADW", created by Sterling, performed on desktop computers running the IBM OS/2 operating system. The application was designed for the mainframe operating system known as CICS. Another language, Smalltalk, was used to create visual interface for computer screens, and employed the innovative object-oriented programming methodology. Queries of the data tables were enabled by routines

written in the language known as SQL. This advanced System allowed the Company's customer service representatives to efficiently access the mainframe applications, and to query, display, edit and manage data in object form on their desktop computer screens.

Keeping Pace with Change

The Customer Service and Electric & Gas Meter Applications were enabled in 1994, and development of the Work Management System application quickly followed. Avista's Workplace was initially integrated with three other business systems, as depicted below in Figure 1.

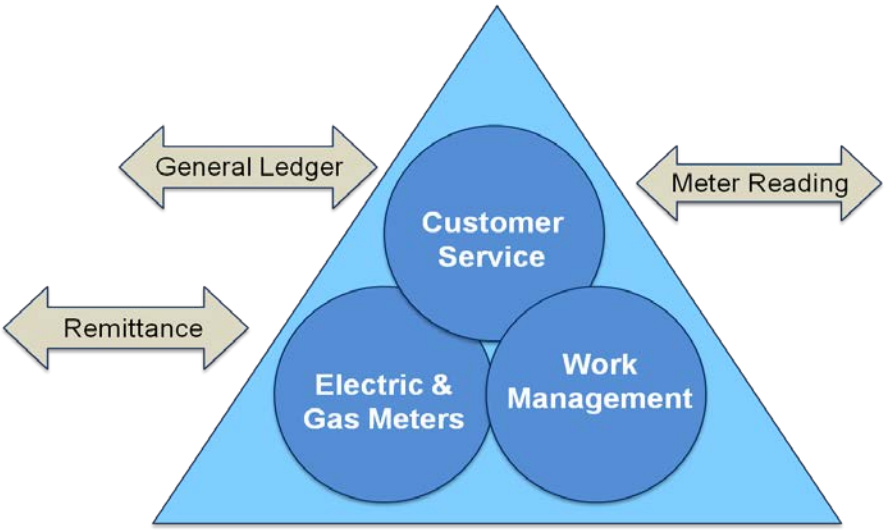

Figure 1. A simplified graphic representing the initial configuration of Avista's legacy Customer Information System, showing the three primary applications and integrated systems.

Change to the System came quickly, however, as wave after wave of new information technologies (such as automated phone systems, powerful mid-range computing platforms, and customer web portals) enabled an evolving stream of new customer service functionalities, embedded as standard features in each new generation of applications developed by leading global vendors. As consumers grew accustomed to these service options in their interaction with a wide range of other companies, they began to expect these types of services from their utilities. Avista worked to accommodate these developments, and in addition, added many features to its System to reduce internal costs by automating paper functions, redesigning work-processes, and providing self-service options for customers. This expanded functionality (such as payment by phone) was

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accomplished by 'integrating' the legacy System with the emerging applications and systems that enabled these new capabilities.

An 'integration' refers to the sharing of data between computer applications when more than one is required to complete a process. In early integrations, data from one application was sent directly to another application in a direct link known as a 'point to point' integration. The integration relied on a custom computer program to translate the data format and computer language of one application into a form that could be input into the other application for processing, and vice versa. This function allowed the two applications to communicate and work in concert to perform a joint function. Many businesses shared this need to extend the capabilities of the limited architecture of their information systems, and this demand gave rise to an entirely new software product family known as "Middleware." These applications provide communication and management of data for distributed software applications beyond those available from the computer operating system itself. Using a Middleware product known as 'Biz Talk', the Company was able to cost-effectively expand the efficiency, capability and functionality of its legacy System, by integrating new commercial off-the-shelf software, internally developed custom applications, and the application systems of third-party service providers. For both customers and employees, this approach seamlessly integrated technologies far beyond the boundaries of the System's original design limitations. When the System architecture was designed, home computers were uncommon, the internet was in its infancy, there were no e-mail services, no automated phone system, few cell phones, no text or SMS messaging, and no mobile computing, as supported by today's smart phones and tablets. Some of the major applications and systems now integrated with Avista's Workplace include the following:

- Enterprise Voice Portal – this automated telephone system supports a range of self service options for customers, as well as voicemail and other functions used by those contacting the Company and for internal Company operations.
- Mobile Dispatch System – this application supports the call out and scheduling of Avista's gas and electric servicemen, and other field staff required to support Company operations.

- Avista Facilities Management – this application houses the Company's Geographic Information System. In addition to map data, it includes all the Company's electric and gas facility maps and other geographic data.
- Automatic Meter Reading – this system gathers meter-reading data from the Company's fleet of AMR-equipped meters in Avista's service territories in Oregon, Idaho and portions of Washington.
- Construction Design Tool – this application supports the Company's computer-based design tool for gas and electric construction projects, the automated input of component assemblies, materials ordering, and cost accounting.
- Outage Management Tool – this application uses Avista's electric Facility Management and mapping data, in conjunction with electric system device and circuit intelligence, to determine the likely source of a reported outage, to display the likely size of the outage, and to automatically dial affected customers as well as automatically posting outage information on our customer web portal.
- Mobile Web Application – this application hosts our customer's access of Avista's web portal using smart phones and tablets.
- Electronic Check Payment – this family of applications belongs to banks and third-party service vendors used by the Company to support payment options for customers.
- Contract Billing – this family of applications supports services such as customer account management, bill printing, mailing and remittance processing.
- Customer e-mail Support – applications that host e-mail services for our customers, and provide support applications and services.
- Meter Data Management – this recently integrated system provides the data-storage and management capability to enable 'smart metering' capabilities such as customers' real-time use of energy.
- Smart Grid Pilot – this portal provides access for Avista customers participating in the Company's Smart Grid Demonstration Project.
- Avista Web Applications – this system of applications supports the Company's internet website, Avistautilities.com, and enables customers to access and manage their account information held in the Customer Information System.

- Avista's Oracle Financial and Enterprise Procurement Systems – these enterprise applications support the breadth of the Company's financial and reporting systems, as well as a host of enterprise supply-chain functions.

Prudent investments in our legacy system over the past 20 years have allowed us to deliver consistently-high levels of customer service across an expanding range of service channels and self-service options. In place of its initial three modules and three system integrations, the current System supports nearly 200 business processes, and includes approximately 100 integrations with other specific applications and systems, as depicted in simplified form in Figure 2, below. A more complete depiction of the interconnection of major systems is provided as Attachment 1.

Figure 2. A simplified graphic representing the integration of Avista's legacy Customer Information System with other major applications and systems.

Additional Benefit of Extending the Life of the Legacy System

Avista has invested in its Customer Information System, principally because we could add functionality and value to better serve customers for relatively small incremental investments. But,

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importantly, this approach also allowed the Company to 'skip over' successive generations of technology platforms, many of which are being replaced by our peer utilities today as they install new contemporary systems. In addition, the Company was able to evaluate the experiences of other utilities engaged in replacing their systems, as one way to support the design of a best practices project. Extending the life of its legacy System has allowed the Company to avoid the significant investment of replacement, and to acquire replacement systems later in the evolutionary trajectory of the technology, giving it broader and more standardized capabilities, and a likely longer future service life.

III. Drivers of the Need for Replacement

As described above, our legacy System meets the basic needs of our stakeholders today because we've made managed investments to extend its value, cost effectiveness and service life. But while there has been incremental and long-term benefits associated with this strategy, there have also been less-obvious but important costs and business risks accumulating with time as the technology platform ages. These latter costs and risks can compete with the benefits of extending the service life, and the Company has remained aware of the inevitability that our core legacy System and the very-complex "patchwork" of integration programs supporting other applications, would have to be replaced.

The Role of Technology Evolution

Over the past twenty years, the rapid evolution of information science technologies has impacted the life-cycle availability of aging software and hardware products and services, and it has enabled significant improvements in consumer service capabilities in each new generation of commercial applications. This rapid cycling of product and service innovation has eroded the foundational integrity of Avista's legacy technology. And at the same time, it has pressured us to continue adding on functionality well beyond the design capabilities of our legacy System.

A Familiar Example

As a way to illustrate the impact of these technology forces, consider a parallel evolution in personal music players. In 1980, Sony introduced the revolutionary and highly-successful Walkman cassette player. Cassette tapes were then dominant, but by the mid-1980s, the Walkman was redesigned for the new format of compact discs (CD). By 1990, cassette players began to disappear from store shelves as personal CD players were continually improved. But, like the cassette tape before, the CD personal music player was doomed when Apple introduced the iPod in 2001. And for some time now, the supremacy of the iPod has been undermined by the iPhone and other smart devices that can store and play music files, but in addition, can access music via web streaming or files stored in the computing cloud.

Today, a person might still use a Walkman to listen to music on existing cassette tapes. But to maintain and expand a cassette music library, requires several electronic components forming a 'chain of technology' that's no longer mainstream. Though cumbersome (by today's standards), it's still possible to perform the steps required to record a new tape, so long as each piece of equipment in the technology chain is working. And the incremental cost is small, compared with the alternative of replacing the tape library with digital files purchased from iTunes. At some point, however, the old equipment will fail. And, because it's no longer mainstream, it will be progressively more difficult and expensive to repair. Even the most ardent cassette person will probably reach the point, where the cost, complexity and limitations are enough to overcome the inertia of reinvesting in a new music platform.

Avista's Chain of Legacy Technologies

The complexity of the technology chain supporting the Company's legacy System is similar in many ways. The key areas of vulnerability and challenge have to do with older computer hardware and operating systems, computer applications and programming languages, and the availability of qualified technical and development support, as briefly described below:

Hardware – As mentioned, our System is based on a mainframe computing platform. This is because when the system was designed and launched, only mainframe machines had the

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computing horsepower required for its operation. Even though smaller computers have the necessary capabilities today, the legacy System databases and program applications are entirely mainframe dependent. In addition, the development application used for making programming changes to the Company's System, runs on IBM's OS/2 operating system that has not been sold or supported for many years. And the computers that were matched to the OS/2 operating system haven't been manufactured for a similar time. For several years after the hardware and operating system were discontinued, Avista bought used computer components (some from e-Bay auctions) that were matched with OS/2. More recently, however, the Company uses specialized software that runs on contemporary desktop computers to "emulate" the OS/2 operating system. This workaround allows the Company to execute its OS/2-dependent software applications in a "virtual" OS/2 environment.

Applications and Computer Languages – The legacy software application is the 'computer program' that runs and maintains our legacy system databases, and enables all the features required to support our business processes. These applications are written in the computer language, COBOL v2, which for many years has not been sold, supported, or used in programming applications. This version of COBOL, which we refer to as 'native' COBOL, is also no longer compatible with contemporary mainframe operating systems. To work around this, the Company has for many years used another specialized application, Micro Focus COBOL, to compile the native COBOL language into machine language that is a virtual replication of a more contemporary version of COBOL, which is then able to run on the mainframe operating system. While the virtual COBOL replication has a very high degree of fidelity with the native COBOL, it relies on a visual replication that sometimes results in transcription errors. While the error rate is low, there are millions of lines of computer code that are re-created during the compiling process. The system must be tested to detect these errors, which then requires additional programming time to locate and repair them. More recently, there is a concern that the machine language created by Micro Focus COBOL may not be able to run on newer mainframe operating systems, which now run COBOL v390.

Avista's legacy software applications are almost constantly being repaired, modified (to comply with new requirements), or upgraded with new functionality or capabilities. To accomplish these

operations requires use of a CASE tool application known as Application Development Workbench, or ADW. CASE tool applications, whose use peaked in the early 1990s, are tightly coupled with mainframe programming languages; they enable and help-automate the process of generating (writing) code in the native COBOL language. The company that produced ADW is no longer in business, and Avista's application is neither produced nor supported. In addition, ADW can only run on the desktop machines using the emulation software to create a compatible OS/2 operating system. Once the coding changes are made in native COBOL using ADW, they are then compiled using the Micro Focus COBOL application.

Another computer language that's key to sustaining Avista's legacy system is known as Smalltalk. The language is used to create routines or programs that enable many key functionalities of Avista's system, including 'rendering' the display screens customer service representatives use to view and manage customer and system data. Rendering is the conversion of lines of computer code into a visual screen display, which not only allows the user to see account information, for example, but to also make changes to the data or information contained on the rendered screen. This functionality is utterly everywhere today, such as the displays on your smart phone, but it was a very innovative application when designed into Avista's system the early 1990s. And, Smalltalk was the leading programming language of its type in that day. Although this language is a very flexible and powerful tool, it is no longer mainstream, and is no longer sold or supported. Many versions of Smalltalk are still in use among small communities of users in the computer industry, but the language is no longer taught in computer curricula and there is no formal training for new programmers.

Finally, the Company's customer service and system data residing on the mainframe platform must be updated every night in what is known as a 'batch' program. The batch updates the data tables to reflect changes in account status made during the day, and to perform other functions using the data, such as producing customer bills. Like the COBOL routines that enable the interactive use of the Customer Service application (described above), separate COBOL routines are required to perform these batch functions. There are approximately 3,000 individual COBOL programs and millions of individual lines of code in the legacy System. The management, repair

and modification of these native COBOL programs can only be performed using the ADW and Micro Focus COBOL applications to both modify and compile them.

People – Maintaining our legacy System requires us to train and maintain technical staff competent in these older programming languages and computer operating systems. This is becoming more difficult as the availability of business analysts and application developers who are familiar with these languages and technology becomes more limited each year. This attrition of skilled developers makes it very difficult to replace members of Avista's support team, many of whom grew up with this technology when it was new, and who either have retired, or are anticipated to do so in the next few years. Since there is no longer technical training or schooling available for these old languages and systems, the Company must train developers in house, which requires a considerable investment to achieve proficiency. It's also difficult to channel younger employees into career tracks that have very-limited and diminishing future application. As a consequence, the need to find, train, and maintain capable technical staff adds another layer of complexity, cost and risk to the maintenance of these legacy Systems.

Other Legacy Considerations

Each of the elements above focuses on an aspect of the Company's System that poses a level of risk greater than that associated with contemporary hardware, operating systems, technical support, and business applications. Avista's situation is not unique, however, and illustrates the general technology principle shared by many legacy systems: that even though they may require complex workarounds to perform their intended functions, which many can do adequately, they are subject to elevated levels of risk that only compound with time. In addition to increasing business and customer service risk, there are other considerations associated with the maintenance of legacy systems like Avista's.

Cost of Modifications – In addition to the risks associated with outdated technology, the System is difficult to modify to add new functionality. This arises because the linkages connecting the applications of Avista's Workplace, along with the Middleware that connects Workplace with the other applications and systems, are 'hardwired' together. Unlike contemporary enterprise applications, when a programming change is made to one of Avista's applications it requires

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complimentary programming changes to both the connecting Middleware and the other applications themselves. Because the system has been stretched over time so far beyond its original design considerations, these layers of changes have geometrically increased the complexity of the entire system. Each new modification must be adapted to this complexity, and at the same time, it adds to the complexity. Additionally, because the legacy System is used only by Avista, the ongoing application development costs must be borne entirely by our customers.

Ultimate Cost of Replacement – As Avista added new capability to its legacy System, as described above, this required 'programming' to modify the software applications to enable the business processes supporting this new capability. When the legacy System is replaced, the new applications must be 'programmed' to support the same integrated systems and business processes. Generally, then, as the number of integrations in the legacy System increases, so does the cost, complexity and the degree of sophistication required to install the replacement system.

Platform for the Future – In addition to the costs and risks of extending the service life of Avista's legacy system, and the complexity and cost of adding functionality, its ultimate capability has been largely exhausted. The System was designed as a meter-based billing system that provided the Company an efficient and cost-effective platform for managing a customer's basic transactions. In this respect, the system is more 'business centric' because it was designed around the transactional needs of the business. This is not surprising, though, since at the time the System was developed, the transactional convention consisted of customers receiving a paper bill, which they paid with a personal check sent by mail, or in person at one of Avista's offices. Utility customers, generally, had no expectation of being involved in energy choices or service options, which likewise, were rare. Today's information technologies and the market demands for service differentiation have swept aside the business-centric service model and placed the 'customer centric' model front and center. Consumers today have an ever-increasing expectation of being able to conduct business with all manner of companies in ways they, the customer, prefer (e-mail, text, chat, phone), at the time they determine to be convenient (24 x 7 x 365), and to have one point of contact to seamlessly, quickly and efficiently meet all their needs. As capably as Avista's System has performed in the past, it simply does not have the fundamental capabilities required to provide customers the service options they have come to expect in the customer-centric marketplace. In

addition, the legacy system cannot support the newer utility product offerings becoming more familiar to customers, such as real-time information management, pre-pay options and time-of-use metering and billing. Some enhancements viewed by customers today as "basic service" (e.g. text messaging or selecting their preferred mode of contact – phone, text, SMS or e-mail), simply cannot be accommodated.

Summary of the Limitations of Avista's Legacy System

The Company's legacy System is dependent on expensive mainframe computing platforms, even though today's mid-range computers have the capability needed to support the applications. It also depends on many obsolete technologies that require complex workarounds to function properly. And the workarounds themselves depend on obsolete systems and applications working properly in concert to enable them. As a consequence, maintaining the system involves risk that grows as the technology ages, and requires expert staff and trained contractors who remain competent in these archaic technologies. Making changes to the System is complex, burdensome, and expensive. But unlike the inconvenience of having to repair a broken cassette player , Avista's system is the hub of business operations for over 600,000 customers, and it must operate flawlessly on a continuous basis. Finally, though the System still operates adequately, there are finite and insurmountable limits to its ultimate ability to provide the technology platform that's needed to serve our customers today and into the future.

Options to Extend the Service Life of the System

Periodically, Avista and its support partner, EDS/Hewlett-Packard, have evaluated the System's capabilities as well as options for its possible modernization. The potential scalability of the Customer Information System was assessed in 1999 to determine the feasibility of expanding the number of customers that could be served with then-current applications, processes and technical infrastructure. The results of this work titled "Avista Workplace Application Scalability Assessment," indicated that with certain investments, the system would be able to support up to 1.5 million customers. As the number of customers served by Avista continued to grow at generally-historic rates, the system investments needed to support greater scalability were neither needed nor made. In 2002, as some of the technologies supporting Avista's System, such as ADW, were becoming unsupported, an assessment was made, titled "Avista Application Migration

Review", of the feasibility of moving the Company's system from the mainframe platform to a contemporary mid-range platform and operating system. The benefits of such a process, commonly known as 'replatforming', were forecast over time and were compared with the estimated costs for completing the work. Results of this work indicated that replatforming the System at that time was not cost effective, and as a result, this work did not proceed. The next assessment was made in 2003 and focused on ways to reduce the risk associated with the ADW application then running on aging desktop computers using the IBM OS/2 operating system. The project report, titled "ADW Conversion", recommended Avista purchase the specialized software to emulate the OS/2 system on contemporary computers and operating systems. This recommendation was implemented. The legacy System was reviewed again in 2006 as part of a larger information technology review conducted for the entire Company. The report, titled "Preliminary Applications Rationalization Assessment", addressed the overall rationalization potential across the Company, and identified any 'modernization' opportunities for specific applications. The term "rationalization" refers to an information technology discipline that's aimed at reducing the ongoing costs of maintaining overlapping or redundant software systems across the whole of the business. The report noted the Company's Customer Information System as a 'high risk' application that was a candidate for either replacement or "refactoring." The latter refers to a process of changing the internal structure of the existing application code to reduce its complexity and improve its readability. While this process helps reduce the risk associated with legacy software, it does not fundamentally change its basic properties or architecture. Refactoring the Customer Service System was assessed as not having sufficient benefit, and the Company was not ready to replace the System. Most recently, in 2010, the Company again reconsidered reinvesting in its legacy System as means to delay its ultimate replacement. As a prelude to requesting vendor proposals to support such an effort, the Company sent a Request for Information to several major information technology vendors to describe the legacy System, and to gauge their interest in participating in possible next steps. A copy of the document, titled: "Request for Information for Avista Workplace Revitalization Project" is attached to this report as Attachment 2. As Avista continued to weigh the possible feasibility of this approach, it ultimately determined that commencing with the research and planning for the current replacement project was the prudent course of action.

Timing of the Replacement

Avista's decision to replace its legacy System involved a number of considerations, many of which have been described above. Considered in concert, these helped shape the decision to commence with the research and planning necessary to support this effort:

- Confidence that Avista could operate the legacy system without fail through at least 2014, without any significant upgrades to older technology. This timeframe would accommodate the period of research, planning, design and implementation of a replacement project;
- Avista expected to have a limited window of availability for the employee and contract technical resources necessary ensure the proper functioning, maintenance, repair, and upgrades of the legacy system expected through 2014;
- The pending need to determine whether or not to renew the long-term (ten years) services contract with Hewlett – Packard for the ongoing mainframe capability, and the maintenance and operations support for the legacy system. The end of the then-current contract presented a window of opportunity for replacing the legacy system;
- The experience that the Company had practically tapped the capabilities of its legacy system, whether or not it was operating on contemporary computer hardware and software;
- The concern that business and service risks associated with the legacy system were continuing to accumulate with time;
- The continuing assessment that as new functionality was added to the legacy system, it was driving geometrically-increasing complexity, and likely greater ultimate replacement costs, and
- The knowledge that the legacy system would not have the capability to deliver some of the service and billing options our customers desired, or service and work-process options.

IV. Planning for Replacement of the Legacy System

Replacements of Customer Information Systems are Common

Nationwide, many utilities have undertaken the same journey in replacing their own legacy

Customer Information Systems, and many are replacing systems installed around the year 2000, a 'generation' newer than Avista's System. Several utilities in the Northwest are among those engaged in some phase of a major replacement project. Avista's understanding of the status of these efforts is summarized below:

Company	State(s)	Status
Cascade Natural Gas & Intermountain Gas	OR/WA/ID	Currently using Oracle's Customer Care & Billing application in Oregon and Washington, which replaced their prior system installed in 1999. Planning to install this system in their Idaho service area in late 2014-2015.
Northwest Natural Gas	OR/WA	Currently using commercial system installed around year 2000. Now in the process of evaluating potential for upgrades and/or system replacement in near future.
Puget Sound Energy	WA	Recently placed in service new SAP and Outage Management applications in April 2013. Now engaged in system stabilization.
Portland General Electric	OR	Beginning evaluation phase for the replacement of their customer information and meter data management applications, expected to be completed in next 5 years.
Idaho Power	ID	Planning to place in service a new SAP customer information system in September 2013.
PacifiCorp	ID/OR/WA	Currently evaluating systems for possible installation over the coming five years.
Seattle City Light	WA	Engaged in the early installation work of their recently selected Oracle Customer Care & Billing system.

These Projects also Present a Significant Challenge

Replacing a customer information system is a major undertaking for any corporation. And, it's particularly complex for an integrated business, such as a utility, that manufactures it own products, constructs and maintains its own distribution and delivery infrastructure, and that often sells more than one energy product in the highly regulated markets of sometimes multiple state jurisdictions. The degree of interconnectedness of the customer information system with the many other business systems and applications supporting the enterprise, is a key driver of the challenge. In addition to the complexity of these systems, there's significant workload associated with the steps of planning, evaluating, selecting, implementing and testing the new systems, as well as training employees and informing customers in time for a smooth transition. In addition, successful projects have a high degree of executive engagement and commitment, superb information technology competence, a deep knowledge of the company's work processes – both

current and potential future states, and proven experience with the implementation of enterprise information technology projects. The confirmation of these challenges lies in the failure rates reported for these projects, in the range of 40% to 60% over the past five years. In these cases, "failure" was judged as a project that was either abandoned, or that failed to substantially meet its project goals – in terms of cost, solution expectations, implementation timeline or operational readiness.

Identifying Common Challenges

As part of its initial project research, Avista contacted several utility peers who were in various stages of the process of implementing new customer information systems. In an effort to evaluate their preparation, approaches and performances, Avista conducted in-depth interviews to gather lessons learned from these utilities, which included El Paso Electric, San Jose Water, Green Mountain Power and Los Angeles Department of Water and Power.

In addition, the Company took advantage of shared industry knowledge related to the changing demands being placed on utility customer information systems, the maturation of technology solutions, and project audits[1] that assessed root causes of the failure to successfully implement new systems. What emerged from that collective work was a pattern of challenges that had caused many projects to be less than successful. Taking advantage of the opportunity to learn from the experience of others helped Avista prepare, with eyes wide open, for the challenges of replacing its Customer Information System. Some of the central issues the Company and others identified as problematic are included in the list below.

1. Executive involvement that was either distant or faded over the term of the project.
2. Sponsorship of the project that was weak or diffused because there were necessarily so many departments involved in the project.

[1] Focused Management and Operations Audit of Kentucky Utilities Company and Louisville Gas and Electric Company. Final Report presented to The Kentucky Public Service Commission. Liberty Consulting Group, September 12, 2011.

Performance Audit of the Customer Care and Billing System: Testing Prior to Go-Live. Office of the Auditor, Austin, Texas. September 21, 2011.

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3. Project management that lacked the applicable experience and strong skills needed to establish a realistic, comprehensive and sustainable plan for the administration of such a large and complex information technology project.
4. Expectations established too early in the project for the ultimate project cost, scope and timeframe, which rendered them unachievable.
5. In spite of the involvement of many departments, project leadership that was often 'tilted' toward either the information technology aspect or the business processes.
6. Research to identify best practices and peer-lessons learned that was either inadequate or ineffectively built into the project.
7. Inventory of business requirements that was not complete or that lacked sufficient detail.
8. Business requirements that were not effectively translated into a complete understanding of the application capabilities required to support them.
9. The expertise and effort needed to perform comprehensive evaluations of vendors and their proposals, related to due diligence, project scope and confirmation, was insufficient.
10. Selected vendor solutions often were not complete without additional customized development, which drove added complexity and costs.
11. Implementation support from third-party contractors that had little familiarity with the systems being purchased from the software vendors.
12. Inadequate code testing by the vendor prior to installation in the utility environment.
13. Test environments that did not fully replicate production.
14. The tendency to customize the product solution to better match the existing business processes of the organization, rather than working to implement the solution as designed.
15. An organizations' resistance to re-design work processes to comport with the architecture of the new solution.
16. Inadequate test team involvement.
17. Inadequate training, education and organizational change management programs to help employees accept and perform competently in new work processes and systems.
18. Going Live with the new systems before the business was fully prepared and production ready.

Designing the Project Around Best Practices

While alarming in some respects, the challenge experienced by many utilities is also not entirely surprising. The process of selecting and implementing a new customer information solution is complex enough by itself, but it is also commonly joined, like Avista's, with the implementation of new asset management or other software systems, and many other work processes. It's also outside a utility's core competency, and it can occur only once in a generation. The degree of challenge and failure has, not surprisingly, given rise to a range of business services whose purpose is to reinforce the capabilities of companies like Avista in the technical and project management skills identified as areas of potential weakness. Avista selected several of these specialized vendors as part of its application selection and implementation processes. Some of the key project-design decisions made by the Company are listed below.

- Established a steering committee of senior executives, meeting monthly with the project directors, to provide executive oversight on all aspects of the design and implementation of the replacement project.
- Made the executive decision to implement what is referred to as "off the shelf" vendor applications, with a commitment to minimize the number of Avista-specific customizations. This approach, while it demands that significant changes be made to the Company's existing business processes during the replacement, helps ensure our customers benefit from the periodic application updates to be provided by the vendor without bearing the cost of the additional software programming that would otherwise be required to accommodate the volume of customized computer code. This approach, which is more mainstream today, is diametric to the approach common when the Company's legacy System was designed and built in house and was carefully tailored over the years to match our existing business practices.
- Created an Avista project leadership structure with two co-directors serving as executive leaders of the effort: the director of customer service, representing the Company's business processes, and the director of application systems programming, responsible for the information technology aspects. The intent of this structure, although potentially ungainly, was to overcome a common failing of projects to 'overweight' one aspect of the project to

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the detriment of the other. In addition, both project managers are dedicated full time to Project Compass.

- Hired an outside expert in change management as a Company employee to work full time developing and implementing a communications and change management plan for the project. Avista learned this function was critical to successful companies' efforts to substantially change work processes that accompanied the adoption of off the shelf applications.
- Hired an outside firm to assist the Company in developing a solutions Request for Proposals, in soliciting, comparing, and evaluating proposals from an array of options and potential vendors, and in selecting and purchasing the vendor applications. In Avista's research, this was an area of key challenge for utilities because even the process of understanding the totality of its 'business requirements' was a barrier, let alone the challenge of assessing whether a vendor's application had the full capability to support these requirements.
- Ensuring the vendor selected for supporting the implementation of the customer service and asset management applications, and in seamlessly linking them together, had direct experience and extensive familiarity with the applications selected.
- Retaining an outside project manager with significant expertise and experience implementing enterprise-wide utility software applications – being assigned the broad responsibility for the overall implementation process, including the coordination of project leaders representing the vendor applications selected and those who would be selected for quality assurance monitoring and system testing.
- Identifying and securing the full-time participation of key employees who would be needed full time for the project.
- Securing dedicated office space located away from the distractions of Avista's day-to-day operations, and having ample office and meeting space for all project leaders, employees and contractors associated with the project.
- Retaining the services of an outside firm specialized in creating training programs for new systems, development of the curricula, training the trainers, and evaluating the effectiveness of the training effort.

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- Planning for an employee communication program that would be part of the foundation of the Company's change management effort for Project Compass.
- Anticipating the service changes that would arise for customers associated with the new System, and planning for the communications effort that would accompany the Go-Live.
- Waited to establish a final project budget until the planning, preparation and scope had been well enough defined to successfully manage the project.

The Initial Project Plan

The Project was envisioned to be completed over a four-year time horizon, with a substantial effort dedicated to pre-project research and planning. Figure 3, below, depicts the high-level activity phases of this initial plan.

Figure 3. Depiction of the high-level phases of activity envisioned for the Project to replace Avista's legacy Customer Information System.

The first Phase of the Project, known as "Selection/Procurement," encompassed the activities of mapping Avista's business process needs and developing the detailed business requirements for requesting and evaluating alternative sets of software and system solutions that would best meet those needs. This Phase would conclude with the Company selecting the optimized solution set, negotiating final pricing, and signing the purchase agreements with vendors.

Known broadly as "Implementation," Phase 2 encompasses the complex activities of installing and configuring the new vendor software, testing the new systems, and developing and delivering the specialized training modules for the new Systems. 'Configuring' a software application involves the programming required to code its generic capabilities to execute the steps needed to

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match each of the Company's work processes. In addition, there are many Avista process steps that cannot be executed within the generic capability of the new applications, without customization. This involves the addition of customized programming that is outside the bounds of the 'off the shelf' capability of the application. Significant customization renders the process of installing the periodic vendor updates of the applications, both complex and expensive. Avista is committed to capturing the value delivered by 'off the shelf' implementation, and accordingly, our goal is to minimize the need for customization. What this requires, however, is that Avista organize employee teams to accomplish the significant tasks of developing new internal business processes that can be supported by new application. There is also a significant volume of work required to perform the 'programming' to integrate the new vendor applications with the approximately 100 other applications and systems required to support the Company's customer service and allied business operations. This Phase of the Project also encompasses the development of employee training programs and systems for the new applications, and the extensive testing of the system needed to confirm the technical performance of the new applications as configured to Avista's design. Finally, this Phase concludes with the step of placing the new Systems into service, the "Go-Live."

The third Phase, known as "Post Go-Live Support," encompasses the activities associated with supporting the in-service deployment of the new systems. Key activities include development of contingency plans to respond to issues that may arise during the Go-Live, and providing technical support for the new systems in the period referred to as "system stabilization."

V. Evaluation of Replacement Options

Assessing and Selecting the Replacement Applications

An early step in the work of Selection/Procurement was development of a project charter, which is included as Attachment 3, and outlines the high-level work objectives, some of the key deliverables, and authorizes an expense budget to support these activities. A presentation made to the executive steering committee in April 2011, includes a partial listing of the Project drivers, highlights of Avista's Project research, some key elements of the Project design, planned next

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steps, and some very-preliminary Project capital costs. This presentation is included as Attachment 4. Later in 2011, the Company named this effort, "Project Compass."

The next key step focused on selecting and retaining a firm to support Avista in developing the following work products:

1) Complete inventory of Avista's technical business process requirements;
2) Inventory of the types of business process decisions to be made;
3) Gap analysis;
4) Request for Proposals document for technology solution providers;
5) Normalized evaluation and vetting of vendor proposals;
6) Selected preferred solution set, including due diligence and scoping;
7) Formal purchase offer for acquisition of vendor services, and
8) Negotiated final purchase price for applications and integration services.

Avista developed a Request for Information to document the services of interest and to gauge the interest of candidate firms, which is included with this report as Attachment 5. The list of firms is provided in Attachment 6. The Company solicited, reviewed and scored proposals from the participating firms, and a summary of the scores used in making the selection is included as Confidential Attachment 7.

Avista selected Five Point Partners (Five Point) to support its Selection/Procurement activities. Among other criteria, the Company placed emphasis on their proprietary 'STAR' methodology for identifying every type of major business process requirement that Avista would need from solution and application vendors to support its future business operations. This 'requirements' definition allowed the Company to develop a detailed and specific Request for Proposals from candidate solution providers. Understanding the detailed requirements translated to a more complete understanding of the complexity and cost of the solution sets, as well as understanding up front the activities and applications that would be required for successful implementation, including their costs, and foreknowledge of what parties would be responsible for the associated workload and costs.

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Establishing Review Criteria

Global criteria were developed and vetted for use in evaluating vendor proposals. These criteria included: 1) Functionality; 2) Technology; 3) Implementation Partner, and 4) Cost. With the help of Five Point, Avista used the inventories of its business process and decision types to create the Request for Proposals from candidate solution vendors. The solicitation packet was reviewed and refined in several rounds and sent to vendors on September 28, 2011. An overview document of the Company's Request for Proposals for CIS (customer service) and EAM (asset management) solutions, is provided as Attachment 8. A list of vendors who received the Company's solicitation is included as Attachment 9. An initial step in the vendor's process of evaluating and responding to Avista's proposal solicitation was a conference call opportunity to ask Company representatives detailed questions about its current and anticipated business practices, processes and systems.

Supporting the Application Scoping, Review and Selection Process

During the process of developing its Request for Proposals, Avista launched a parallel effort, known as 'current state mapping', needed to support the design of the Project. This is a comprehensive inventory and evaluation of each of Avista's existing customer information system work processes and system requirements. The purpose of this work was to clearly understand, from a global perspective, every single work process in the business and the applications and systems involved in supporting those activities. In Avista's view, the current state represented a picture of how custom-designed and integrated information technology solutions had been introduced over time to support the Company's legacy service paradigm and work processes. The current-state map included over 200 work processes and over 3,500 individual process steps or system requirements. These process steps represented the necessary technology functions required to support the existing business processes. While these 3,500 requirements were much too detailed to be included in the Request for Proposals, the Five Point STAR process did identify the solution capabilities the vendors would have to meet in order to support Avista's future requirements and business operations. A summary document prepared by Avista, titled "Project Compass Guidebook", is included with this report as Attachment 10, and provides a detailed overview of the complex activities required to support both the procurement of application and service vendors, as well as the detailed process organized to support and execute the current state mapping.

Application Proposals Received from Vendors

Avista received responses from vendors on October 28, 2011, and with the help of Five Point, immediately began the review and evaluation process. The table below lists the vendors who responded and the solutions and roles they proposed for delivering a solution set to Avista.

Vendor	Product or Service Offering	Customer Information System Application	Enterprise Asset Management Application	Mobile Work Management Application	Other Vendors
IBM	Systems Integration	**SAP** Customer Relationship & Billing (CR&B)	**SAP** Enterprise Asset Management (EAM)	**ClickSoft** Mobile Work Management (MWM)	---
IBM	Systems Integration & Software Applications	**SAP** CR&B	**IBM** Maximo Asset Management	---	---
EP2M	Systems Integration	**Oracle** Customer Care & Billing (CC&B)	**Oracle** Asset Management	**Oracle** MWM	---
Wipro	Systems Integration	**Oracle** CC&B	**IBM** Maximo	**Ventyx** Service Suite	---
HCL AXON	Systems Integration	**SAP** CR&B	**SAP** EAM	**ClickSoft** MWM	Technology Associates
HCL AXON	Systems Integration	**SAP** CR&B	**Meridium** Asset Management	**ClickSoft** MWM	Technology Associates
HCL AXON	Systems Integration	**SAP** CR&B	**IBM** Maximo	**ClickSoft** MWM	Technology Associates
Sparta	Integration Services	**SAP** CR&B	**SAP** EAM	**Ventyx** Service Suite	Vesta Partners
Logica	Software Application	---	**Logica** Asset Management	---	---
Meridium	Software Application	---	**Meridium** Asset Management	---	Partners with Wipro
HPES	Systems Integration	---	---	---	General Services Only

Most of the responding vendors proposed a complete solution, which included three applications: customer service; asset management; and mobile work management. These vendors, including IBM, EP2M, Wipro, HCL AXON and Sparta, proposed to deliver the complete solution through the primary service known as Systems Integration. This involves the installation of system software applications that are developed and sold by leading global software companies such as SAP, Oracle and IBM, and the integration of these software applications with the other

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information and process systems of the Company. One vendor, IBM, proposed options where it either provided systems integration services for the software applications of others, including SAP and ClickSoft, or a package that included its own software application (Maximo). HCL AXON proposed to deliver a complete solution set from three options that included various combinations of software application systems. Two vendors, Logica and Meridium, proposed to deliver and install only their own software applications, and one vendor proposed only installation and integration services (no solution applications).

Evaluating the Proposals

In its initial review, Avista's Project Compass team and Five Point evaluated and scored each proposal according to more-detailed criteria, grouped under the four global Project criteria, as represented below:

1. **Functionality**

   a. Minimum Requirements – Degree the solution vendor met the minimum functional capabilities established by Avista. A scoring sheet for this portion of the evaluations is attached to this report as Confidential Attachment 11, pages 1 - 3.

   b. Project Drivers – Degree to which the proposed solution met the system requirements identified in Avista's STAR analysis. Scoring sheets for this portion of the evaluations are attached to this report as Confidential Attachment 11, pages 4 - 21.

   c. Customer Service Fit – Measure of the functionality of the Customer Care, relationship, and billing systems with respect to Avista's needs. Scoring sheets for this portion of the evaluations are attached to this report as Confidential Attachment 11, pages 22 - 28.

   d. Enterprise Asset Management Fit - Measure of the functionality of the asset management systems with respect to Avista's needs. Scoring sheets for this portion of the evaluations are attached to this report as Confidential Attachment 11, pages 29 - 32.

e. Mobile Work Management Fit - Measure of the functionality of the mobile work management systems with respect to Avista's needs. Scoring sheets for this portion of the evaluations are attached to this report as Confidential Attachment 11, pages 33 - 38.

2. Technology

a. Technical Fit – Evaluation of the technical hardware and software needs and costs, and technology implications of the proposals, with respect to Avista's core information technology strategies, in the short and long-term. Scoring sheets for this portion of the evaluations are attached to this report as Confidential Attachment 11, pages 39 - 50.

3. **Implementation Partner**

a. System Integrator Capabilities – Assessment of the vendor's implementation strategy, installation approach, capabilities, timeliness, staffing, and compatibilities with Avista's project plans. The scoring template and assessment notes for this portion of the evaluations are attached to this report as Confidential Attachment 11, pages 51 - 59.

4. Cost

While a vendor's proposed cost was an important element of the initial screening, Avista understood the limitations on the usefulness of these initial costs. Not only were these costs very preliminary, but they did not necessarily represent the package of solutions the Company would select, did not represent the results of final price negotiation, and did not reflect with any degree of accuracy the final cost estimates that would be developed later in the process. The initial costs for each proposal are included in Confidential Attachment 11, pages 60 - 61. Avista's very preliminary estimate of its costs to implement each proposal are included on page 60 of Confidential Attachment 11. The budget line just under the heading titled "Implementation Costs" was the initial very-preliminary estimate of the collective costs to implement each package.

Based on the initial review and scoring of the proposals by the Avista Project Team, the Company withdrew consideration of the proposals made by Wipro, Sparta, Logica, Meridium and HPES.

Avista then conducted day-long interviews in early December 2011 with the final vendors who fully-met the RFP requirements. A Summary Score sheet for the application solution sets from each vendor is attached to this report as Confidential Attachment 11, page 62, The summary scores do not include the evaluations of the capabilities of the System Integration vendors themselves. The remaining vendors, HCL AXON, EP2M/Oracle and IBM, were invited to make Product Demonstrations for the Avista Compass team at Avista's offices, conducted over a period of three weeks in January of 2012.

During and after the product demonstrations, Avista and Five Point conducted further evaluations of the vendor proposals rated against a more-detailed list of the Project Compass Drivers, provided below. As Avista's evaluation proceeded, a ranking of the elements of the proposals was created from the aggregation of selections of individual Compass team members. Results were rolled into a Final Solution Workbook where scores for the proposed software applications (customer service, asset management, and mobile), the technology assessments, and the evaluations of system integration vendors were summarized on the basis of meeting the Project Drivers.

Project Compass Drivers

- Technology
    - Agile – ability to respond quickly to the ever-changing needs of the business
    - Reduce technology complexity
    - Strong technology roadmap
    - Minimizes customizations
- Customer
    - Communication preferences
    - Choices – service options
    - Improve customer touch points
    - Develop new ways to deliver more value to the customer
    - Improved information (business analytics) access and availability
- Future
    - Smart Grid
    - Energy Efficiency Programs

    - Real time billing
    - On-bill financing
    - Strong product roadmap
    - Customer experience
- Employee
    - Employee impact – positive benefits
    - Minimize adverse impact to employees
- Business
    - Business process efficiency and effectiveness
    - Trusted System Integration relationship
    - Strong System Integration implementation approach, methodology and experience
    - Preserves data integrity
    - Meets project budget, scope and timeline
    - Eliminate silos of information
    - Improved information (business analytics) access and availability
    - Satisfies current regulatory and business requirements

The Final Solution Workbook is included in this report as Confidential Attachment 12, and records the numeric scores derived from the initial evaluation of the vendor proposals.

- Results reflect a slightly higher ranking of SAPs Customer Relationship & Billing solution compared with Oracle's Customer Care & Billing solution, as shown in Confidential Attachment 12, pages 3 - 4.
- IBMs Maximo Enterprise Asset solution was ranked as having a slightly better match for Avista than either the SAP or Oracle Asset solutions, as shown in Confidential Attachment 12, pages 5 - 7.
- Among the Mobile applications, the Ventyx solution was rated higher than the Oracle and ClickSoft solutions, as shown in Confidential Attachment 12, pages 8 - 9.
- With respect to the vendor's overall Technology scores, as determined by Avista's Technology Project Driver, SAP was rated substantially above both Oracle and IBM, as shown in Confidential Attachment 12, pages 10 - 13.

- In rating the capabilities of the Systems Integrator vendors, from Avista's perspective, HCL AXON was rated above EP2M and IBM, as reflected in Confidential Attachment 12, pages 14 - 15.

Avista's Final Selection of Applications and Services Vendors

In Avista's final analysis, it determined that the best overall combination of solutions for serving its customers would be a hybrid of the solution sets proposed, including the Oracle Customer Care & Billing solution, installed and integrated by EP2M, and the IBM Maximo Asset Management solution installed and integrated by IBM, in partnership with EP2M. In addition, Avista determined it was in the interest of its customers to delay the selection and implementation of the Mobile application at that time, since a new version of the top-scoring Ventyx Service Suite will be available for review in 2014. Final voting scores for the candidate customer and asset solutions, the lead solution integrators, and the combined projects, are included in this report as Confidential Attachment 13

Oracle's Customer Care & Billing application was ultimately selected over SAPs customer application because it met all the solution requirements needed to serve our customer and business needs, is more tailored to utility industry applications, was much more intuitive for customers and our employees to navigate and use. It is also compatible with Avista's existing Oracle financial and procurement systems. Because SAPs Customer application could not be integrated with Avista's Oracle financial system, selecting SAP would have required Avista to abandon its Oracle ERP system and to transition to SAPs system over a period of approximately five years.

IBMs Maximo Enterprise Asset Management solution was selected over the applications of SAP and Oracle because it was judged to have the strongest overall capability for Avista, is an industry leader, integrates well with Avista's geospatial facilities technology, provides for the incorporation of fleet, facilities and enterprise technology assets, and provided the opportunity for early installation of Avista's electric generation assets. In addition, IBM was willing to partner with EP2M in the installation and integration of its Maximo product.

EP2M was selected as the System Installation/Integration vendor because it has a great depth of familiarity and experience with the Oracle Customer application, has an excellent track record of successful project completion, received excellent customer reviews, has very low employee turnover and has excellent utility experience.

This combination of vendors and solutions, together, was judged to provide Avista and its customers with the optimized products and services that would deliver excellent service and value, in both the short and long term, and at the lowest overall price. During the final selection process, Avista prepared a comparison of the very preliminary pricing, as derived through the course of the evaluation process, for Avista's selected solution, as well as the second choice solution set (HCL AXON and SAP). These prices were very preliminary because the final pricing for the selected solutions had not yet been negotiated. In addition, because these costs did not reflect all of the activities involved in replacing the legacy System, they were not intended to represent a budget estimate for completing the Project. The costs used to compare the final solution sets are included as Confidential Attachment 14.

VI. Implementation of the Replacement Systems

Avista's initial project research and its planning work with Five Point Partners, to assess its business process requirements and to evaluate a range of proposals, provided the base of knowledge and certainty needed by the Company to proceed with the replacement of its legacy System. Avista entered final negotiations with the selected vendors, described above, and executed purchase agreements in May 2011. The single largest contract was awarded to the firm EP2M for implementing the Oracle Customer Care & Billing application, and integration with the IBM Maximo application and the host of other applications and systems required to support Avista's customer service and operations business. Avista's second-largest contract was signed with IBM for its Maximo software and the services of installing and integrating the application. Avista's Master Services Agreement and Statement of Work for IBM is also provided as confidential work papers.

Project Compass Capital Budget

A final project budget was developed over the course of 2011 and 2012, for the implementation of the Company's customer service and asset management applications. This budget was approved by the Company's executive steering committee on December 6, 2012, and is included as Confidential Attachment 15.

Timing of the Final Project Budget

Although Avista discussed potential costs of the project early in its inception, and approved preliminary budgets through the course of Project development, it did not establish a final capital budget until the Project was well-enough defined to do so with confidence. Avista has learned from its own experience, through its peer utility interviews, and from the support and advice of outside experts, that organizations commonly undermine the success of their software projects by making cost commitments too early in the development stages. This mistake undermines predictability, increases risk and project inefficiencies, and generally impairs the ability to manage a project to a successful conclusion. Early in the scoping of a software project, particular details of the application being designed/installed, a detailed knowledge of the Company's specific business requirements, details of the solution sets, the management plan, identified staffing needs, and many other variables are simply unclear. Accordingly, estimates of the potential cost of the project are highly variable. As these sources of variability continue to be investigated and reduced, the project uncertainty decreases; likewise, so does the variability in estimates of the project cost. This phenomenon, widely discussed in the literature, and often associated with author Steve McConnell[2], is known as the "Cone of Uncertainty," presented in Figure 4[3], below.

[2] Software Estimation: Demystifying the Black Art. Steve McConnell, Microsoft Press, 2006

[3] id. Figure 4.2, 96.1/751.

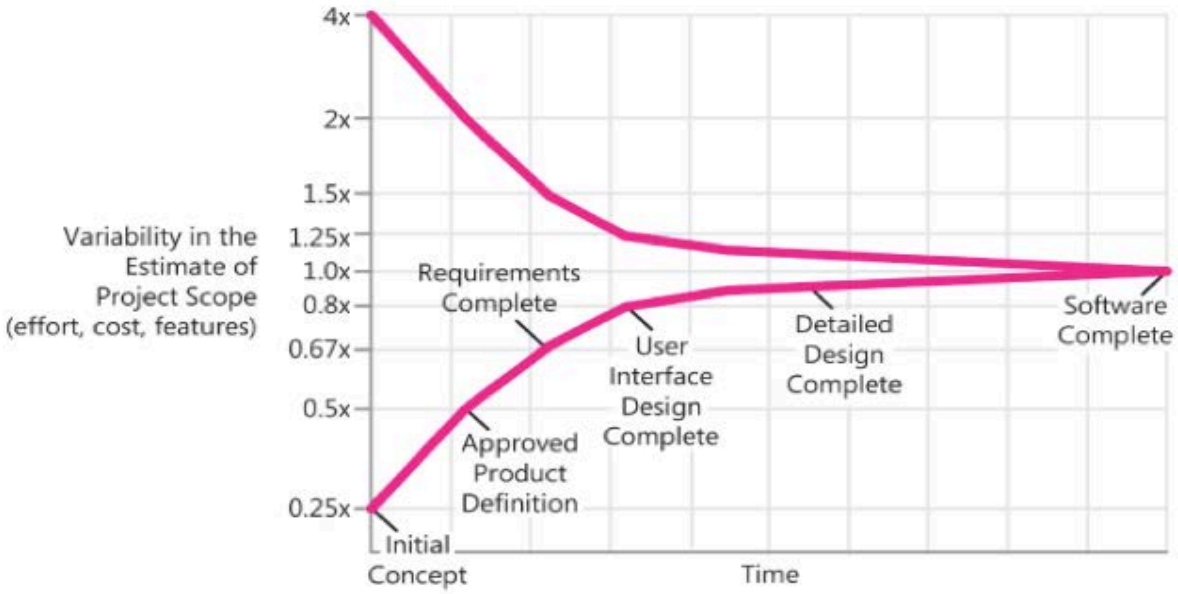

Figure 4. The 'Cone of Uncertainty' describing the relationship between the variability in the estimates of a software projects' cost and the stage of the project at which the estimates are developed.

As the figure illustrates, significant narrowing of the uncertainty generally occurs during the first 20-30% of the total calendar time for the project. The uncertainty will only decrease, however, through active and deliberate project research and design required to further define the scope, requirements, implementation details and estimates of component costs. And, this uncertainty must continue to be constrained throughout the course of the project by the use of effective project controls.

The Role of Cost Information Early in the Project

The decision point for the Company in 2010, was whether to significantly reinvest in its legacy technology, as the means to defer its ultimate replacement, or instead, to invest in the planning and exploration of options needed to support its current replacement. In moving toward the latter, the Company's focus was to assess its needs, evaluate options, and select a set of solutions that would meet the long-term needs of the Company and its customers at the lowest possible cost. At that point, the Company engaged in the progressive stages of project design needed to prudently define

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its likely scope and potential cost. Through this work, uncertainty around the project was narrowed and potential costs were further refined, to the point that Avista was confident purchasing the selected applications and proceeding with the work of implementation. Even though this was several months before the final budget was approved, Avista had by this time built the foundation needed to initiate a successful project: the ability to deliver a solution that would meet its long-term customer service and business requirements in an optimized approach, and in a manner that would achieve the least cost for its customers.

The Project Budget as a Management Tool

While Avista believes its estimates of scope, timeline and budget for the project are reasonable, and it is committed to control the Project to best meet each of these estimates, it is also cognizant that its success will not be defined by whether or not each estimate, including the budget, is precisely met. In contrast with a 'not-to-exceed' metric, the software budget is a management tool that allows senior leaders to make informed enterprise-level decisions, and that provides an effective tool for the project manager to control project activities in an effort to meet the estimates of each deliverable (timeline, scope, functionality and cost). In describing the relationship between software project estimates and final results, McConnell states:

> "The primary purpose of software estimation is not to predict a project's outcome; it is to determine whether a project's targets are realistic enough to allow the project to be controlled to meet them."[4] "Typical project control activities include removing noncritical requirements, redefining requirements, replacing less-experienced staff with more-experienced staff, and so on."[5] "In practice, if we deliver a project with about the level of functionality intended, using about the level of resources planned, in about the time frame targeted, then we typically say that the project "met its estimates," despite all the analytical impurities implicit in that statement. Thus, the criteria for a "good" estimate cannot be based on its predictive capability, which is impossible to assess, but on the estimate's ability to support project success…"[6]

Avista believes it has designed and developed such an implementation plan and budget for Project Compass. By this, we mean that the overall Project record will demonstrate its proper research and design, robust planning and estimating, effective management and controls, and that its delivered scope, timeline and cost, are reasonable, cost effective and prudent.

[4] id. At 42/751.
[5] id. At 39/751.
[6] id. At 41/751.

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Project Budget Allocation

The overall allocation of the final capital budget for the Project is shown in Confidential Attachment 15. The budget amounts represent key purchases and contract and employee labor required to support the activities of installation. In addition, these costs are also separated for each major application system: Customer Care & Billing; Maximo for Generation Resources, and Maximo for Gas and Electric Transmission and Distribution assets.

Application Costs as a Portion of the Overall Project Budget

Today, the cost to purchase the rights to enterprise commercial applications is a relatively small proportion of the overall replacement project budget. This is because the vendor's cost of developing and updating these huge applications can be spread across a broad global client base. Accordingly, the incremental cost to each company is relatively small. To achieve this broad applicability, the software applications are designed with a standard off-the-shelf range of functionalities, which allows them to be adopted by the widest possible client base. But, since every company still has unique business processes within these broad templates of standard functionality, the applications are designed with significant additional flexibility that is not configured when the application is purchased. This configuration must be performed by each company after the application is purchased and installed, in the ways that best meet their individual business requirements. For Avista, as described above, tailoring the applications to meet our 3,500 individual business requirements involves a significant labor cost. In addition, the customer service and asset management applications must be integrated to perform seamlessly with each other, and with every other business software application (over 100 for Avista) that's required to support the operations of the Company. Finally, for each existing Avista work processes that cannot be accommodated by the standard functionality of the new applications, this work process must be re-designed so that it can. This process re-design is also labor intensive because it's performed by work teams staffed with employees representing every segment of the business that's impacted by the change. Overall, these costs of installation, configuration, integration and work process re-design represent the lion's share of the project budget.

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In addition to the activities above, there is a broad range of other support required to make the Project successful. These include development of training materials for employees on the new systems and the re-designed work processes, the process of training, project change management, employee and customer communications, project quality assurance, computer hosting and computer hardware for the applications, and providing technical support for the new systems at their launch and during the period of stabilization.

Board of Directors Updates on Project Compass

The Finance Committee of the Board of Directors was provided an overview and update on the progress of the Project by Mr. James Kensok, in February 2012. A copy of that presentation is included as Confidential Attachment 16. Mr. Kensok provided another update to the Board Finance Committee in September 2012, and that presentation is provided as Confidential Attachment 17. The Board Finance Committee received an updated progress report on Project Compass, made by Mr. Kensok, in February 2013. A copy of that presentation is included as Confidential Attachment 18.

Principal Implementation Activities of Phase 2

As briefly described above, the major activities of the Implementation Phase include installing the software solutions and configuring them with Avista's System, testing all of the System components prior to deploying the solution, developing and implementing employee training and customer and employee communications. And, finally, the Go-Live placement of the new System into service. Some of the key activities include:

- Tailor / Configure the software solutions to match the design of Avista's business requirements.
- Develop Technical Specifications – These ensure the software configurations can be documented for future development and upgrades.
- Develop / Configure Work Processes – documents how the Company has determined that the flow of work processes will be accomplished using the new software.
- Develop Integrations – to connect with Avista's other business systems and applications.

- Develop Data Migration Plans – to move Avista's customer and other data to the new platforms.
- Security Setup – Establishes the security plan for protecting the Company's customer and other data.
- Test Scenarios – developing test scenarios from an inventory of the processes to be tested, using the step-by-step procedures for each particular transaction or business process that will be used to integrate and test new systems.
- Conduct Unit Testing **–** unit testing ensures that underlying customized portions of the software systems are functioning as designed.
- Migrate Data Tables and Files **–** to ensure there is order and accuracy when information is moved from the programming stage into the testing stage and, finally into live application.
- Evaluate System Test Application – the performance testing of the system created for testing the actual applications and their integrations.
- Conduct Systems Integration Testing – focuses on the testing processes between the software solutions implemented, and the Company's other systems, including third party systems.
- Conduct User Acceptance Testing – provides those who will actually be using the systems to evaluate all application functions related to their business processes. Acceptance testing confirms the system meets business requirements, and also, verifies the business processes for the software solution are complete, well understood, and well documented.
- Defect Management – During each test cycle, actual test results are compared with expected results. If issues are identified and logged, functional and/or technical updates will be made as required to resolve a particular issue. As issues are resolved, additional testing is completed to validate that the issue is fixed properly. The majority of this testing falls within the test cycles outlined above, but additional testing is completed as required by the project team until all business requirements, system functionality, integrations and business processes are fully tested.
- Training Materials are created for employees and others who will be using the system.
- Train the Trainer courses are conducted for employees who will be key trainers for others.

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- Deliver Training – Training is one of the final opportunities to prepare employees to operate the system with the new business processes. The timing of the training is critical so that the users are trained in time for the transition, but will still retain knowledge of the new system.
- The project team develops the detailed "cutover plan", to ensure a comprehensive list of supporting requirements is timely developed. 'Cutover' refers to the process of moving Avista's service from the legacy operating systems to the new applications and systems.
- Ensuring that the technical operating environment for the new is in place and stable prior to the Go-Live.
- An assessment of organizational readiness is conducted to ensure the Company is equipped for a successful Go-Live.
- In conjunction with preparing for the Go-Live, a contingency plan will be developed and in place to respond to issues that may arise during the process.

In addition to the major activities listed above, the work in this Phase is also organized and managed in several project 'workflows' that provide a unified objective and continuity across this Phase. These six workflows include:

- Overall project milestone plan – this body of work supports the management of the overall project.
- Enterprise Asset Management / First Wave – this effort is focused on the application of the new asset management software to Avista's electric generation and substation equipment.
- Enterprise Asset Management / Second Wave – this portion of the project encompasses the activities required to apply the new asset management software to the Company's electric transmission and distribution, and its natural gas infrastructure. This work process replaces the functionality currently provided by Avista's legacy work management and electric and gas meter application systems.
- Customer Service Application – This portion of the program, which represents the lion's share of project Compass, is focused on replacing the functionality of Avista's legacy customer service system.

- Testing – This workflow is focused on the technical testing of the new applications, as integrated into the Company's business environment. Activities include the technical testing of the software and hardware systems, and what is known as user-acceptance testing. The latter involves Company employees testing the new systems by simulating all possible combinations of their business application.
- Enterprise Technology – Ensuring the new applications mesh technically and strategically with the Company's enterprise services model for information technologies.
- Organizational Change Management and Communication – This work involves the preparation of employees for their successful participation in work process redesign efforts, and for the systemic changes they will experience when the new systems are implemented. In addition, there is an important element of this work that is focused on the customer: preparing them in advance for the minor service changes that will accompany the launch of the new systems.

Key Activity in Phase 3

After the Go-Live, there is a transition when supporting consultants remain on site to help resolve technical issues that arise, in the Phase known as Post Go-Live Support. The duration of this transition period, which is expected to last between 6 and 12 months, will be defined by Avista's internal support personnel as they become comfortable supporting the new system.

Exhibit No. 10
Case Nos. AVU-E-15-05/AVU-G-15-01
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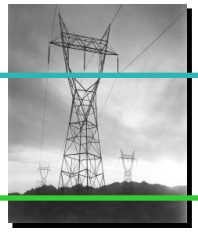
Conceptual Business System Model – CIS/EAM



Dynamic Pricing data

Load Management Data

Demand Management (DSM)

Outage Management

Distribution Management (DMS)

SmartGrid Operations

Supply Chain Management

Work Management

Enterprise Asset Management

CDT

Service Provision

Managed OMS/DMS Solution

Distribution Management OMS/DMS

Outage Restoration Status

Outage Data

Customer Service Channels

CSR

EVP

Web

Customer Management WEB, EVP

Customer EMS/HAN

MWM

CIS

Analytics

Online Bill Presentment

Residential and C&I

Network

Meter Management

Meter Data Management

CIS

Billing Management Oracle Fin.

Meter Data

Managed Meter Solution

Managed MDM Solution

AMI SmartMeter
(metering & device management)

AMR SmartMeter (ID)
(metering & device management)

Customer Bill

Operations / SG

Legacy functions

CIS/EAM

November 6, 2009

RE: Request for Information for Avista Workplace Revitalization project

Dear Consultant:

Avista desires to update its legacy application that comprises its Customer Service System (CSS) Work Management System (WMS) and Electric and Gas Metering Application (EGMA) for asset management. This Request for Information letter ("RFI") outlines Avista's current situation and is requesting sufficient specific information to value various options regarding the upgrading and re-platforming of these various systems. From the information gathered under this RFI, a Request for Proposal (RFP) will be developed for a specific set of alternatives. Additional discussions may be held with respondents to refine the alternatives before the RFP is completed and released.

It is Avista's intention under this RFI to solicit information regarding alternatives to extend the life of Avista's existing CSS, WMS and EGMA applications as further explained in this RFI. Upon conclusion of this RFI, it is Avista's intention to send out an RFP with the information gathered under this RFI for further detailed information regarding Consultant's qualifications, skill set, company information, etc. with the intention of selecting a vendor to perform the re-platforming of Avista's CSS, WMS and EGMA applications.

Avista's CCS, WMS and EGMA applications were developed in the same development and execution environment. They are mission critical and highly integrated systems both with each other and other enterprise applications.

The applications execute in both online and batch environments. The online application is delivered to approximately 300 users across roughly 30 locations. The batch system executes in a traditional IBM z/OS JES environment, using CA 7 to schedule and execute JCL and COBOL programs. Development for the batch system uses an outdated code generation tool, Knowledgeware's ADW. The online system is front-ended by a Visual Age Smalltalk client that ties to a DB2 backend through a small number of CICS transactions calling a number of COBOL subprograms providing a data access layer. Details are provided below.

There are a significant number of smaller pieces of functionality and integrations at multiple levels. This functionality will need to be supported natively or migrated to updated environments.

Avista requests information on the various alternatives to extend the life of this system. We require an environment that would support an eight year life span with reasonable investment in on-going sustaining work. We are initiating this project to reduce on-going expense in the execution environment (hosting costs) and revitalize the software platform. Alternatives could include re-siting or re-platforming the system in any layer to support easier development or execution environments. For example, a migration from DB2 to Oracle, the primary database for all Avista's other execution environments might be proposed.

Additional information regarding Avista's current system for your reference in responding to this RFI includes the following Functional Requirements:

7x24 Operations with a nine hour weekly maintenance window

1:1 Functional Equivalence including inter-system integrations with no end-user retraining required

Current system

Mainframe Hardware platform	IBM Z Series
Mainframe OS	Z/OS
4 hour average peak MIPS	Approximately 200
DASD	Approximately 145GB
Tape storage	90,000GB
Network Environment	TCP/IP
OLTP Monitor version	CICS 6.5.0 3 regions
Workstations	PC w/ fat client application
Database	DB2
Security Application	RACF
Print lines	Approximately 250,000
Printing management	Barr Systems
Query / Reporting tools	PRF DYL280
Online users	300+
Number of JCL Batch Jobs	Approximately 1200
Number of Batch steps	Approximately 11,000
Lines of code Batch COBOL	Approximately 8 million
Number of Batch COBOL programs	Approximately 800
Batch COBOL development tool	Knowledgeware ADW
Number of REXX scripts	78
Number of TSO CLISTs	67
Job scheduling environment	CA7
Job execution environment	JES2
Third-party sort utilities	SyncSort
Other utilities	WAAP, WAAS, Easytrieve, Endevor, Move for DB2, SPUFI

Data access layer facts

Number of CICS transactions	Approximately 10
Lines of code in data access subprograms	Approximately 4 million
Number of data access COBOL subprograms	Approximately 1000

Database Facts

Number of tables	Approximately 700
Total database storage	Approximately 200GB
Number of stored procedures or triggers	0

Please note that this RFI contains information that is confidential and proprietary to Avista. Consultant shall under no circumstances use the information contained herein for any purposes other than the evaluation of the requirements of this RFI and the preparation of a response to this RFI. Consultant agrees to not disclose the information contained in this RFI to any third parties and shall limit the distribution of this RFI to any third parties and shall limit the distribution of this RFI to those employees of Consultant who have a need to have access thereto for the purposes of evaluating the requirements of the RFI and preparing a response thereto. Consultant shall employ the same degree of care in preventing the unauthorized release of the information in this RFI to a third party (or parties) as it uses with regards to its own confidential information, provided that in no event shall Consultant employ less than a reasonable degree of care and Consultant shall inform its employees of the foregoing obligations. Likewise, Avista agrees to employ the same degree of care in preventing the unauthorized use of the information supplied by Consultant in response to this RFI to a third party (or parties) as it uses with regards to its own confidential information and Avista agrees to inform its employees of the foregoing obligations as well.

Additionally, any costs and expenses that may be incurred in connection with the preparation and submission of a response to this RFI shall be the responsibility of Consultant.

If your company is interested in participating in this RFI, please contact Pat Dever on or before November 18, 2009 with the purpose of (1) confirming that we have the right contact information for your firm and (2) to ensure that those planning to respond can be communicated with to receive any supplemental information or clarifications which might be issued prior to the proposal due date. Meetings will be scheduled during the days of November 19th – 30th for a conference call to discuss Consultant's questions in response to this RFI.

We appreciate your time and attention to this matter and look forward to hearing from you soon.

Sincerely,

Stacey M. Levin
Senior Contract Manager
Corporate Contract Services
Avista Corporation

Vendor List
RFI No. R -36462
For Workplace Revitalization project
Due November 19, 2009 to begin discussions

Oracle
Thiago Sachs
thiago.sachs@oracle.com

HP
Bob Marshall
Bob.marshall@hp.com

Microsoft
Andrea Dunn
Andrea.Dunn@microsoft.com
and
Michelle.Peterson@microsoft.com;

~~Alliance Data~~
~~Jim Will~~
~~James.Will@alliancedata.com~~

Jacob Miller
Sr. Client Representative
IBM Sales & Distribution
office 206-587-6775
mobile 206-859-0817
jacmille@us.ibm.com

Accenture
161 N. Clark
Chicago, IL 60601
fax: 312-652-5900
Trey Thornton
thornton@accenture.com

WI Pro
Aravind Kamath
aravind.kamath@wipro.com

Freddy Yendrembam
Energy & Utilities Practice
HCL Technologies Ltd.
Freddy_Y@hcl.in

Infosys
Sales & Marketing
Sanjeev_Bode@infosys.com

~~Accent Business Services~~
~~Jeff Tomkins~~
~~marketing@accent-inc.com~~
~~or~~
~~Dave Chaney~~
~~david.chaney@accent-inc.com~~

Fujitsu America
SKratz@us.fujitsu.com

September 8, 2010:

NO AWARD notices were sent to the following vendors on 09/08/10 per Pat Dever's request:

1. thiago.sachs@oracle.com
2. Michelle.Peterson@microsoft.com and Andrea.Dunn@microsoft.com
3. jacmille@us.ibm.com
4. Freddy_Y@hcl.in
5. aravind.kamath@wipro.com
6. trey.thornton@accenture.com
7. Sanjeev_Bode@infosys.com
8. greg@continuitysource.com;
9. SKratz@us.fujitsu.com
10. david.chaney@accent-inc.com

INITIATION PROJECT CHARTER

1. General Project Information

Project Name:	**CSS Replacement Market Analysis – CSS Replacement Initiation Phase**
Project Sponsors:	**Jim Kensok, Don Kopczynski, Roger Woodworth**
Steering Committee:	**Christy Burmeister-Smith, Jim Kensok, Don Kopczynski, Kelly Norwood, Jason Thackston, Roger Woodworth,**
Project Manager:	**Jana Leaf (oversight by Pat Dever and Vicki Weber)**

2. Accounting

Type	***Mark One***
Capital Project	
O&M Project	*X*

3. Project Definition

What is the product or service?	Work with internal stakeholders and external consultants to review the current options for Commercial off the Shelf software replacement for our legacy Customer Service System with an eye towards replacement of our Work Management System and Electric and Gas Meter Application.
Who benefits? How?	Avista will benefit from Initial Phase by learning what options are available to meet our current and future business needs. Avista and its customers will also benefit by replacing legacy mainframe system that is obsolete (20 year-old technology) and has limited functionality to meet our future customer needs. Software development resources are becoming more difficult to secure (COBOL, CICS, Small Talk), thereby increasing the risk associated with operating & maintaining this system as a core Customer Service and Billing System of our business.
We will consider an abbreviated process if we are able to select an existing platform strategy. This process could change steps 3 – 5.	**Deliverables:** 1. Hire consultant(s) to assist in: a. Developing business and technology requirements b. Evaluating alternative commercial packages c. Conducting evaluation criteria workshops d. Examining optionality for segmenting customers e. Evaluating data mining tools 2. Business case for replacing CSS 3. Completed and issued RFP: purchase of an application and integration/implementation services 4. Completed software demonstration workshops 5. Vendor selected for: application, integration and implementation 6. Comprehensive Project Charter for the replacement of CSS 7. Preliminary project budget and plan for approval by Steering Committee

4. Resources Information

Estimated Resource Time Required for Scenario Analysis

Which group(s) and/or individuals will be involved in this project?

Role (*e.g. Developer, Analyst, Network Engineer)*	**Company, Department or Team**	**Hours needed**
Analyst / PM	Customer Service	360 (40 hrs X 9 Scenarios)
Analyst / PM	Operations	120 (40 hrs X 3 Scenarios)
Analyst / PM	Rates	40 (40 hrs X 1 Scenarios)
Analyst / PM	Meter Shop	40 (40 hrs X 1 Scenarios)
Analyst / PM	Collections	40 (40 hrs X 1 Scenarios)
Analyst / PM	Billing and Payments	40 (40 hrs X 1 Scenarios)
Analyst / PM	Finance/Accounting	40(40 hrs X 1 Scenarios)
Analyst / PM	Enterprise Technology	160 (16 hrs X 10 Scenarios)

5. Project Details

Proposed Start date:	2/1/2011	**Proposed end date:**	12/31/2011

Enter anticipated project implementation cost: (*with comments where appropriate***)**

Cost of labor (existing staff**)**	$33,600	*840 hrs X 40 – Avista staff from various areas of the company*
Cost of labor (new staff or contract**)**	$20,000	*Architecture/Platform/Integration review*
Cost of Hardware	$0	*No hardware purchase within Phase 1*
Cost of Software	$0	*No software purchase within Phase 1*
Other Costs	$300,000	*External consultants and site visits;*
Total Cost:	$353,600	

Enter total post-implementation costs

Estimated Cost (Maint.)	$0	**Over # of years:**	**Na**
Estimated Cost (Other)	$0	**Over # of years:**	**Na**

Major Known Risks *(including significant Assumptions)*

Avista resource availability

Other competing projects such as Smart Grid and Performance Excellence

Constraints (*List any conditions that may limit the project team's options with respect to resources, personnel, or schedule (e.g., predetermined budget or project end date, limit on number of staff that may be assigned to the project)).*

O&M funding in 2011

5. Sign-off

	Name	Signature	Date
VP / Controller	Christy Burmeister-Smith		
VP / CIO	Jim Kensok		
VP Operations	Don Kopczynski		
VP Regulatory	Kelly Norwood		
VP Finance	Jason Thackston		
VP Energy Solutions	Roger Woodworth		

6. Notes or Additional Information

Typical Scenarios Types
1) Search & Navigation
2) Customer History
3) New Premise Development
4) New Residential Service
5) Rate Definition & Management
6) Meter Management & MDM
7) Billing & Payments
8) Workflow: High Bill Complaint
9) Severance & Collections
10) Technology Requirements

Planning Timeline – Note: Updated timeline will be provided by the Consultant we partner with for the initial phase.

2011											
Typical Timeline Key Tasks	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Develop business and technology requirements											
Evaluate alternative commercial packages											
Conduct evaluation criteria workshops											
Business case for replacing CSS											
Complete and issued RFP: purchase of an application and integration/implementation services											
Complete software demonstration workshops											
Vendor selected for: application, integration and implementation											
Comprehensive Project Charter for the replacement of CSS											
Preliminary project budget and plan for approval by Steering Committee											

CIS Project Update

Executive Steering Committee

April 1, 2011

Why Replace CSS?

- Current support staff is tenured; limited resources in the market to support our custom legacy system
- System is 17 years old and is currently written in obsolete program languages (Smalltalk & COBOL)
- Legacy billing system can't accommodate new products, programs and services the utility will offer with Smart Grid
- Legacy billing system is highly customized. Hierarchy of payments is very costly to realign required commission rules and regulations. Contract billing does not exist.
- Lack of Customer segmentation, optional enrollment programs, limited ability to collect customer data and no customer relationship management.
- Legacy system is premise based which makes it difficult to follow the customer.
- Integration is limited and costly to our legacy system.

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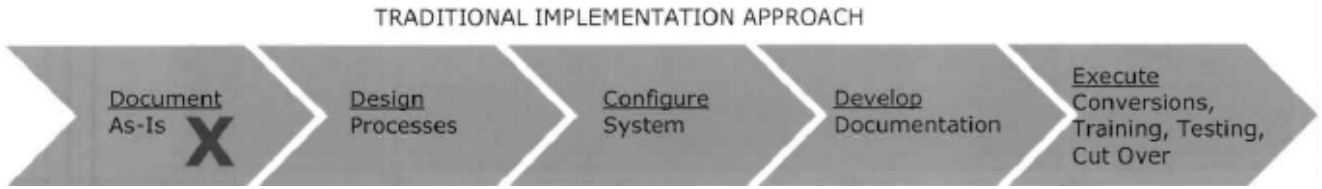
CIS System Replacement Journey



Change Management is Key
Approximately 3000 common functional and technical requirements
Approximately 200 business processes to document
Gap Analysis performed to define future state
Configuration and Integration
Training and documentation
Conversion and cut over

Exhibit No. 10
Case Nos. AVU-E-15-05/AVU-G-15-01
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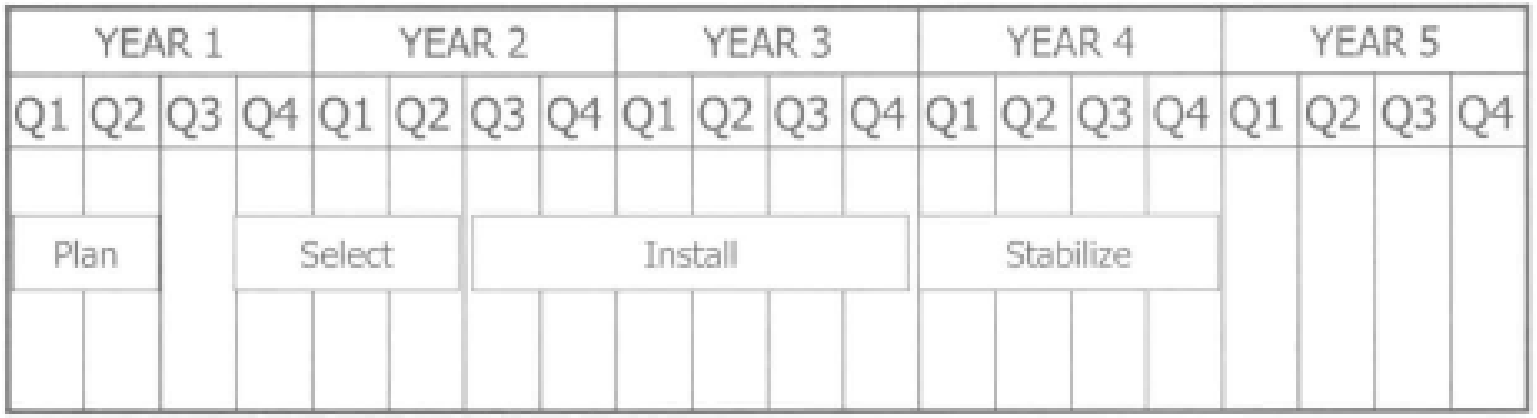
CIS Project Timeline

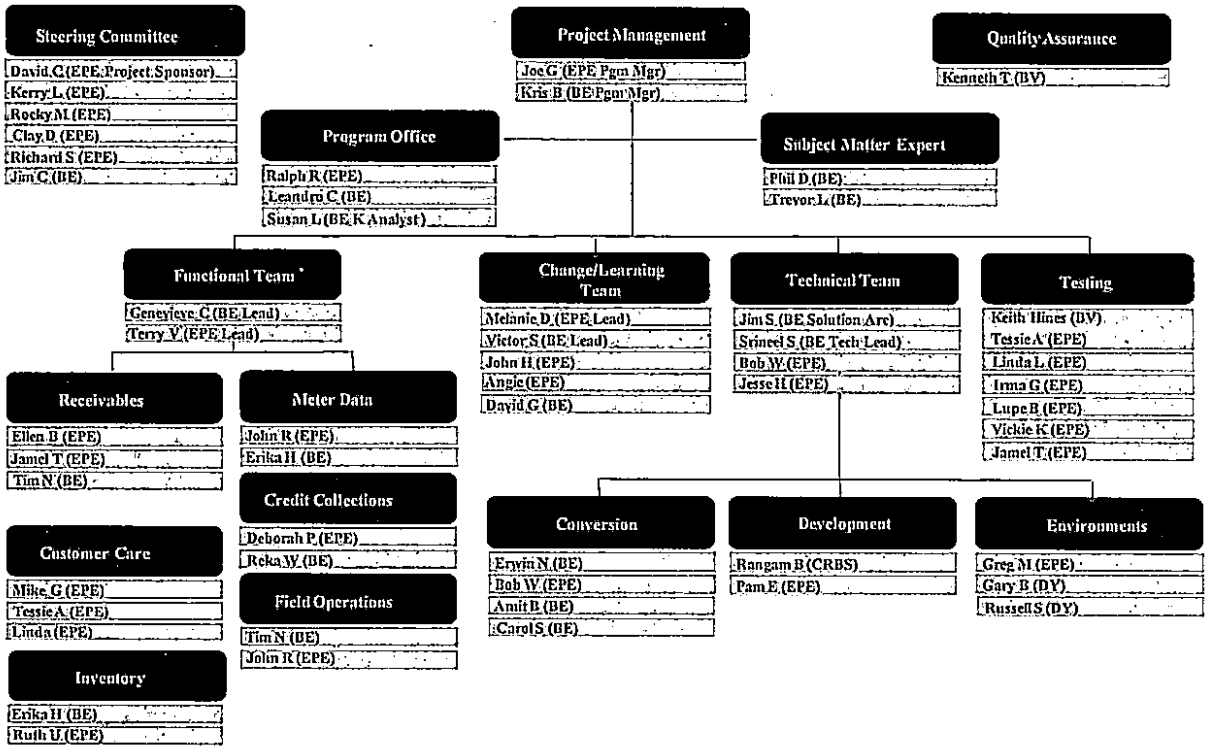


- CIS application plans are taking between 3 and 6 months to complete.
- CIS selections are taking between 7 and 9 months to complete.
- CIS installations are taking 16 to 24 months to complete.
- Once in production it is taking 6 to 12 months to stabilize the new CIS.

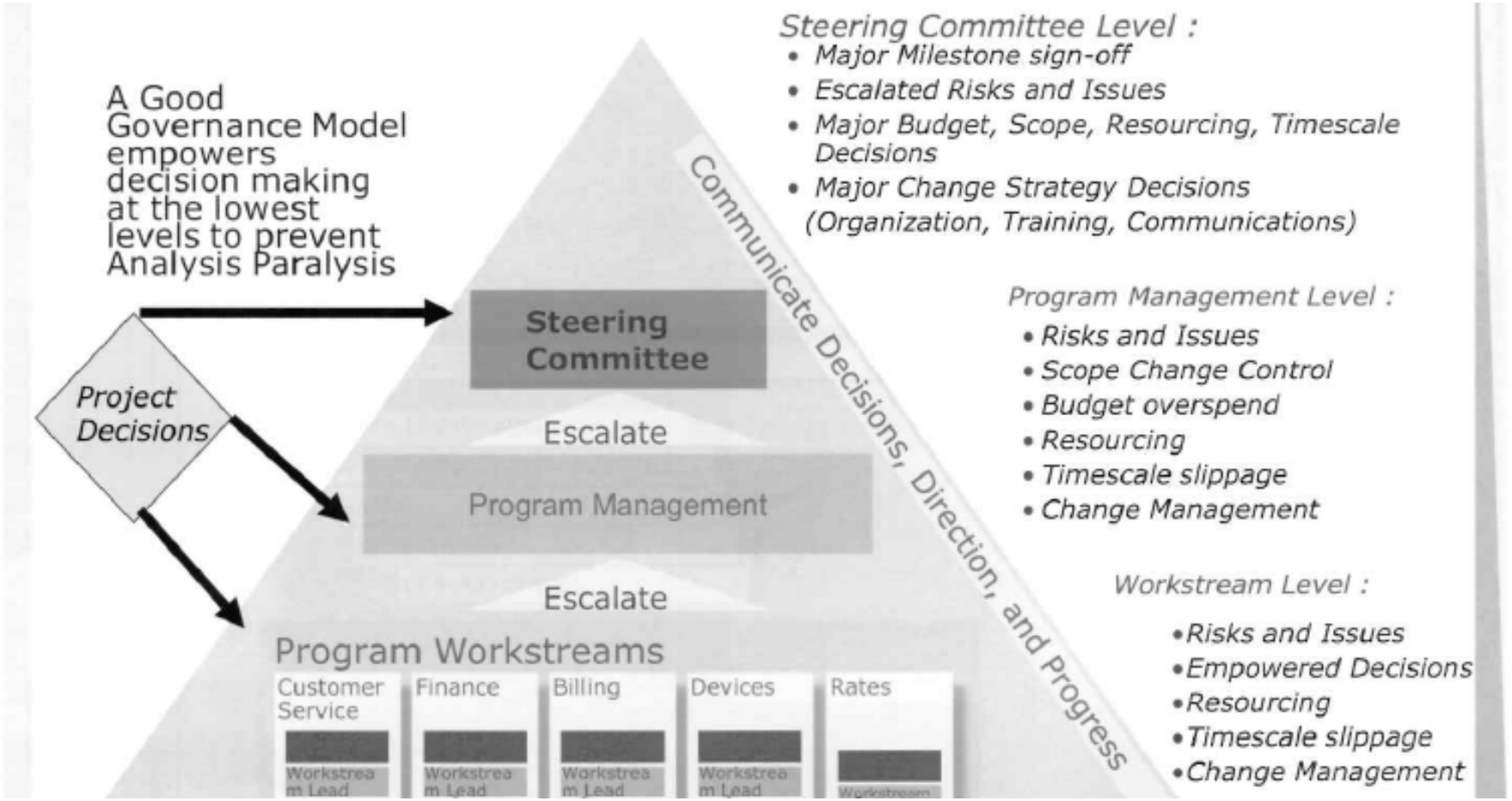
Exhibit No. 10
Case Nos. AVU-E-15-05/AVU-G-15-01
J. Kensok, Avista
Schedule 1, p. 4 of 11

Project Staffing Critical to Success

- El Paso CIS Project Team
  One Service, Two States, Delayed Collection



Project Management



Successful Steps to Implementation

- Industry tier one software solution (Oracle or SAP) on standard technology platform
- Package enabled re-engineering of business processes
- Limited customizations (vanilla)
- Clear business vision with organizational buy-in from top down around people, scope, budget and timeline.
- Staffed with best and brightest resources
- Strong project management support
- Early communication around change management, training and strategy starting on day 1
- Phased approach: 1-Design & software selection; 2-System integration and configurations; 3-Quality Assurance, test, assess and launch
- Become risk adverse by limiting all competing priorities. (CSS lock down on 9/1/2011)

Progress to Date

- Charter Approved
- Five Industry leading consultants responded to RFI, scoring completed
- Interviewing two additional consultants
- Visit to El Paso Electric to discuss CIS implementation of Oracle by PWC
- Attended Chartwell Webinar Best Practices in CIS Implementation
- Janna Leaf and DJ Kinservik currently documenting 200 business processes
- PAR for 10 CSR's in process (awaiting approval)

Exhibit No. 10
Case Nos. AVU-E-15-05/AVU-G-15-01
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Next Steps

- Hire Project Manager
- Approval to invite El Paso Director of Customer Care and CFO Executive Sponsor to share their experience with the Officer team.
- Interview Five Point and Black and Veetch Consulting
- Select and engage consultant for design and software selection
- Build proposed project org chart with approval to commit our best and brightest employees
- Proposed and approved 3 year capital budget plan for $40-$60M inclusive of CIS/WMS/AM, space allocation, technology, Avista FTE backfill and consultant support, attorney (internal and external for contract support)…
- Request commitment to move forward

Exhibit No. 10
Case Nos. AVU-E-15-05/AVU-G-15-01
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El Paso CIS trip Summary

- Very strong executive support (previously lost $17.5 million and failed CIS project)
- 2 Dedicated El Paso PM's
- Customer communication around bill format was biggest challenge
- Training was company wide (many application and screen changes)
- Change Management from Day 1
- No parallel systems due to reconciliation complexity
- April to August – no customer collections. Wrote off $3.9M. Focused on getting the bills out first.
- SLA's and metrics not captured in one repository to date
- Aging report not tied to GL
- Minimal involvement from finance caused major account issues.
- Short resources overall
- Contract was not clear around data conversion

El Paso CIS trip Summary…cont.

- Technology risk for installation of CC&B was minimal except for ESB
- Net metering billing failed. Still not billing 94 customers
- 116,000 project hours (they estimated Avista will be 225,000 project hours)
- Business analyst can configure the system without programming assistance.
- TIBCO Enterprise Service Bus was key to their success around integration
- Stopped all other projects and focused on CIS
- When System Integration started implementation, 90% of IS staff was consumed on project
- No staff reduction as a result of the project. To Do's
- 15 months in phase one, 17 months in implementation.
- Brought in outsourced call center due to extensive training (14 days of training for each rep)

Exhibit No. 10
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J. Kensok, Avista
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March 11, 2011

Regarding: Avista's Request for Information RFI No. R-37173
Customer Service System Replacement Project

Avista Corporation ("Avista") is pleased to invite your company to respond to this Request for Information ("RFI") for selection of a vendor to aid in the development and implementation of the replacement of Avista's Customer Service System (the "Project"), specifically Phase One of the Project, as further outlined below.

Avista Corporation is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is the operating division that provides electric service to 357,000 customers and natural gas to 316,000 customers. Avista's service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.5 million. Avista's primary, non-regulated subsidiary is Advantage IQ. Avista's stock is traded under the ticker symbol "AVA." For more information about Avista, visit **www.avistacorp.com**.

This RFI is being sent to your company for the sole purpose of understanding your company's qualifications, knowledge and experience in providing the specified services. Based on the responses Avista receives to this RFI, Avista will compile a list of "pre-qualified" vendors from whom Avista may request a formal proposal (the "Short-Listed Vendors") or supplemental questions to this RFI for additional information. Short-Listed Vendors will be allowed to provide a proposal for any or all of the services described herein and in the subsequent Request for Proposal as part of Phase Two of the project.

Avista plans to replace its Customer Information System, also referred to as the Customer Service System ("CSS"). The current CSS legacy system has been in place for over 20 years and is highly customized. Avista is seeking to replace its legacy CSS to update technology, improve system performance and expand capabilities to prepare for future customer information needs.

Avista intends to replace its CSS system by engaging in the following three phase process:

1. Phase One - The Phase One vendor will help Avista develop the business requirements, process decisions, perform gap analysis, assist in the production of the Request for Proposal document and participate in selecting the system integration ("SI") vendor as part of the RFP process for Phase Two.

   The Phase One vendor will be required to provide the following:
   a) Industry analysis: compare Avista's CSS needs and the requirements to the industry.
   b) GAP analysis: identify the gap(s) between Avista's current system and the requirements for the new system.
   c) Alternative analysis: identify alternatives for achieving the requirements of the new system.

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d) Business analysis: define the cost, benefits, return on investment, risk and time frame for the project.

The Phase One vendor will also be required to consult on the installation plan that would identify the necessary steps for successful implementation of the new system. The installation plan may include, but not be limited to, the following:

a) Project overview: An introduction of the entire project, identifying the scope, objectives, purpose, needs assessment and alternative solutions.
b) Technology plan: Identify the hardware, software and environment, database management system, application software, network connectivity, and desktop environment, and any other technology related requirements.
c) Installation plan: Address the project and quality management, hardware and software setup and training, business development, product configuration and conversion, data perpetration and cleanup, system format development product modifications, interfaces, reporting, training, testing, go-live, post implementation, and sign-off.
d) Management plan: Detail the project timeline, organization, staffing, risk, contingency and procurement requirements. The marketing plan should identify all of the business change management and external stakeholder campaign philosophies.
e) Project approach and Business Plan: Identify the expectations for the planning, selection, implementation, and post-implementation phases of the project. Costs should be identified in the business plan, which would allocate and track the project costs and vendor disbursement schedules.

2. Phase Two – System Integration: Engage a vendor to perform the system integration identified in Phase One. Avista understands that a second vendor ***may*** need to be chosen to perform this function. In the case that the Phase One provider is unable to provide system integration support, it is intended that the Phase One services provider will assist with developing a separate Request for Proposal, if necessary.

3. Phase Three- Quality Assurance. This may be a third separate vendor or may be performed by the vendor selected to perform Phase One. The advantage of selecting the same vendor will be that the vendor will already be very familiar with the project and will be able to determine if the SI vendor met the requirements of the CSS system implementation and if all the business requirements were met as part of the project. However, choosing a separate third vendor would allow for a second set of eyes and expertise to review both Phase One and Phase Two work.

This Request for Information is intended to aid in the selection of the Phase One vendor for the services detailed above. Participating vendors should provide information specific to their expertise and participation in projects of the same magnitude for the Phase One Services as it relates to a total CSS system replacement and implementation. As part of this RFI, vendors are requested to provide, at a minimum, the following information in order for Avista to best determine each vendor's ability to provide the Phase One requirements of a CSS replacement project.

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Based on the information provided above, please provide as much information as possible regarding the following requested inquiries:

a. Please provide in-depth information about your product and service offerings regarding CSS systems,
b. Please describe the anticipated timeline to complete Phase One of the Project;
c. Please describe in detail your approach and project activities that would ensure a successful CSS replacement project: This could include, but is not limited to, a commercial off-the-shelf system, a practical implementation process; business process modifications typically needed, project management requirements, change management requirements, composition of the project team, proactive business process improvements, change controls, project planning and communication strategy(ies),
d. Please describe your company's understanding of the business process necessary to perform a full, successful CSS replacement; please provide your approach to this type of work;
e. Please describe in detail your company's "best practices" philosophy regarding CSS replacement projects; describe some of the "lessons learned" that would help Avista avoid some typical pitfalls of this kind of project and describe, in your company's experience, the key success factors for a successful Phase One portion of the Project.
f. Please provide two or more case study examples of your experience in providing the consulting services for CSS systems, preferably for utility companies.
g. Please describe your company's overall resource mix. Please also provide detail of the available experience level of your resources that would be available to Avista to successfully execute Phase One
h. Please advise whether your company would allow Avista the option to interview the specific individuals in your company that would comprise the Avista CSS Project team to accomplish the Phase One requirements if your company is chosen as the Phase One provider.
i. Please describe the kind of resource commitment your company would be willing to make if Avista requests specific resources.
j. Please provide current references, especially any utility companies that your company has provided CSS replacement services for in the past three (3) years;
k. Please describe the portion of your current business that Avista comprise if your company were selected to partner with Avista on the CSS Project; describe whether Avista's business would comprise more than 20% of your company's existing business.
l. Please detail whether your company will utilize subcontractors to perform any of the defined scope of work.
m. Please describe any additional value-added service offerings that could benefit Avista, such as management consulting services, access to technology partners, internal knowledge capital or SMEs, or other business relationships that you would bring to bear on Avista's CSS Project to ensure its success.
n. Please provide information regarding whether your, or your recommended vendor's CSS system, can align with its own or another Work Management System, on a forward looking basis for a possible future replacement of Avista's own Work Management System.

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The following factors will be essential in Avista's selection of a Phase One vendor: interpersonal relationships, vendor experience and level of independence, cost to perform the services and references for assurance. The chosen vendor is critical to Avista for developing the business requirements, process decision, RFP production and participation in the selection of the SI vendor. Ultimately, this will make the CSS replacement project as a whole, successful, efficient, economically sound and meet both Avista's and its customers' expectations.

All information shared with Avista under this RFI, the RFI process and the ultimate vendor selection will be confidential.

Once a vendor is selected, a contract for services for the Phase One services will be negotiated between the Parties prior to work commencing.

Please note that Avista is interested in proceeding immediately on the Phase One portion of the CSS Project so time is of the essence.

You may send an electronic copy of your response to Stacey Levin, Senior Contract Manager, at slevin@avistacorp.com. All RFI responses are due on or before 5:00 p.m. Pacific Time on March 25, 2011. All responses should refer to Avista's RFI No: R-37173.

Please direct any questions you may have regarding this RFI to Pat Dever at pat.dever@avistacorp.com. All inquiries should refer to Avista's RFI No: R-37173.

Sincerely,

Stacey M. Levin
Senior Contract Manager
Avista Corporation

Cc: Avista Contract File No. R-37173

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Vendor Information for
CSS Replacement RFI: Phase One
RFI No. R-37173
Note: Highlighted vendors responded

1. Vertex, Inc.
   james.will@vertexna.com

2. Black and Veatch Corporation
   Renee Koch
   KochR@bv.com

3. Five Point Partners, LLC
   Rich Charles, Sales Manager
   (214) 530-5989
   Richard.Charles@fivepoint.net
   Address:
   2526 Mt. Vernon Road
   Suite B348
   Atlanta, Georgia 30338
   info@fivepoint.net
   (888) 830-4959 Toll Free

4. PricewaterhouseCoopers, LLP (formerly BearingPoint)
   james.m.curtin@us.pwc.com

5. Bridge Strategy Group, LLC
   Robert Zabors
   rzabors@bridgestrategy.com
   Address:
   Bridge Strategy Group
   One North Franklin Street
   Suite 2100
   Chicago, IL 60606
   Phone 312-357-6740
   Fax 312-357-6750

6. Computer Sciences Corporation (CSC, formerly Bass & Co.)
   Theresa Skorupa
   973-243-7360
   tskorupa@csc.com
   Address:
   3170 Fairview Park Drive
   Falls Church, VA 22042 USA
   1-703-876-1000

7. Heights Consulting (partnered with Jericho Consulting)

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Scoring results from assessment of vendor proposals, per Attachment 5 & 6

Pages 1 through 2

Avista Corporation

RFP R-37440

Avista is seeking Proposals for qualified information system solutions consisting of the complete functionality of a Customer Information System (CIS) and an Enterprise Asset Management ("EAM") (also known as a Work Management System ("WMS"). These functional areas and specific requirements are explained more fully later in this RFP. Avista is seeking a fixed priced Proposal for conversion, testing, training, implementation, post-implementation, software, and hardware (collectively, the "Enterprise Solution").

Avista has elected to issue this single RFP rather than separate RFPs for each functional system. However, Solution Provider(s) may respond to one, several, or all of the requested functional systems based upon Solution Provider(s) area of expertise and/or desire to form partnerships with other providers. In the final analysis, Avista reserves the right to select proposed solution components that are the best fit for its needs.

The new Enterprise Solution (also referred to as the CIS and EAM Solution) must be professionally installed, must be integrated or highly interfaced and will provide enhanced functionality and the ability to interface with other third party applications.

OPTIONS

This RFP will consider the following solution alternatives:

1. A complete Enterprise Solution consisting of CIS and EAM functionality. These Proposals may be for fully integrated solutions, or they may be for best of breed solutions that are highly interfaced (a "Partnered Solution").
2. A solution consisting only of CIS. However, the Solution Provider must demonstrate successful integration with EAM solutions at utilities similar to Avista.
3. A solution consisting only of EAM. However, the Solution Provider must demonstrate successful integration with CIS solutions at utilities similar to Avista.

SUMMARY OF RFP SCOPE OF WORK

Several key system and service related components have been identified to achieve Avista's stated business objectives. The total effort outlined in the RFP calls for a complete Enterprise Solution. The Enterprise Solution consists of the following components:

- **Customer Information System (CIS)**

  The new CIS solution will include all software and services required to implement and support the stated interfaces and traditional CIS functions such as customer service, account management, credit and collections, service orders, meter inventory, usage, billing, service address management, portfolio management, rates, and financial based activities. The Enterprise Solution will include utility specific Customer Relationship Management (CRM) functionality.

- **Enterprise Asset Management (EAM)**

  The new EAM will include all software and services required to implement and support the stated interfaces and traditional work management and asset management functions such as work initiation, work planning, work approval, work scheduling, work execution, work closing, and work reporting. Avista seeks a system that will accommodate typical utility generation, transmission and distribution operations. Avista is not seeking inventory and

procurement functions, only the integration to those functions in Avista's Oracle eBusiness financial suite. The new EAM will also include asset maintenance and management functionality including analytics and metrics.

- **Mobile Workforce Management (MWM) System**

  Avista's current CSS interfaces to ABB-Ventyx Service Suite version 8.1 mobile data system. With the new CIS solution, Avista is considering a new, fully integrated MWM system for all orders generated out of CIS. A later phase may include integration with the new EAM for the long-cycle work that is currently generated out of WMS. As an alternative, if the proposed solution does not include a **fully integrated MWM solution**, the Solution Provider must factor into the solution the time and expenses to fully interface ABB-Ventyx Service Suite with the proposed CIS solution.

- **Data Access Solution**

  Avista is seeking access via a standard set of tools to the CIS and EAM application data for reporting and analysis. The data access solution will include all hardware specifications, software and services required to implement and support application query and reporting within both the CIS and EAM. However, Avista is not seeking an Enterprise Information Management (EIM) or to replace our current Cognos Enterprise Business Intelligence (BI) solution.

- **Full Integration**

  The new CIS and EAM will contain full integration between the various modules in each of the solutions. The new systems will also facilitate efficient and effective integration to other Avista systems. There must be a clear approach to master data management supporting both internal integrations as well as external system integrations through industry standard methods.

- **Partnered Solution Approach**

  If this is a Partnered Solution, Avista requires that one of the Solution Providers assume responsibility for the complete solution implementation as the Prime Vendor, to include all necessary interfaces and be responsible for the provision of the functionality requested by Avista in this RFP. Avista requires a Prime Vendor approach for these Partnered Solutions to manage, coordinate implementation and be responsible for all subcontractors and third-party software related to their proposed Partnered Solution.

- **Implement Improved Business Processes**

  Avista expects the Solution Provider(s) to provide leadership during product configuration to implement common / best practices in order to meet the application's functionality. Avista will rely upon product configuration rather than product modifications and will consider modifying its business processes to fit the technology workflow.

MINIMUM REQUIREMENTS

Avista expects the Proposed Solution(s) meet the following minimum requirements and that each of these requirements be included in and clearly addressed as part of the Proposal. In reviewing these minimum requirements, Solution Provider(s) should consider each item's relevance to the specific solution or service being proposed.

Proposed software minimum requirements:

1. The Proposed Solution is successfully in operation at a minimum of 10 utilities in North America, three of which serve a minimum of 500,000 gas and electric customers.
2. The Proposed Solution is currently in production on a similar platform as that being proposed for Avista.
3. The Proposed Solution has been proven to scale to over one million customer accounts.
4. The Proposed Solution will promote implementation of a functionally rich base product with minimal modifications. Avista will not accept custom development Proposals or those that rely on extensive levels of customization. In addition, Solution Provider must be capable of providing ongoing maintenance support and scheduled product releases as demonstrated through a well-defined, robust product road map.
5. The Proposed Solution must accommodate a multi-company or multi-state environment with varying tariffs, rules and regulations (at least three states and three utility commissions).
6. The Proposed Solution must include licensed packaged products capable of being run either within an in-house data center or in a hosted data center on Avista's behalf. Avista will not consider a Software as a Service (SaaS) solution at this time.

Solution Integrator minimum requirements:

7. The SI must be a well-established professional organization that offers the implementation / integration of hardware, software and services for Proposed Solution. The SI must have been in business for a minimum of three years. The SI shall place only experienced professionals on the Proposed Solution. The project manager, technical lead, and functional lead must have a minimum of three referenceable implementations and at least five years experience of the Proposed Solution. Other level professionals must have a minimum of two years of experience with the Proposed Solution.
8. The SI must be a financially healthy institution capable of conducting business during the entire Proposed Solution implementation period and the associated post go-live support period as measured by financial statements, D&B report, etc. SI shall attach three years of audited financial records, D&B reports, etc., and any interim statements.
9. The SI must not be involved in any litigation that may potentially impact the SI's ability to support Proposed Solution and any required support. The SI must disclose any and all existing and pending litigation in the RFP response.

Questions regarding this procurement and RFP are due by end of business Pacific time, Thursday, September 22, 2011.

The will be a pre-proposal phone conference on Tuesday, September 27.

Proposals are due by 3:00 p.m. Pacific time, Friday, October 21 2011.

If you would like to receive this RFP, you will be required to complete, sign and return Avista's Non-Disclosure Agreement and Five Point Partner's Terms of Use Agreement, and register the individuals who will access **STAR**. **STAR** is the acronym for Five Point Partner's "**Selection Tool for Assessment and Requirements.**" This online tool replaces functions and features checklists of software product functionality. This tool will be used by the Solution Provider(s) to access Avista's requirements for the new Enterprise Solution. Those documents must be fully executed and sent to Gary Weseloh at gary.weseloh@fivepoint.net before the RFP documents will be released.

Avista RFP Distribution List (September 12, 2011)

CIS Vendors:
CC&B (Oracle) Adam Stafford adam.stafford@oracle.com
and Michael Fryke michael.fryke@oracle.com
and Joe Caprice joe.caprice@oracle.com
and David Bickerstaff david.bickerstaff@oracle..com 903-340-9502
CRB - SAP (Roger Egle) roger.egle@sap.com 541-221-8142
Vertex - Dan Sullivan dan.sullivan@vertexgroup.com 214-576-1000

EAM Vendors:
Maximo (IBM) – Bill Boone waboone@us.ibm.com
and Chris Norton chris.norton@us.ibm.com
and Patrick Baxter pbaxter@us.ibm.com
and Jeff Burch (sycomp) jburch@sycomp.com 650-312-8174
WAM (Oracle) - Adam Stafford adam.stafford@oracle.com
and Michael Fryke michael.fryke@oracle.com
eBusiness Suite (Oracle) - Adam Stafford adam.stafford@oracle.com
and Michael Fryke michael.fryke@oracle.com
SAP - Roger Egle roger.egle@sap.com 541-221-8142
Logica - Shannon Nafaa shannon.nafaa@logica.com 713-954-7003
and Kurt Ergene kurt.ergene@logica.com 760-591-4810
~~Invensys – Plano Headquarters office - 469 365 6400~~ (they are not interested in this RFP)
Cascade –Neil npm@cascade-assets.com 888.222.8399
Infor – Alpharetta GA Headquarters office – 800-260-2640 (no answer – I'll keep trying)
Passport (Ventyx) - Leo Hagood leo.hagood@abb.ventyx.com 404-630-4846
Tabware - Hope Brooks-Moore hope.brooks@assetpoint.com 864-679-3415

CRM Vendors:
ISM (Sage SalesLogix) - Scott Smallbeck scott@goism.com 503-496-5374

Solution Integrators:
Ep2M - John Schulte john.schulte@ep2m.com 402-968-6634
HCL - Mark Graham mark.graham@hcl.com 925-381-7742
and John Lugviel jlugviel@comcast.net 509-443-0158
and Andrew Jornod Andrew.jornod@hcl.com 214-578-7969
Waggware - Paul Buster paulb@waggware.com 281-436-7280 x 240
Accenture - Ron Aberman Ronald.aberman@accenture.com 355-401-0304
and Trey Thornton trey.thornton@accenture.com 818-795-6608
IBM – Tony Johnson Anthony.johnson@us.ibm.com 205-482-7311
and Jacob Miller Jacmille@us.ibm.com 206-587-6775
PwC – Steve Obosnenko steven.obosnenko@us.pwc.com 610-357-7550
and James Mergenthaler james.d.mergenthaler@us.pwc.com 312-298-5826
Deloitte – Tom Turco tturco@deloitte.com 678-521-7972
and Ian Wright iwright@deloitte.com 215-430-6217
and Jason Stevens jasonstevens@deloitte.com
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and Chandra Joshi cjoshi@spartaconsulting.com 888-651-2952 x 147
Cap Gemini – Ian Roy ian.roy@capgemini.com 972-793-4400
Infosys – David Shin david_shin@infosys.com 954-452-7311
Wipro – Walt Little walt.little@wipro.com 941-735-6293
ProMark Solutions – Gabrielle Porath gporath@promarksolutions.net 702-622-7863

AVISTA®

PROJECT COMPASS

GUIDEBOOK

Project Compass Guidebook

2012

Client Manager: Michael Mudge

Revisions:

Version	Date	By	Approved
Version 1	1/27/2012	Peggy Blowers, Jody Morehouse, and Michael Mudge	

Preliminary Draft Confidential

Please note that the information contained herein is preliminary and for discussion purposes only. It does not necessarily represent the views of Company management (and may, in some cases, represent only the views of independent consultants or advisors). Accordingly, any preliminary estimates, costs or benefits, as well as the characterizations of such, are subject to change and will be revised as, and to the extent, the project proceeds.

Table of Contents

Procurement Phase

Procurement Phase

This section of the guidebook is specific to the Procurement Phase of Project Compass.

Procurement: Objective

Avista's homegrown, customized customer information system (CIS) has served our company and our customers well for over 20 years. Integrating commercial, off-the-shelf software and other internally developed systems into the CIS over time has fortified the technology foundation that helped Avista receive national awards and consistently high customer-service ratings. But at the end of the day, Avista's CIS has design limitations to accommodate future products, programs and services; is supported by an aging workforce, and any enhancements increase the complexity of the system. Taking Avista into an energy future with technology as its foundation requires a flexible CIS platform that can provide the choices that matter most to our customers.

When Avista's CIS platform was developed 20 years ago, there were no smart phones or iPads. Home computers were uncommon and customers did not expect to be involved in energy choices. While our current CIS provides good functionality and is user friendly, it is important that Avista's technology continues to evolve, and is able to deliver the type of service options that we believe customers will seek.

Avista's investments in developing a smarter grid will enable a different, more interactive relationship with our customers. To achieve these objectives, Avista's CIS may include the ability to accommodate not only Smart Grid technology, but also may incorporate:

- Automated meter information
- Energy efficiency programs
- Real-time billing
- On-bill financing
- Automated notifications based on customer preferences
- Customer relationship management capabilities
- Multi-channel, self-service options.

In addition, the new CIS needs the flexibility to accommodate regulatory changes.

Refurbishing or replacing Avista's CIS is a significant decision that will impact all aspects of the company's operations. Linking into the CIS are many current company systems. These include

Procurement: Objectives Continued

outsourced bill presentment, outage management, work and asset management, automated phone system, construction design, enterprise business intelligence, supply chain and financial systems. Also linking into CIS are electric and gas meter applications, and the avistautilties.com website for managing customer self-service transactions.

Replacing the customized CIS with an off-the-shelf application means a commitment to adjust Avista's business processes and procedures to align with the software. Managing the change process will be a key element of the project plan. Avista is committed to moving forward with replacing its legacy customer service system with an off-the-shelf application. This will provide the company with industry standard software and a solution that will keep pace with Avista's evolving energy business. It will also eliminate the challenges of maintaining a customized system.

Procurement: Scope

CSS – (Customer Service System)

CSS is Avista's home grown customer information system was implemented in August 1994 and supports all of the traditional utility business functions such as meter reading, billing, payment processing, credit, collections, field requests and service work orders.

The Customer Service System (CSS) is an internally-developed system that was implemented in 1994 following a three-year development effort – it replaced a prior internally-developed CIS system that ran on the mainframe platform. The new system was developed utilizing then newer technology (relation databases, CASE tool, SmallTalk, etc.). An enterprise-wide information modeling project preceded this project, so the system was developed utilizing concepts such as single-source data, subject-area databases, etc. – it was very data-driven.

The system handles all aspects of customer / customer account processing including billing, collections, payments and deposits, metering and usage.

- CSS is currently supported by Avista's in-house HP Workplace Support Team.
- CSS is the single source for customer-related data which is widely used throughout Avista. Much of the data is exported to an Oracle database (WRKPRD) where it is available for ad hoc reporting. A Customer DataMart also resides in WRKPRD, providing enhanced reporting capabilities through Cognos.
- The batch billing processing window is typically from 8:10pm to 1:00am Monday – Friday.

Procurement: Scope Continued

WMS – (Work Management System)

WMS is Avista's home grown work management system that is tightly integrated with CSS. WMS is used to create constructions jobs. The materials are ordered though WMS which is interfaced with Oracle ERP. The integration is one way; the service technicians can order through WMS but are unable to track the order. Avista staff can also assign jobs to a crew but this too happens through use of another program which is being revised as part of Avista's Performance Excellence program. Avista also orders locates and right away permits using WMS. Avista has been unsuccessful to do the same in Construction Design Application (CDA) because the various Municipalities we serve are unwilling to standardize and use email as a form of communication for permits.

EGMA – (Electric and Gas Meter Application)

EGMA supports electric and gas meter inventory, meter tracking and meter testing. EGMA is tightly integrated with CSS.

Mobile, METS, and Gas Compliance Applications

The replacement of our CIS/WMS (WorkPlace) system will greatly impact our Mobile, METS, and Gas Compliance systems. As these systems are heavily integrated with the Workplace, and as the new CIS/WMS will likely cause many information and process changes; these systems will need to be closely reviewed for scope, change, and integration.

(See Appendix A to view Avista's Current Business System Model.)

Procurement: Roles and Responsibilities

Executive Steering Committee

- Commit to being an advocate and champion of the CIS project.
- Approves initial and changes to project scope, budget and timeline.
- Attend and actively participates in Steering Committee meetings, critiquing the ability to perform on scope, budget and timeline.

Procurement: Roles and Responsibilities Continued

- Critique project scope, budget and timeline based on long-term vision and corporate compliance.
- Question to understand high level decisions brought to the Steering Committee for resolution. Support decisions or reject with options or opportunities to resolve.
- Support the communication needed regarding change as a result of the project, both formally and informally, sharing both consequences and impacts to company and project.
- Commit to Change Management as a means of positive impact to all areas of company operations.
- Approves all invoices, CPRs, and charges over $99,999. Approve all additions to compliment.
- Approve and support resources from all key areas of the company. Intervene as requested to assure attendance and commitment.
- Allow project sponsors first line of opportunity to manage and communicate with solution providers, employees and interveners.

Executive Officer Sponsor

- Defines the strategic goals, liaison between steering committee, the remaining Executive Team and the Board of Directors
- Ensure corporate-wide acknowledgement, participation and buy-in
- Provide input and advice on Avista operations from a corporate and management-level as they affect the project
- Resolves inter-departmental issues that cannot be resolved at a project sponsor level
- Attends and actively participates in Steering Committee meetings

Executive Project Sponsors

- Provide oversight, leadership and vision for the CSS/WMS replacement project
- Responsible for the direction and planning of the CIS/WMS selection, including facilitating resource needs, resolving issues and executive communication
- Create and communicate CSS/WMS replacement project high-level vision
- Manage upward communication to the Steering Committee and other business leadership groups
- Review progress and resolve issues elevated by the project
- Oversee management of CSS/WMS risks and issues
- Act as escalation point for significant vendor issues; maintain working relationship with vendor executives
- Review and act upon budget changes and/or additions
- Ensure project objectives and goals support and link with the general business goals and mission
- Approve major project decisions
- Provide oversight and mentor the team
- Responsible for project outcome
- Responsible for approving, prioritizing, or deferring significant issues
- Attends and actively participates in Steering Committee meetings

Procurement: Roles and Responsibilities Continued

Compass Directors Panel

- Key Stakeholders for the CSS/WMS project as a whole
- Responsible for assuring the new systems will meet their department and division needs
- Assume responsibility for their areas participation and ultimate project success
- First-line resource in issue escalation from the project sponsors
- Be in direct communication with the project team members that report to them
- Attend CSS activities as requested
- Create CSS/WMS vision for their area
- Work with project team resources to ensure they have the line of business vision for CSS/WMS in mind during the project process
- Escalate and communicate issues with both the core project team resources and their management for resolution
- Work with Avista Project Manager and Five Point Project Manager on requested deliverables and/or project activities
- Attend and participate in Director Team meetings

Five Point Partners

- The Five Point Project Manager provides direction on the CSS/WMS Replacement Project (Project Compass) methodology
- Provide industry expertise and guidance in working with the CIS/CRM and EAM/WAM vendors and SI's
- Accountable to the Project Manager and Executive Sponsors for regular updates on progress and status
- Provide proposed Project Compass schedule, including critical path milestones and dependencies with other projects
- Continuously forecast and anticipate changes in scope, resources, timelines, budget, etc.
- Participate in Executive Steering Committee meetings

Avista Client Manager

- Provide Project Management and leadership to the Avista Project Compass Team
- Accountable to Project Sponsors for providing information for regular progress & status updates
- Create a collaborative relationship between all departments
- Update and manage project schedule, including the Avista team activities, critical path milestones and dependencies with other projects
- Identify, track, resolve and/or escalate project issues
- Manage the change control process for any"' changes to project scope, timeline or budget
- Manage key Stakeholder expectations for the project
- Provide invoice validation for all vendor payments
- Work with Project Sponsors and other management to secure required Project Team members
- Ensure work products meet quality standards
- Identify, oversee and resolve issues and risks related to cross-project dependencies

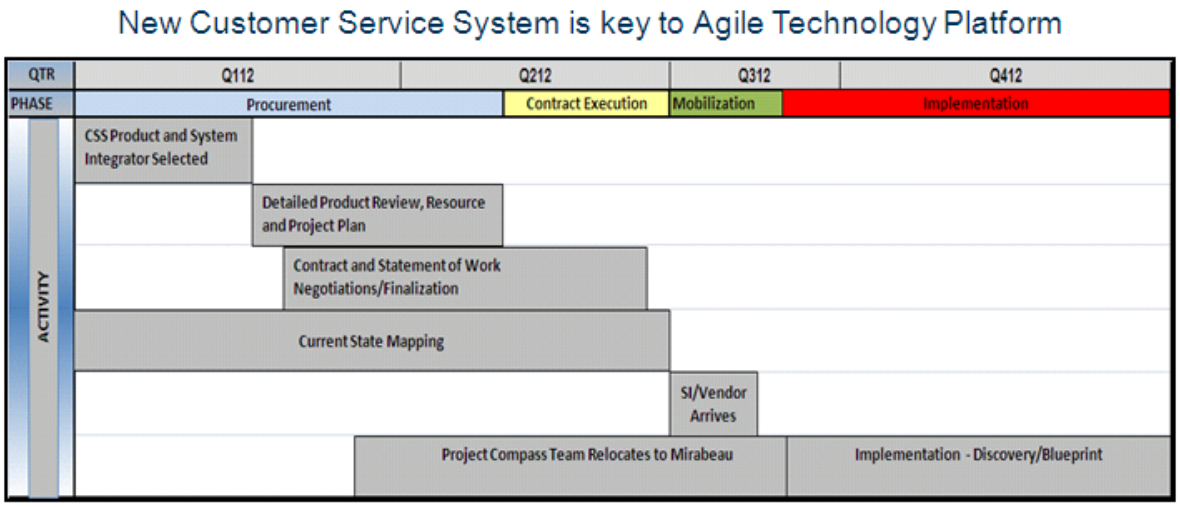
Procurement: Roles and Responsibilities Continued

- Primary contact between Avista, CSS/WMS vendor(s), Quality Assurance consultant, and System Integration (SI)
- Collaborate with SI to develop and maintain detailed and accurate comprehensive project plan
- Provide a weekly project status report to the Project Sponsors
- Participate in project status meetings
- Facilitate regular meetings with the Directors Team

Project Compass Procurement Team / Subject Matter Experts (SMEs)

- Provide information on an as-needed basis
- Provide expertise in their particular subject to inform the CSS/WMS selection process
- Provide input on the recommendations for the project
- Provide requested information to Avista Project Manager and/or Five Point Project Manager
- Attend project meetings and activities as requested by Avista Project Manager and/or Five Point Project Manager
- Provide guidance on the CSS/WMS business requirements, gaps and issues
- Identify issues and risks for area of responsibility or outside that area if necessary
- Update the Avista Project Manager on any issues
- Serve as key SME to project meetings, RFP and system reviews
- Represent your department needs and keep your department and management informed
- Look for opportunities to optimize processes and procedures by leveraging the new system features and functionality
- Be willing and open to change, agree to disagree and support decisions made with a positive attitude
- Meet project deliverables and timeline on assigned tasks and issues
- Provide expertise regarding functionality, business processes and technology

Procurement: Timeline



Project Compass

- CSS Product and System Integrator Proposal Feb 7
- Contract finalized by May 30
- Current State Mapping complete by June 30
- SI and Vendor "mobilize" at Avista in June
- Balance of Project Compass Team to begin move to Mirabeau in July
- Implementation begins in earnest in July, focusing on due diligence to define future state processes

Procurement: Organization and Staffing

Executive Steering Committee	
Don Kopczynski (chair)	Jim Kensok
Jason Thackston	Dennis Vermillion
Roger Woodworth	Dick Storro

Executive Sponsors	
Pat Dever	Vicki Weber

Procurement Consultants – Five Point	
Gary Weseloh	Greg Galluzzi
Craig Mills	Brent Dreher

Avista Client Manager	
Michael Mudge	

Procurement: Organization and Staffing Continued

Project Compass Staff	
Pat Dever	Vicki Weber
Mike Mudge	Janna Leaf
DJ Kinservik	Renee Webb
Peggy Blowers	Jody Morehouse
Lauren Turner	Gary Weseloh

Project Compass Procurement Team	
Vicki Weber	Pat Dever
Mike Mudge	Janna Leaf
DJ Kinservik	Renee Webb
Peggy Blowers	Jody Morehouse
Lauren Turner	Gary Weseloh
Bob Weisbeck	Lamont Miles
Tami Judge	Rodney Picket
Amber Gifford	Mollie Weis
Maureen Olson	Robert Dodd
Tom Heavey	Cam Mallon
Greg Paulson	Ken Humphries
Kelly Conley	Teresa Damon
Catherine Mueller	Bill Ramshaw
Frank Johnson	Jackie Foss
Judy Olson	Karen Doran
Kevin Farrington	Mark Michaelis
Mike Littrel	Rachelle Humphrey
Ron Simmons	Laurie Heagle

CIS Evaluation Team	
Vicki Weber	Pat Dever
Jody Morehouse	Teresa Damon
Mike Mudge	Lamont Miles
DJ Kinservik	Greg Paulson
Janna Leaf	Jackie Foss
Renee Webb	Ken Humphries
Gary Weseloh	Tami Judge
Peggy Blowers	Karen Doran
Maureen Olson	Kelly Conley
Robert Dodd	Rachelle Humphrey
Mollie Weis	

Procurement: Organization and Staffing Continued

Mobile Workforce Evaluation Team	
Vicki Weber	Pat Dever
Jody Morehouse	Jackie Foss
Mike Mudge	Mike Littrel
DJ Kinservik	Frank Johnson
Janna Leaf	Ron Simmons
Renee Webb	Robert Dodd
Gary Weseloh	Kevin Farrington
Peggy Blowers	Tom Heavey

Technology Evaluation Team	
Vicki Weber	Pat Dever
Peggy Blowers	Tom Heavey
Mike Mudge	Cam Mallon
DJ Kinservik	Bill Ramshaw
Janna Leaf	Mollie Weis
Renee Webb	Maureen Olson
Gary Weseloh	Robert Dodd
Jody Morehouse	Kevin Farrington
Ron Simmons	Mark Michaelis

WMS Asset Evaluation Team	
Vicki Weber	Pat Dever
Mike Mudge	Bob Weisbeck
Jody Morehouse	Lamont Miles
DJ Kinservik	Teresa Damon
Janna Leaf	Catherine Mueller
Renee Webb	Judy Olson
Gary Weseloh	Amber Gifford
Peggy Blowers	Rodney Pickett

Final Evaluation Team	
Vicki Weber	Pat Dever
Mike Mudge	Bob Weisbeck
Peggy Blowers	Rodney Pickett
DJ Kinservik	Tom Heavey
Janna Leaf	Jody Morehouse
Renee Webb	Tami Judge
Gary Weseloh	Lamont Miles

Procurement: Organization and Staffing Continued

Contract Negotiation Team	
Greg Galluzzi	Gary Weseloh
Pat Dever	Vicki Weber
Stacey Levin	Patty Wood
Louisa Barash	

Procurement: Schedule

Project Compass Procurement Calendar

Project Compass Procurement Calendar

Monday 1/23	Tuesday 1/24	Wednesday 1/25	Thursday 1/26	Friday 1/27
Service Order Mgmt WebEx	IBM/Maximo Prod. Demonstration	IBM/Maximo Prod. Demonstration	Ventyx 9.1 Demo	
CR 130	Auditorium	Auditorium	Auditorium	
1:30pm - 3:00pm	8:00am - 5:00pm	8:30am - 4:30pm	9:00am - 4:00pm	
CIS Evaluation Team/Open	WMS Asset Evaluation Team/Open	WMS Asset Evaluation/Open	MWM Evaluation Team/Open	
Follow-Up evaluation of SAP Service Order Mgmt capabilities	Refer to Demo Calendar	Refer to Demo Calendar	Refer to Demo Calendar	
	IBM Technology Breakout Session			
	CR 130			
	9:00am - 5:00pm			
	Technology Evaluation Team			
	Technology Evaluation of Maximo			

Monday 1/30	Tuesday 1/31	Wednesday 2/1	Thursday 2/2	Friday 2/3
CIS Evaluation	WMS/Asset Evaluation	Final Recommendation Workshop	Working Session	Steering Committee Roundtable
Mirabeau CR 701	Mirabeau CR 701	Mirabeau CR 701	Mirabeau CR 702	
8:00am - 2:00pm	8:00am - 12:00pm	8:00am - 2:00pm	8:00am - 5:00pm	
CIS Evaluation Team	WMS Asset Evaluation Team	Final Evaluation Team	Pat, Vicki, Gary, others as needed	
Opening Statement / Round Table / Score Gathering / Concluding Discussion	Opening Statement / Round Table / Score Gathering / Concluding Discussion	Review the data and conclusions of each of the previous eval. sessions, drive to Final Recommendation	Prepare Final Recommendation for Steering Committee	
Technology Evaluation	Mobile Workforce Evaluation			
Mirabeau CR 701	Mirabeau CR 701			
2:30pm - 4:30pm	1:00pm - 5:00pm			
Technology Evaluation Team	Mobile Workforce Eval. Team			
Opening Statement / Round Table / Score Gathering / Concluding Discussion	Opening Statement / Round Table / Score Gathering / Concluding Discussion			

Monday 2/6	Tuesday 2/7	Wednesdsay 2/8	Thursday 2/9	Friday 2/10
	Steering Committee			Notification to the Selected SI
	Executive Sponsers			Procurement Partners
	Deliver Final Recommendation			Deliver selection to SI

Monday 2/13	Tuesday 2/14	Wednedsay 2/15	Thursday 2/16	Friday 2/17
SI is mobilizing to prepare for the demo of 3500 requirements				
Avista - Additional Reference Checks and Possible Site Visits				
Project Staff/SME's				

Monday 2/20	Tuesday 2/21	Wednesdsay 2/22	Thursday 2/23	Friday 2/24
SI is mobilizing to prepare for the demo of 3500 requirements				
Avista - Additional Reference Checks and Possible Site Visits				
Project Staff/SME's				

Monday 2/27	Tuesday 2/28	Wednesdsay 2/29	Thursday 3/1	Friday 3/2
Detailed Product Review - CIS (2292 requirements)				
Auitorium				
8:00am - 5:00pm every day				
CIS Evaluation Team/SME's				
Ensure Product meets requirements				

Monday 3/5	Tuesday 3/6	Wednesdsay 3/7	Thursday 3/8	Friday 3/9
Detailed Prod Review Cont. CIS	Detailed Prod Review MWM	Detailed Prod Review EAM		Overflow
Auditorium	Auditorium	Auditorium	Auditorium	Auditorium
8:00am - 5:00pm	8:00am - 5:00pm	8:00am - 5:00pm	8:00am - 5:00pm	8:00am - 5:00pm
CIS Evaluation Team/SME's	MWM Evaluation Team/SME's	WMS/Asset Evaluation Team/SME's	WMS/Asset Evaluation Team/SME's	Pull in as needed
Ensure Prod. Meets Reqmts.	Ensure Prod. Meets Reqmts.	Ensure Prod. Meets Reqmts.	Ensure Prod. Meets Reqmts.	Ensure Prod. Meets Reqmts.

Monday 3/12	Tuesday 3/13	Wednesdsay 3/14	Thursday 3/15	Friday 3/16
SI Develops their Best and Final Offer and their Statement of Work				
Procurement Partners - Five Point Red Lines Vendor and Standart Contracts and Assists SI with SOW				
Project Staff Compiles additional information needed to start project				

Monday 3/19	Tuesday 3/20	Wednesdsay 3/21	Thursday 3/22	Friday 3/23
SI Develops their Best and Final Offer and their Statement of Work				
Procurement Partners - Five Point reviews first draft of SOW				
Contract Negotiation Team red-lines contracts and returns first iteration back to the SI and Vendors				

Monday 3/26	Tuesday 3/27	Wednesdsay 3/28	Thursday 3/29	Friday 3/30
SI and Vendors revise contracts based on Avista's first iteration				
Procurement Partners - Five Point and Project Staff review SI's SOW and develops the overall project plan, resource plan, project budget				
Contract Negotiation Team reviews BAFO				

Monday 4/2	Tuesday 4/3	Wednesdsay 4/4	Thursday 4/5	Friday 4/6
SI Reviews SOW changes from Avista and Five Point, and issues next version				
Contract Negotiation Team prepares for on site contract and SOW negotiations				

Monday 4/9	Tuesday 4/10	Wednesdsay 4/11	Thursday 4/12	Friday 4/13
SI and Contract Negotiation Team - on site contract and SOW negotiations				

Monday 4/16	Tuesday 4/17	Wednesdsay 4/18	Thursday 4/19	Friday 4/20
SI and Contract Negotiation Team - Independent Caucusing on outstanding contract issues				

Monday 4/23	Tuesday 4/24	Wednesdsay 4/25	Thursday 4/26	Friday 4/27
Procurement Partner - Five Point finalizes Contract Package and assits with preparation for contract approval presentations				Contracts Approved

Procurement: Resources

Procurement Resource Usage Matrix

	23-Jan	24-Jan	25-Jan	26-Jan	27-Jan	30-Jan	31-Jan	1-Feb	2-Feb	3-Feb	6-Feb	7-Feb	8-Feb	9-Feb	10-Feb	13-Feb	14-Feb	15-Feb	16-Feb	17-Feb	20-Feb	21-Feb	22-Feb	23-Feb	24-Feb	27-Feb	28-Feb	29-Feb	1-Mar	2-Mar	5-Mar	6-Mar	7-Mar	8-Mar
Vicki Weber	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Pat Dever	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Amber Gifford		x	x				x																									x	x
Bill Ramshaw		x			x	x																											
Bob Weisbeck		x	x				x	x																								x	x
Cam Mallon		x			x	x																											
Catherine Mueller		x	x				x																									x	x
DJ Kinservik	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Frank Johnson				x			x																									x	
Gary Weseloh	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Greg Paulson	x				x	x																			x	x	x	x	x	x			
Jackie Foss	x			x	x	x	x																		x	x	x	x	x	x	x		
Janna Leaf	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Jody Morehouse	x	x	x		x	x	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		x	x
Judy Olson		x	x				x																									x	x
Karen Doran	x				x	x																			x	x	x	x	x	x			
Kelly Conley	x				x	x																			x	x	x	x	x	x			
Ken Humphries	x				x	x																			x	x	x	x	x	x			
Kevin Farrington		x		x	x	x	x																								x		
Lamont Miles	x	x	x		x	x	x	x																	x	x	x	x	x	x		x	x
Lauren Turner											x	x	x	x	x	x	x	x	x	x	x	x	x	x									
Mark Michaelis		x			x	x																											
Maureen Olson	x	x			x	x																			x	x	x	x	x	x			
Mike Littrel				x			x																								x		
Mike Mudge	x	x	x	x	x	x	x				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Mollie Weis	x	x			x	x																			x	x	x	x	x	x			
Peggy Blowers	x		x	x	x	x	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Rachel Humphries	x				x	x																			x	x	x	x	x	x			
Renee Webb	x	x	x	x	x	x	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Robert Dodd	x	x		x	x	x	x																		x	x	x	x	x	x	x		
Rodney Picket		x	x				x	x																								x	x
Ron Simmons		x		x	x	x	x																								x		
Tami Judge	x				x	x		x																	x	x	x	x	x	x			
Teresa Damon	x	x	x		x	x	x																		x	x	x	x	x	x		x	x
Tom Heavey		x		x	x	x	x	x																							x		

Procurement: Budget

Six Month Procurement Prior to Capital

			YTD Total	201112	2011 Total	201201	201202	201203	201204	201205	201206	Total
Labor	920000	A & G Salaries	$189,497	48,736	$238,233	65,278	76,913	117,144	75,517	76,388	73,832	$723,305
	921010	Office Supplies Gen	$2,750		$2,750							$2,750
	7703999	One Leave				14,898	5,531	8,589	8,679	7,977	10,035	
	Labor Total		$192,247	$48,736	$240,983	$80,176	$82,444	$125,733	$84,196	$84,365	$83,867	$781,764
Non-Labor	920000	A & G Salaries	$106,118	27,292	$133,410	44,899	46,169	70,410	47,150	47,244	46,966	$507,673
	921010	Office Supplies Gen	$21,156	500	$21,656	500	500	500	500	500	500	$24,656
	923010	Outside Services Gen	$201,775	38,771	$240,546	45,800	42,200	32,000	0	0	0	$360,526
	931010	Rents General	$52,234	10,447	$62,681	10,447	10,447	10,447	10,447	10,447	10,447	$115,036
	921000	Travel				7,000	7,000	7,000	7,000	7,000	7,000	$42,000
	Non-Labor Total		$381,283	$77,010	$458,293	$108,646	$106,316	$120,357	$65,097	$65,191	$64,913	$988,813
Total Expenses			$573,530	$125,746	$699,276	$188,822	$188,760	$246,090	$149,293	$149,556	$148,780	$1,770,577
N52 Budget			$743,750	$106,250	$850,000	$188,822	$188,760	$246,090	$149,293	$149,556	$148,780	$1,921,301
Variance			$170,220	($19,496)	$150,724	$0	$0	($0)	$0	($0)	$0	$150,724

Procurement: Change Management / Communication

Project Compass will involve changing business processes, systems, and roles. Organizational Change Management (OCM) supports individual employees impacted by the change through their own transitions - from their own current state to their own future state that has been created by the implementation of the new business systems. It provides a structured and intentional approach to enable individual employees to adopt the changes required by implementing these new systems.

Specific Procurement Phase OCM goals include:

- Building organizational awareness
- Building relationships and trust
- Setting expectations
- Identifying and opening communication channels

(See Appendix B to view the Change Management Plan Overview.)
(See Appendix C to view the OCM Procurement Phase Deliverables.)

Current State Mapping

Current State Mapping

This section of the guidebook is specific to the Current State Mapping Phase of Project Compass.

Current State: Objective

The objective of capturing current state information for business processes is to reduce overall risk to Project Compass. By focusing on each business area affected by the change of the Work Management System (WMS), Customer Information (CSS) System, and Electric Gas Meter Application (EGMA), Mobile Workforce, Compliance List Manager, and METS, the probability of missing critical information in the blue print phase is significantly reduced. Missed processes or critical information within processes can result in delays and rework, impacting both the timeline and the budget of the overall project.

Additionally, the members of the teams will gain an understanding of the impact and scope of the project as they participate in mapping out their processes. This will facilitate work groups through the changes that will occur to the business as a result of Project Compass by fostering support and building familiarity. The efforts in current state mapping will jump start the future state blue print mapping phase as the data will be used in creating training documents, test scripts, and templates for the next phases in the project.

Current State: Scope

The scope includes capturing key attributes on current business processes across the lines of business. Teams comprised of Subject Matter Experts from the lines of business will focus on the essential process attributes and key data that will facilitate and accelerate the future state mapping exercises. There are currently 29 business areas and business process owners recognized that have catalogued 297 business processes to be mapped that involve direct use of WMS or CSS either now or in a future state.

The effort to capture current states began in the summer of 2011 with the Contact Center processes. The effort to capture the current states for the other 26 business areas will begin in earnest in February of 2012 and continue for 18 weeks completing in June. Each process mapping session is estimated to take 2 – 4 hours each and each team is estimated to have 6 – 8

Current State: Scope Continued

participants including a Facilitator, Recorder, Scribe, and 3 – 5 Subject Matter Experts (SME). The Project Team assembled Facilitators and Recorders to aid each business area with their mapping exercises.

(See Appendix D to view the Current State Master Inventory List.)

Current State: Process Overview

The methodology for capturing the current state maps includes identifying the affected lines of business, listing business process inventories for each business line, determining the supporting roles, identifying the resources necessary for each of the exercises, training the people who will be participating, and scheduling out the sessions to be completed by end of June 2012.

Some of the key attributes of the processes to be captured in the current state mapping exercises include the inputs, outputs, interfaces, mandates, source documents, roles, metrics, broken or inefficient processes, "wish list" functionality, and reports. The attached Visio template illustrates this information.

(See Appendix E to view the Current State Visio Template.)

Current State: Business Process Inventory

The business process owners cataloged 297 processes across 29 business areas. Attached are the inventory lists by business process area. As the current states for the processes are completed, these lists will be updated to track the progress for each business area. This information will then be reported out to the key stakeholders at regular intervals.

(See Appendix F to view sample process inventory list.)

Current State: Roles and Expectations

The roles for the mapping exercises include:

- Business Process Owner
- Facilitator
- Scribe
- Recorder
- Subject Matter Expert (SME)

Current State: Roles and Expectations Continued

(See Appendix G to view the current state guidelines and role document.)
(See Appendix H to view the current state ground rules document.)

Current State: Change Management / Communication

A Business Process Improvement update focused on the current state mapping process was provided to Directors, Managers, Process Owners, Facilitators, Recorders, and Subject Matter Experts November 2011 through February 2012. (See Procurement Change Management above for overall Change Management/Communication deliverables.)

(See Appendix I to view the BPI Current State Presentation.)

Current State: Training

All Facilitators, Recorders and SME's will be provided training prior to independently completing their assigned process mapping sessions. All training material will be posted on the Project Compass Share Point site as reference material.

Current State Training Matrix

Audience	Training Vehicle	Information
Directors/ Managers	Meeting/email	• Process Guidelines, Roles, Expectations, Resource requirements, Schedule
Business Process Owners	Classroom/meeting/email	• Process Guidelines, Roles, Expectations
Facilitators	Classroom/meeting	• Process Guidelines, Roles, Expectations • Share Point overview
	Observation	• Observe experienced Facilitator
	Feedback	• Experienced facilitator observes and provides feedback
Recorders/Scribes	Classroom/meeting	• Process Guidelines, Roles, Expectations • Share Point overview • Visio
Subject Matter Experts (SME's)	Classroom/meeting	• Process Guidelines, Roles, Expectations • Share Point overview

Current State: Schedule

The Project Compass Current State calendar will be published on a weekly basis to the public Project Compass SharePoint Site. Please note that the main schedule will be kept in the Project Compass Current State Calendar in Outlook. If there is a discrepancy between the two, then the Outlook Calendar is considered the source document.

(See Appendix J for the full Current State Mapping Schedule.)
(See Appendix K for the Current State Mapping Gantt Schedule.)

Current State: Resources

(See Appendix L for Current State Mapping Resources by Business Area)

Current State: Budget

2012 Project Compass Current State
OPER Expenses by Labor / Non-Labor

			Project	Task	Org	201202	201203	201204	201205	201206	Total Expense
	CSS	Project Compass Current State Labor	09905569	920000		40,885	80,066	78,362	54,512	17,035	$270,860
	Labor Expenses Total					**$49,633**	**$97,198**	**$97,198**	**$66,178**	**$20,681**	**$330,888**
Non-Labor	CSS	N52 - CSS Replacement Project - Supplies	09905569	921000		100	100	100	100	100	$500
	CSS	N52 - CSS Software Purchase	09905569	921000		1,000	-	-	-	-	$1,000
	Non-Labor Expenses Total					**$1,100**	**$100**	**$100**	**$100**	**$100**	**$1,500**
Total Expenses						**$50,733**	**$97,298**	**$97,298**	**$66,278**	**$20,781**	**$332,388**
Budget						**$50,733**	**$97,298**	**$97,298**	**$66,278**	**$20,781**	**$332,388**
Variance						**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Budget is based on average of $40.00 per hour burdened labor rate

PRELIMINARY DRAFT/CONFIDENTIAL

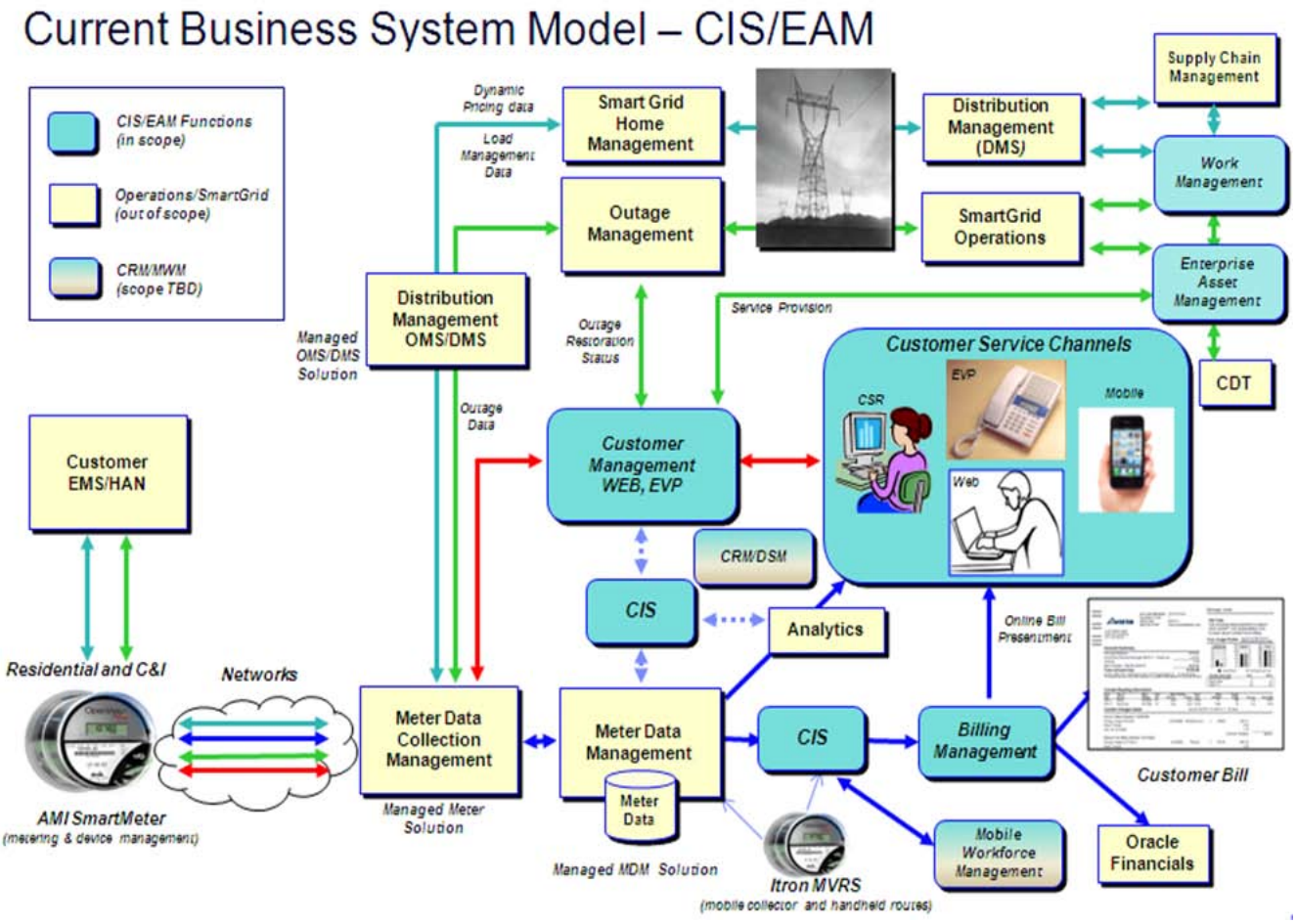
Please note that the information contained herein is preliminary and for discussion purposes only. It does not necessarily represent the views of Company management (and may, in some cases, represent only the views of independent consultants or advisors). Accordingly, any preliminary estimates, costs or benefits, as well as the characterizations of such, are subject to change and will be revised as, and to the extent, the project proceeds.

Summary

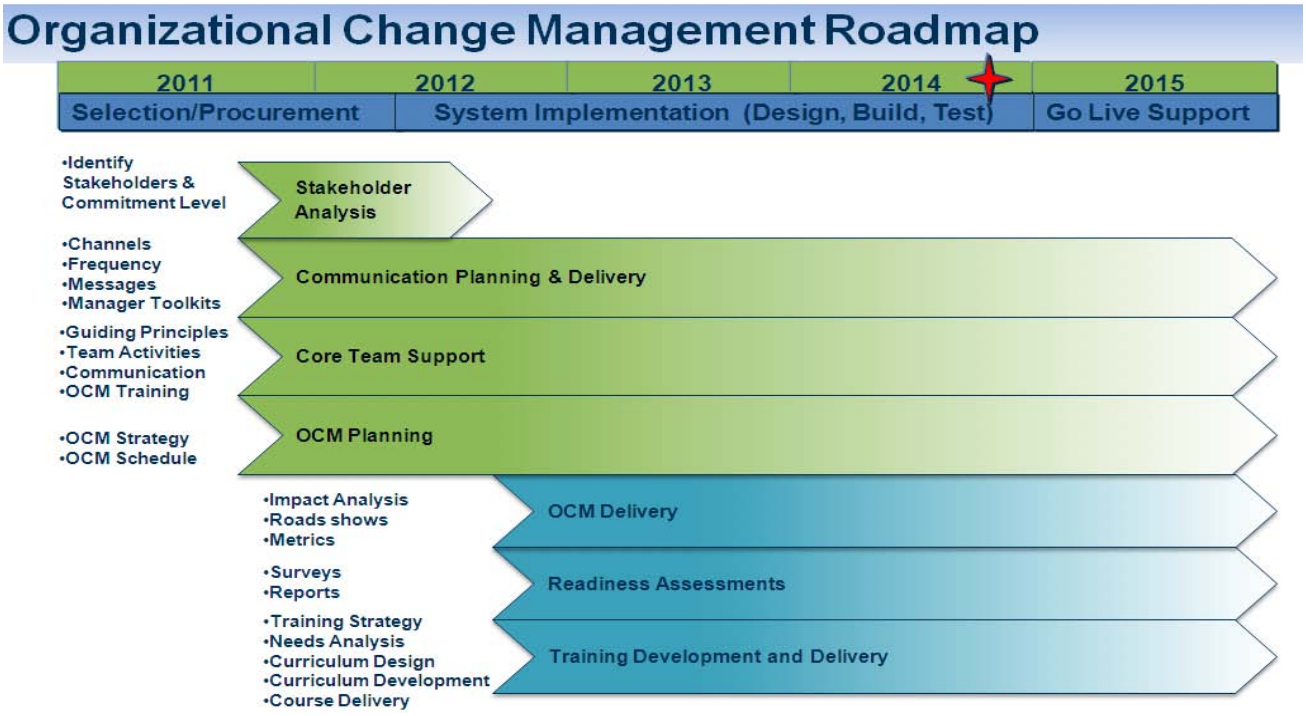
Avista's future includes the successful implementation of an enterprise business solution which replaces our homegrown, customized systems. The ability to view one customer, many locations, and one format simplifies our work, reduces costs, and will enhance our internal and external customer experience. This Project Compass Guidebook provides the detailed approach to successfully implementing the new solution.

Appendix

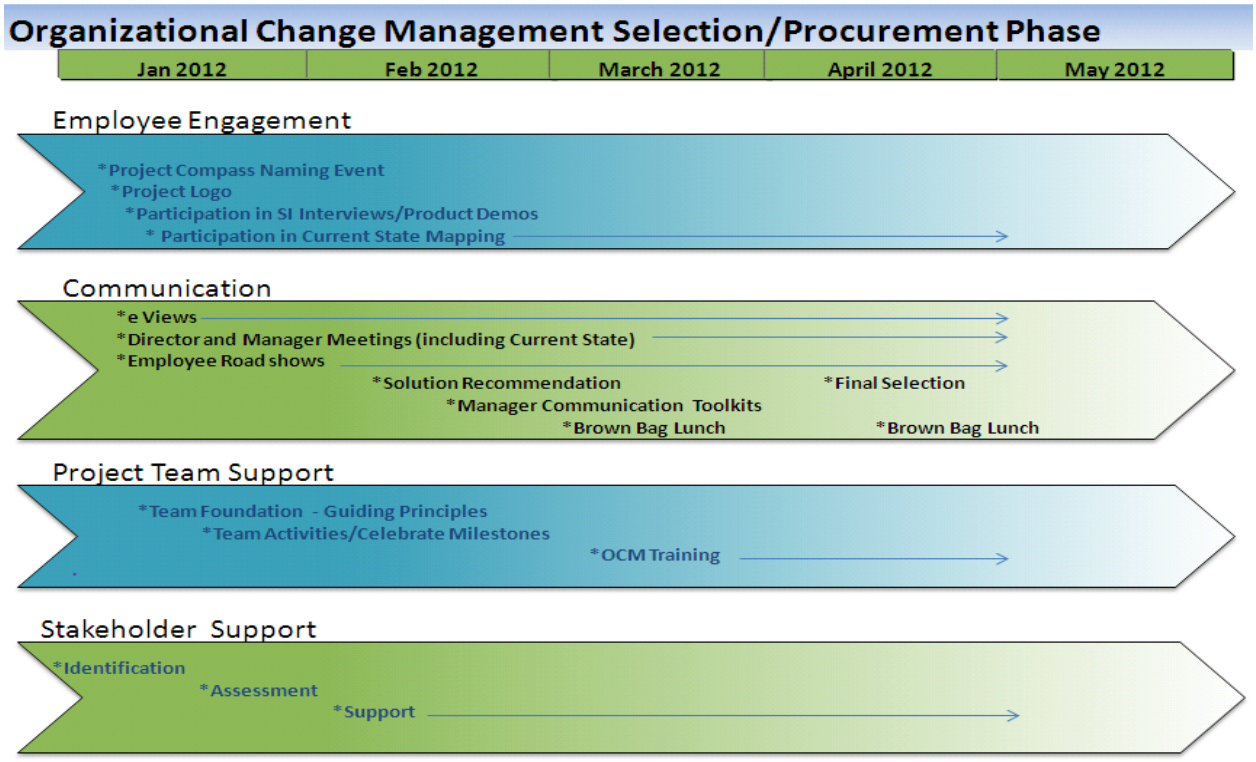
APPENDIX A: Avista's Current Business System Model



APPENDIX B: Change Management Plan Overview



APPENDIX C: OCM Procurement Phase Deliverables



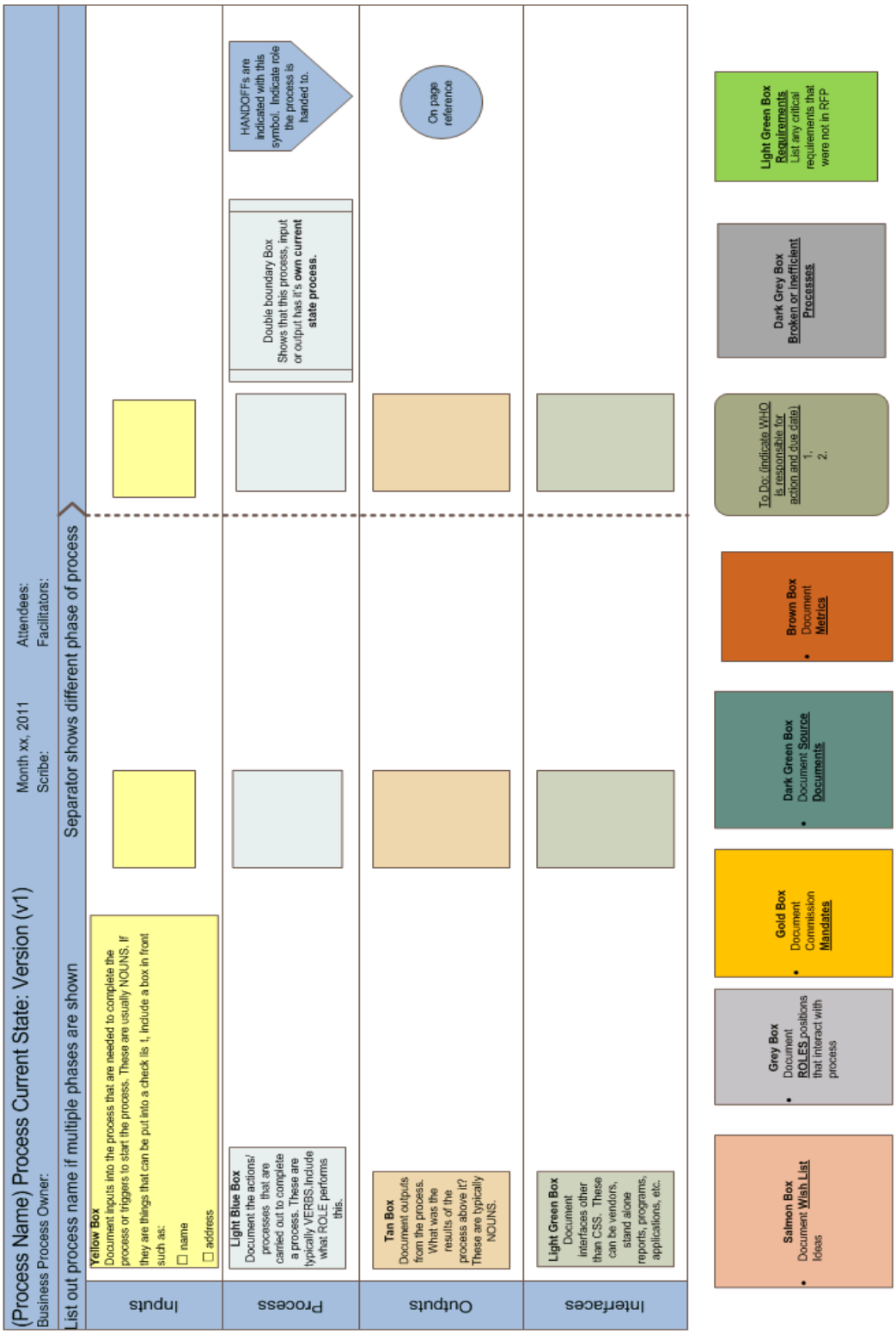
APPENDIX D: Current State Master Inventory List

Current Use Processes with CSS, WMS, Mobile

Last Update: 02-03-2012

Systems	Currently Using CSS or WMS	Business Process Area	Functional Business Leads	Business Process Owner(s)	Director	Facilitators	# of Processes	# of Current States Complete	% Complete
CSS	Yes	Contact Center: Customer Care	DJ Kinservik	Darrin Balgaard	Mike Broamoling	DJ	30	15	50%
CSS	Yes	Contact Center: Billing	Janna Leaf	Kim Casey	Mike Broamoling	Janna	16	7	44%
CSS	Yes	Contact Center: Credit & Collections	Ronna Webb	Jennifer Eich	Mike Broamoling	Ronna	24	18	75%
CSS	Yes	Meter Reading	Janna Leaf	Jackie Foss	Mike Broamoling	Janna	12		0%
CSS	Yes	Treasury/Finance	Tami Judge	Angie Hayne/Tami Judge	Diane Thoren/Adam Munson	Tami	33		0%
CSS	Yes	Rates	Ken Humphries	Ken Humphries	Liz Andrews	Ken	12		0%
CSS/EGMA	Yes	Electric Motorshop	Janna Leaf	Greg Paulson	Rick Vermeers	Janna	10		0%
CSS/EGMA	Yes	Gas Motorshop	David Howell	David Howell	John Schwendener	Janna	13		0%
WMS/EAM	Yes	Utility Plant Accounting	Catharina Mueller	Catharina Mueller	Adam Munson	Tami	7		0%
WMS/EAM	Yes	Electric & Gas Operations	Lamont Miles & TBA	Shaya Plowman/Paul Good	Al Fisher, John Schwendener	Teresa Damon	25		0%
WMS/EAM	Yes	Electric Asset Maint: Vegetation Mgmt	Rodney Pickett	Pam Ludars/Larry Lee	Kevin Christie	Amber G.	4		0%
WMS/EAM	Yes	Electric Asset Maint: Wood Pole Maint	Rodney Pickett	Pam Ludars/Mark Gobert	Kevin Christie	Amber G.	4		0%
WMS/EAM	Yes	Gas Compliance, Gas Eng, Prog Maint	Kevin Farrington	David Howell/ Faulkenberry	John Schwendener	Jody/Kevin	30		0%
MWM/Mobile	Yes	Mobile Gas & Electric	Ronna Webb	Mike Littrel	John Schwendener	Ronna	22		0%
MWM/Mobile	Yes	Central Dispatch	Lamont Miles	Garth Brandon	Scott Kinney	Jody	7		0%
CSS	Yes	DSM Residential/Low Income	Rachelle Humphrey	Rachelle Humphrey	Pat Lynch	DJ	3		0%
CSS/CRM	Yes	DSM Regulatory and other Reporting	Mark Baker	Mark Baker	Bruce Folsom	DJ	5		0%
CSS/CRM	Yes	DSM Oregon	Kerry Shroy	Kerry Shroy	Pat Lynch	DJ	3		0%
WMS/EAM/METS	No	PCB Testing and Tracking	L. Miles/R. Pickett	Darrell Soyars/Rodney Pickett	Bruce Howard, Kevin Christie	Amber G.	1		0%
WMS/EAM/METS	No	Distribution Transformers	L. Miles/R. Pickett	Liz St. Mark/Eric Maier	Bob Marshall, Al Fisher	Amber G.	1		0%
WMS/EAM/METS	No	EMT	Mike Magruder	Mike Magruder	Rick Vermeers	Magruder	1	1	100%
WMS/EAM/METS	No	Substation Inspections	Mike Magruder	Mike Magruder	Tim Carlberg	Magruder	1	1	100%
WMS/EAM/METS	No	Generation & Production	Bob Waelback	Andy Vickers/Bob Waelback	Tim Carlberg	Bob	17		0%
CRM	No	Marketing	Kelly Conley	Kelly Conley	Dana Anderson	DJ	5		0%
CSS/CRM	No	Commercial DSM/ Account Mgmt	Ann Carey	Ann Carey	Pat Lynch	DJ	4		0%
Totals							290	42	14%

APPENDIX E: Current State Visio Template



APPENDIX F: Sample Process Inventory Lists

APPENDIX G: Current State Guidelines and Roles Document

Current State Mapping Guidelines and Roles

Revised: February 6, 2012

For each unique business process, a Current State needs to be captured through a Current State mapping exercise. These are the guidelines and role definitions for the Business Process Owners, Facilitators, Scribes, Recorders, and Subject Matter Experts.

Mapping Exercise Overview and Roles

In each mapping session, there will be these roles:

- Business Process Owner: (BPO) Owns processes, makes key decisions, gives final approvals and sign-offs on Current State maps.
- Facilitator: Leads the sessions, watches time, facilitates closure on issues.
- Scribe: Captures information on white board.
- Recorder: Captures information in Visio.
- Subject Matter Experts: (SMEs) Provide expertise in their particular subject.

Teams may also benefit from having someone able to project information onto a screen to facilitate the discussion. In some instances, the Facilitator, the Scribe, and/or the Business Process Owner may be the same person.

The Current State process will be mapped in Visio, but should first be captured on a white board to start. The Visio template is located at:

http://sharepoint/projects/CSS/team/Business%20Process%20Current%20State/BP%20Guidelines%20and%20Master%20Documents/Template%20Current%20State%20110111.vsd

Version Control:

The BPO will be responsible to approve and sign off on the final Visio Current State maps. The status of the document should be indicated as "In Progress" on SharePoint until the final sign off, and then marked "Final" by Lauren Turner. If a change needs to occur after this, the document should be checked out, modified, forwarded to the BPO for approval, and then rechecked in with comments. When making significant changes to a Visio document, please work through Lauren Turner and she will assist with revising the version of the document.

List of Items Needed:

1. Ground Rules Poster
2. Multiple white boards with 5 swim lanes drawn on them
3. Various colored white board markers – one distinct color for each lane
4. Current State templates (a blank one and a pre-filled one with requirements)

5. Projector
6. Visio on a laptop

Business Process Owner

The Business Process Owner will have these responsibilities:

1. Prior to scheduling the Current State exercises, create an inventory of business processes that are integrated with the systems associated with Project Compass. These will then need to be prioritized as high, medium, or low and the SMEs will need to be identified. Please use the 80/20 rule for prioritizing. This list should be emailed to **Lauren Turner** each time it is modified so she can track the changes. She will post these on SharePoint and use them for tracking our progress.
    a. *High = Critical and/or process done on a continuous basis*
    b. *Medium = Important and/or frequent process*
    c. *Low = Rarely done, not critical to business*
2. Approve final Current State maps in a timely manner.
3. Mediate and make final decisions on process steps that are in dispute or to pick a "best practice".

Scribe

The Scribe will have these responsibilities:

1. Capture these elements on the board:
    a. Business process name
    b. Start and stop times
2. Capture the process on the white board in the same format as it looks on the Visio template. It is faster and easier to do this exercise on the whiteboard rather than in Visio. Use a different color dry erase pen for each lane for clarity.
3. Ask any clarifying questions that might be helpful.

Recorder

The Recorder will have these responsibilities:

1. Capture these elements into the Visio diagram:
    a. Business process name
    b. Date
    c. SMEs
    d. Facilitator, Scribe, Recorder
    e. Business Process Owner
    f. Start and stop times
    g. Version (typically version 1)
2. Transfer the Current State process from the white board into a Visio diagram.
3. Name the Visio Current State map with the process name and do a "save as" for the map.
4. Ask any clarifying questions that might be helpful during the Current State session.

5. Send the Visio diagram to the Facilitator when complete.

Subject Matter Experts (SMEs)

The SMEs will have these responsibilities:

1. Provide expertise about the process pertaining to their particular roles during the Current State mapping session.
2. Provide input on recommendations for the process.
3. Be respectful of others and to follow the Ground Rules.
4. Be willing and open to change, agree to disagree, and support decisions made with a positive attitude.
5. Use time wisely and efficiently by working quickly to conclusions.
6. Defer impasses to the Facilitator who may move the issue to the BPO for input and a decision.

Facilitator

The Facilitator will have the job of guiding the group through the Current State mapping process, and will have these responsibilities:

1. Organize and schedule the mapping sessions through the designated Compass Current State Outlook Calendar. Use the Mirabeau conference rooms as much as possible for the sessions. *Be sure to include the SMEs identified, and the Business Process Owner. The Scribe and Recorder will be pre-assigned to your session.*
2. Assign someone to use projector to demonstrate certain steps in the system if needed.
3. Review the Ground Rules (post them on the wall).
4. Strive to keep each session to 2-4 hours in length. ***Please be aware of the resource commitment in each session and drive to get these sessions completed as quickly and efficiently as possible.***
5. Keep the discussion moving and help the team to land on a best practice if more than one process is practiced.
6. Defer issues that are at an impasse to the Business Process Owner for resolution.
7. Ask if there are any special situations that don't fit into the normal process.
8. Capture the key attributes (in the "swim lanes") that the Facilitator should concentrate on include:
   - Inputs: These are the elements, triggers, and "things" needed to do the process. They are typically nouns. They may be attributes such as names, addresses, etc. (Check boxes are recommended to ease the fit/gap process that will take place later.)
   - Process: Focus on key action steps, roles, and handoffs. These are typically verbs. Capture what is manual and what is automated. There may be a need to have more than one swim lane for the process to represent different roles.
   - Outputs: Capture the results or products from the process. These are typically nouns.
   - Interfaces: The system interfaces can include CSS, WMS, Mobile, AFM, etc.
9. Send the completed Visio Current State map to the BPO to proof read and give final approval.

10. After approval from the BPO, send final Visio diagram to Lauren Turner**.** Lauren will be responsible for taking "To Do's", "Business Requirements", "Wish List", "Broken Processes", etc., and transferring them to master lists.

During the session, the Facilitator will also capture in separate boxes at the bottom:

1. Roles: Who does this process?
2. Wish list items: What would make the process more efficient? (i.e. automation v. manual)
3. Mandates: What mandates guide this process?
4. Source Documents: Which documents are sources for this process?
5. Metrics: What metrics are used from this process? What metrics would be good to have in the future?
6. "To Do's" or action items that need follow-up. Be sure to capture who is responsible and the delivery date.
7. Broken/inefficient Processes that need to be addressed (i.e. process is currently not working well and needs decision to move forward.)
8. System Requirements not in RFP.
9. Reports that are generated from or used in this process.

The Facilitator should also go over these points before or during the session:

1. Is there any pre-work to be done prior to the Current State mapping? *(ask in advance of the meeting)*
2. Ask: Are there any metrics or data that you need or are used from this process?
3. Ask: Did we uncover any critical business requirements in the Current State exercise that were not captured in the RFP? *(This question is directed mostly to the Business Process Owner.)*
4. Ensure everyone have the account number to charge time to. **09905569 920000**
5. Ensure the Business Process Owners have the "RFP – Requirements" document? It is located at: http://sharepoint/projects/CSS/Documents/Forms/AllItems.aspx?RootFolder=%2Fprojects%2FCSS%2FDocuments%2FProject%20Compass%20RFP%20Requirements&FolderCTID=0x012000CB730C15F3B8764DAD1AE2DFB621A326&View={B5B8C490-F8A1-4F64-B73A-4100DA6FDE6A}&InitialTabId=Ribbon%2EDocument&VisibilityContext=WSSTabPersistence
7. Update the BPO on any issues.
8. Look for opportunities (wish list) to optimize processes and procedures by leveraging the new system features and functionality. Ask open-ended questions to arrive at the best information.
9. Be willing and open to change, agree to disagree and support decisions made with a positive attitude.

APPENDIX H: Current State Ground Rules Document

Ground Rules

Review the mapping session guidelines and roles

Everyone participates

One conversation at a time

Technology free zone (pagers/cells quieted)

Listen as an ally – Listen for understanding

Be respectful and open to the opinion of others

Respect confidentiality

Ask clarifying questions: "Can you give me an example?"

Ask probing questions: "What would happen if…?"

Start and finish on time

APPENDIX I: BPI Current State Presentation

AVISTA

Project Compass
Business Process Improvement Update
Jody Morehouse

November 15, 2011

Agenda

- Business Process Improvement Role
- Current State Analysis
  - Process overview
  - Impact to you and your teams
  - Timeline
- Partnering for Success

Business Process Improvement Role Overview

- Provide leadership in developing, monitoring, and meeting the business process improvement (BPI) objectives of Project Compass.
- Facilitate teams through the documentation of current state processes and the gathering of requirements and opportunities for improvement.
- Facilitate and/or participate on teams in the development of future state processes based on new system capabilities.
- Lead process alignment through fit-gap analysis where opportunities for process changes and/or system enhancements will be identified while ensuring customer satisfaction, process efficiency, and process quality.

What is a "Current State?"

- *"It is what it is."*
  - Documents **how we are doing business today, not how we think we should do it.**
- Establishes foundation to compare the new systems to our current systems, and map out how we want to do business in the future
- *First step in aligning processes and identifying best practices*
- Opportunity to capture future process improvements

What is our approach?

- Identify process owners for each impacted business area
  - 29 areas identified
- Create inventory of processes that touch the systems being replaced
  - Prioritization: 80/20 rule
  - Contact Center identified 78 processes
  - Anticipating more than 300 total processes

- For each unique business process, a current process is mapped
  - Inputs, Outputs, Key Process Steps and Interfaces are identified and documented.
  - Each mapping session has a facilitator, scribe, business process owner and any subject matter experts necessary to capture current state process.

APPENDIX J: Current State Mapping Schedule

Week One

Current State Mapping Week 1 (Week of Feb. 6th)

Monday	Tuesday	Wednesday	Thursday	Friday
		Feb 8 2012	Feb 9 2012	Feb 10 2012
		8:00-12:00	12:30-4:00	10:00-2:00
		4 hrs	3.5 hrs.	4 hrs
		CR 701	CR 791	CR 701
		Electric Meter Inventory	Remote Disconnect/Reconnect	Creating Jobs
		Attendees:	**Attendees:**	**Attendees:**
		Facilitator: Janna Leaf	Facilitator: Janna Leaf	Facilitator: Teresa Damon
		Recorder: Michelle Heskett	Recorder: DJ Kinservik	Recorder: Michelle Heskett
		Scribe: Bobbi Jo Pemberton	Scribe: Renee Webb	Scribe: Janna Leaf
		Mollie Weis	DJ Kinservik	Steve Plewman
		Sarah Sather	Janna Leaf	Janna Leaf
		Mark Poirier	Patty Batters	Paul Good
		Janna Leaf	Jennifer Willis	Ted Boyle
		Greg Paulson	Greg Paulson	Lamont Miles
			Mike Littrel/Carie Mourin	Charmaine Hedit/Steve Aubuchon

Feb 8 2012
10:00-12:00
2 hrs
CR 702
Life Support
Attendees:
Facilitator: DJ Kinservik
Recorder: Amber Solverson
Scribe: Nancy Upham
Debi Neumauer
Missy Gores
Tamara Carter
Amber Solverson
Renee Webb

APPENDIX J: Current State Mapping Schedule Continued

Week 2

Current State Mapping Week 2

Monday	Tuesday	Wednesday	Thursday	Friday
Feb 13th 2012	Feb 14th 2012	Feb 15th 2012	Feb 16th 2012	Feb 17th 2012
9:00-12:00	10:00-1:30	8:00-12:00	12:30-4:00	8:00-12:00
3 hrs	3.5 hrs	4 hrs.	3.5 hrs	4 hrs
CR 140	CR 701	CR 702	CR 702	CR 702
Internal Needs Asses.	Mapping of Service Agreements	Leak Survey Follow-Up	Comment	PUC Complaint
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Bob Weisbeck	Facilitator: Teresa Damon	Facilitator: Jody Morehouse	Facilitator: DJ Kinservik	Facilitator: DJ Kinservik
Recorder: Karen Kusel	Recorder: Michelle Heskett	Recorder: Michelle Heskett	Recorder: Michelle Heskett	Recorder: Michelle Heskett
Jerry Cox	Scribe: Janna Leaf	Scribe: Bobbi Jo Pemberton	Scribe: Amber Solverson	Scribe: Amber Solverson
Hull	Steve Aubuchon/Connie Gorman	Shawn Gallagher	Amber Solverson	Tamara Carter
Alan Lackner	Paul Good/Lamont Miles	Sonia Johnson	Deb Noah	Amanda Reinhardt
Karen Terpak	Michelle Heskett/DJ Kinservik	Kath Cordery	Nancy Upham	Amber Solverson
Andy Vickers	Karen Cornwell/Janna Leaf	Virgina Omoto		Deb Noah
Steve Wenke	Ted Boyle/Steve Plewman	Mike Faulkenberry		
	Judy Olson	Robert Cloward		

Feb 13th 2012	Feb 14th 2012	Feb 15th 2012	Feb 16th 2012
1:00-5:00	8:00-12:00	12:00-4:00	8:00-11:00
4 hrs.	4 hrs	4 hrs.	2 hrs.
CR 702	CR 702	CR 702	CR 140
REVCAE, REVCSS, REVHBL, and REVCORR Processing	Leak Survey	CSSCAE & SJ451 GL & Projects Transactions Processing	Veg. Mgmt. Process 1 of 2 (Building a Job)
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Tami Judge	Facilitator: Jody Morehouse	Facilitator: Tami Judge	Facilitator: Amber Gifford
Recorder: Amber Solverson	Recorder: DJ Kinservik	Recorder: Amber Solverson	Recorder: Cherie Hirschberger
Scribe: Janna Leaf	Scribe: Amber Solverson	Scribe: Janna Leaf	Scribe: None Needed
Karen Doran	Shawn Gallagher	Karen Doran	Pam Luders
Mollie Weis	Sonia Johnson	Janna Leaf	Larry Lee
Cindy Healy	Robert Cloward	Mollie Weis	Chris Richardson
Janna Leaf	Virgina Omoto	Maureen Olson	Cherie Hirschberger
Adam Munson	Kevin Farrington	Cindy Healy	
Maureen Olson	Mike Faulkenberry	Adam Munson	

Feb 14th 2012
12:30-4:00
3.5 hrs
CR 702
Field Request (EMS, Meter Reading)
Attendees:
Facilitator: Renee Webb
Recorder: DJ Kinservik
Scribe: Amber Solverson
Nancy Upham
Theresa Reimer
Jackie Foss
Sarah Sather

APPENDIX J: Current State Mapping Schedule Continued

Week 3

Current State Mapping Week 3

Monday	Tuesday	Wednesday	Thursday	Friday
Feb 20th 2012	Feb 21st 2012	Feb 22nd 2012	Feb 23rd 2012	Feb 24th 2012
10:00-2:00	8:00-12:00	8:00-12:00	1:00-4:00	9:00-12:00
4 hrs	4 hrs	4 hrs.	3 hrs	3 hrs
CR 701	CR 701	CR 701	CR 145	CR 412A
Locates/Permits/Right of Way Tasks	Elec Meter Shop Testing	CSSCAE & SJ451 GL Transactions: Suspense & Clearing of Suspense; Unpostable; Return Payments	GOC Management	Campaign Mgmt.
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Teresa Damon	Facilitator: Janna Leaf	Facilitator: Tami Judge	Facilitator: Bob Weisbeck	Facilitator: DJ Kinservik
Recorder: Michelle Heskett	Recorder: Amber Solverson	Recorder: Michelle Heskett	Recorder: Karen Kusel	Recorder: Amber Solverson
Scribe: Janna Leaf	Scribe: Nancy Upham	Scribe: Janna Leaf	Scribe	Scribe: Kelly Conley
Nancy Carrol/Ted Boyle	Robert Dodd	Karen Doran	Steve Esch	Kelly Conley/Rob Wagner
Steve Aubuchon/Frank Binder	Mark Poirier	Janna Leaf	Ron Hargrave	Marry Cozza Broemeling
Todd Cornell/Paul Good	Sarah Sather	Gayle Gonser	Alan Lackner	Mary Tyrie/Scott Phipps
Lamont Miles/Connie Gorman	Greg Paulson	Angie Hayne	Karen Terpak	Colette Bottinelli
Genna Lehti/Michelle Heskett	Judy Olson	Denise Burns/Sue Senescall	Andy Vickers	Dana Anderson
Darrell Soyars/Tim Mair		Jeannie Schmidt/Gudu Fischer	Jerry Cox	Scott Steele
Luann Weingart/Steve Plewman				

Feb 21st 2012	Feb 22nd 2012
1:00-4:30	8:00-11:00
3.5 hrs.	2 hrs.
CR 702	CR 145
Gas Unit Assembly Maintenance	Veg. Mgmt. - Process 2 of 2 (WMS/CSS)
Attendees:	**Attendees:**
Facilitator: Kevin Farrington	Facilitator: Amber Gifford
Recorder: Bobbi Jo Pemberton	Recorder: Cherie Hirschberger
Scribe: Nancy Upham	Scribe: Amber Gifford
Dan Wisdom	Pam Luders
Janna Leaf	Larry Lee
David Howell	Chris Richardson
Mitch Cornwell	Cherie Hirschberger

Feb 24th 2012
10:00-2:30
4.5 hrs
CR 702
Gas Trouble, Other See Comments, CO Investigation
Attendees:
Facilitator: Kevin Farrington
Recorder: Michelle Heskett
Scribe: Bobbi Jo Pemberton
David Howell
Jody Morehouse
Mike Littrel

Week 4

Current State Mapping Week 4

Monday	Tuesday	Wednesday	Thursday	Friday
	Feb 28th 2012	Feb 29th 2012		
	8:00-12:00	1:00-4:00		
	4 hrs.	3 hrs.		
	CR 702	CR 702		
	Code 5, Avista Side/Customer	Code 9 and Grade 1		
	Attendees:	**Attendees:**		
	Facilitator: Kevin Farrington	Facilitator: Kevin Farrington		
	Recorder: Amber Solverson	Recorder: Amber Solverson		
	Scribe: Bobbi Jo Pemberton	Scribe: Bobbi Jo Pemberton		
	Mike Littrel	David Howell		
	David Howell	Mike Littrel		
	Linda Burger	Linda Burger		
	Jenny Bushnell	Jenny Bushnell		

APPENDIX J: Current State Mapping Schedule Continued

Week 5

Current State Mapping Week 5

Monday	Tuesday	Wednesday	Thursday	Friday
March 5th 2012		March 7th 2012	March 8th 2012	
10:00-2:00		8:00-10:00	1:00-4:30	
4 hrs		2 hrs	3.5 hrs.	
CR 701		CR 701	CR 702	
Remarks Field/Work Folders		Refunds & Unclaimed Processing	Moveable Pipe Inspection	
Attendees:		**Attendees:**	**Attendees:**	
Facilitator: Teresa Damon		Facilitator: Tami Judge	Facilitator: Kevin Farrington	
Recorder: Michelle Heskett		Recorder: Amber Solverson	Recorder: Amber Solverson	
Scribe: Janna Leaf		Scribe: Janna Leaf	Scribe: Nancy Upham	
DJ Kinservik/Michelle Heskett		Karen Doran	Linda Burger	
Steve Aubuchon/Steve Plewman		Janna Leaf	David Howell	
Sheila Ward/Renee Webb		Laura Brittain	Jenny Bushnell	
Frank Binder/Ted Boyle		Amanda Reinhardt		
Lamont Miles/Sheryl Florance		Kerry Shroy		
Paul Good/Patti Horbiowski				

		March 7th 2012	March 8th 2012	
		10:00-12:00	10:00-2:00	
		2 hrs	4 hrs.	
		CR 701	CR 701	
		Sales Tickets	Developments Financials	
		Attendees:	**Attendees:**	
		Facilitator: Tami Judge	Facilitator: Teresa Damon	
		Recorder: Amber Solverson	Recorder: Michelle Heskett	
		Scribe: Janna Leaf	Scribe: Janna Leaf	
		Karen Doran	Connie Gorman	
		Janna Leaf	Ken Carlson	
		Tami Judge	Sheryl Florance	
		Gayle Gonser	Linda Fleming	
		Howard Grimsrud	Michelle Heskett	
		Kerry Shroy	Paul Good	
			Steve Aubuchon	
			Frank Binder/Lamont Miles	
			Ted Boyle/Steve Plewman	

March 7th 2012
1:00-5:00
4 hrs.
CR 702
Gas Trouble, Damage No Leak/ Residual Follow-Up
Attendees:
Facilitator: Kevin Farrington
Recorder: Michelle Heskett
Scribe: Margie Clarity
Karen Doran
Janna Leaf
Tami Judge
Gayle Gonser
Howard Grimsrud
Kerry Shroy

APPENDIX J: Current State Mapping Schedule Continued

Week 6

Current State Mapping Week 6

Monday	Tuesday	Wednesday	Thursday	Friday
March 12th 2012	March 13th 2012	March 14th 2012	March 15th 2012	March 16th 2012
9:00-12:00	9:30-12:00	10:00-2:30	12:30-4:00	1:00-3:00
3 hrs	2.5 hrs	4.5 hrs	3.5 hrs	2 hrs
CR 145	CR702	CR 701	CR 701	CR 701
GCM Mgmt	Switched Meters	Assigning Materials/Asphalt Concrete Repair	Retire Elec Met Equip./Meter Test Boards	Online Cash/Medford
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Bob Weisbeck	Facilitator: Janna Leaf	Facilitator: Teresa Damon	Facilitator: Janna Leaf	Facilitator: Tami Judge
Recorder: Karen Kusel	Recorder: Margie Clarity	Recorder: Michelle Heskett	Recorder: Michelle Heskett	Recorder: Michelle Heskett
Scribe: Weisbeck to Provide	Scribe: Deb Noah	Scribe: Janna Leaf	Scribe: Deb Noah	Scribe: Janna Leaf
Andy Vickers	Theresa Reimer	Michelle Heskett/Steve Aubuchon	Janna Leaf	Karen Doran
Ron Hargrave	Gayle Gonser	Frank Binder/Paul Good	Mark Poirier	Janna Leaf
Alan Lackner	Heather Acord	David Scalido/Ted Boyle	Sarah Sather	Denise Burns
Karen Terpak		Karen Cornwell/Lamont Miles	Mollie Weis	Angela Hayne
Steve Wenke		Steve Plewman/Marshall Law	Robert Dodd	Sue Senescall
Wiggins/Cox		Maria Sullivan/Patti Horobiowski	Greg Paulson	Debbie Williams

March 12th 2012	March 13th 2012
8:30-11:30	10:00-12:00
3 hrs	2 hrs
CR 702	CR 412 B
Special Handling	Tracking Enrollments/Terminations
Attendees:	**Attendees:**
Facilitator: DJ Kinservik	Facilitator: DJ Kinservik
Recorder: Nancy Upham	Recorder: Amber Solverson
Scribe: Deb Noah	Scribe: Kelly Conley
Theresa Reimer	Kelly Conley
Amber Solverson	Mary Cozza Broemeling
Deb Noah	Mary Tyrie
	Colette Bottinelli
	Dana Anderson/ Scott Phipps
	Scott Steele/Rob Wagner

March 15th 2012	March 16th 2012
8:00-11:00	3:00-5:00
2 hrs.	2 hrs
CR 702	CR 701
Client Relationship Management, Proactive / Reactive Monthly Reporting	Online-Cash/Cust Serv - Recoveries
Attendees:	**Attendees:**
Facilitator: DJ Kinservik	Facilitator: Tami Judge
Recorder: Amber Solverson	Recorder: Michelle Heskett
Scribe: Kelly Conley	Scribe: Janna Leaf
Ann Carey	Karen Doran
Sue Baldwin	Tami Judge
Catherine Bryan	Janna Leaf
Kerry Shroy	Denise Burns
	Angela Hayne/Amanda Ghering
	Sue Senescall/Kim Styles

March 13th 2012
12:30-4:00
3.4
CR 702
Diversion
Attendees:
Facilitator: Renee Webb
Recorder: Michelle Heskett
Scribe: Nancy Upham
Alene Clayton
Heather Acord
Greg Paulson
Theresa Reimer
Kim Casey

March 15th 2012	March 16th 2012
1:00-5:00	8:30-11:30
4 hrs.	3 hrs.
CR 702	CR 701
AC Inspection	Elec Mtr Shop Testing - Selection and Reporting
Attendees:	**Attendees:**
Facilitator: Jody Morehouse	Facilitator: Janna Leaf
Recorder: Amber Solverson	Recorder: Bobbie Jo Pemberton
Scribe: Bobbi Jo Pemberton	Scribe: Nancy Upham
Shawn Gallagher	Judy Olson
Sonia Johnson	Bob Hooper
Erika Jacobs	Shana Gail
Robert Cloward	Mark Poirier
Virginia Omoto	Sarah Sather
Mike Faulkenberry/Jenny Bushnell	Greg Paulson

March 13th 2012
8:00-11:00
3 hrs.
CR 140
Maps, Work Plan, Inspection Work, FollowUp Work
Attendees:
Facilitator: Amber Gifford
Recorder: Cherie Hirschberger
Scribe: Amber Gifford
Pam Luders
Mark Gabert
Ivan Rounds
Cherie Hirschberger

March 16th 2012
8:30-11:30
3 hrs.
CR 701
Elec Mtr Shop Testing - Selection and Reporting
Attendees:
Facilitator: Janna Leaf
Recorder: Deb Noah
Scribe: Amber Solverson
Judy Olson
Bob Hooper
Shana Gail
Mark Poirier
Sarah Sather
Greg Paulson

March 16th 2012
10:00-2:00
4 hrs.
CR 702
Moveable Pipe Pt. 2 Follow-Up etc.
Attendees:
Facilitator: Kevin Farrington
Recorder: Margie Clarity
Scribe: DJ Kinservik
Linda Burger
David Howell
Jenny Bushnell

APPENDIX J: Current State Mapping Schedule Continued

Week 7

Current State Mapping Week 7

Monday	Tuesday	Wednesday	Thursday	Friday
March 19th 2012	March 20th 2012	March 21st 2012	March 22nd 2012	March 23rd 2012
10:00-2:00	8:30-11:30	12:30-2:30	1:30-4:00	8:30-11:30
4 hrs	2 hrs	2 hrs	3.5 hrs	3 hrs
CR 701	CR 702	CR 412B	CR 701	CR 702
Job Design/Estimates	Third Party Notification	Communication Preferences	DSM, Residential Rebate Processing & Payment	Information Request
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Teresa Damon	Facilitator: DJ Kinservik	Facilitator: DJ Kinservik	Facilitator: DJ Kinservik	Facilitator: DJ Kinservik
Recorder: Michelle Heskett	Recorder: Amber Solverson	Recorder: Amber Solverson	Recorder: Amber Solverson	Recorder: Deb Noah
Scribe: Janna Leaf	Scribe: Deb Noah	Scribe: Kelly Conley	Scribe: Rachelle Humphrey	Scribe: Amber Solverson
Steve Plewman/Michelle Heskett	Amanda Reinhardt	Kelly Conley	Rachelle Humphrey	Amber Solverson
Lamont Miles/Mark Hansen	Tamara Carter	Mary Cozza Broemeling	Chris Drake	Deb Noah
Ted Boyle/Paul Good	Deb Noah	Mary Tyrie/Tom Heavey	Renee Coelho	Nancy Upham
Kelly Donahoue/Steve Aubuchon		Colette Bottinelli	Renesha Conley/Kathy Carpenter	Rachelle Humphrey
Frank Binder		Dana Anderson/Mary Inman	Roxanne Williams	
		Scott Steele/Scott Phipps	Kerry Shroy/Stacie Friend	

March 20th 2012	March 21st 2012	March 22nd 2012	March 23rd 2012
12:30-4:00	8:00-12:00	8:00-12:30	9:00-12:00
3.5 hrs	4 hrs.	4.5 hrs.	3 hrs
CR 702	CR 702	CR 702	CR 145
Collection Not. Action Card Mins.	Cathodic Annual Inspections	Meter Reading Access Problems, Reading Remarks and Instructions	Construction Mgmt and Inspection
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Renee Webb	Facilitator: Jody Morehouse	Facilitator: Janna Leaf	Facilitator: Bob Weisbeck
Recorder: Michelle Heskett	Recorder: Deb Noah	Recorder: Deb Noah	Recorder: Karen Kusel
Scribe: Deb Noah	Scribe: Bobbie Jo Pemberton	Scribe: Michelle Heskett	Scribe: Provided by Weisbeck
Amanda Reinhardt	Mike Faulkenberry	Jackie Foss	Cody Krogh
Tamara Carter	Gary Douglas	Allyn Smith	Debbie Biggs
	Pamela Horne	Robin Hunter	John Hamill
	Erika Jacobs		Eric Atkinson
			Lin Miller
			Tammie Miller/Tom Zimmerer

March 20th 2012
1:00-4:00
3 hrs.
CR 145
Engineer Work Assignment Process
Attendees:
Facilitator: Bob Weisbeck
Recorder: Karen Kusel
Scribe: Provided by Weisbeck
Steve Wenke
Glen Farmer
Mike Gonnella
John Hamill
Jason Graham
Kristina Newhouse/Ryan Bean

March 20th 2012
1:00-5:00
4 hrs.
CR 701
AC Follow Up Orders
Attendees:
Facilitator: Jody Morehouse
Recorder: Amber Solverson
Scribe: Bobbi Jo Pemberton
Shawn Gallagher
Sonia Johnson
Kathy Cordery
Erika Jacobs
Robert Cloward/ Jenny Bushnell
Virginia Omoto/Mike Faulkenberry

APPENDIX J: Current State Mapping Schedule Continued

Week 8

Current State Mapping Week 8

Monday	Tuesday	Wednesday	Thursday	Friday
March 26th 2012	March 27th 2012	March 28th 2012	March 29th 2012	March 30th 2012
8:00-5:00	1:00-5:00	10:00-2:00	9:00-11:00	8:00-12:00
8 hrs	4 hrs.	4 hrs.	2 hrs.	4 hrs.
CR 701	CR 701	CR 701	CR 428	CR 702
Oracle AR processes that may be moved to new CIS system	Isolated Steel Survey	Work location tabs or premise-assigning the jobs	DSM, Low Income Weatherization Processing and Payment	Tax Reporting
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Tami Judge	Facilitator: Jody Morehouse	Facilitator: Teresa Damon	Facilitator: DJ Kinservik	Facilitator: Tami Judge
Recorder: Michelle Heskett	Recorder: Amber Solverson	Recorder: Michelle Heskett	Recorder: Amber Solverson	Recorder: Deb Noah
Scribe: Janna Leaf	Scribe: Nancy Upham	Scribe: Janna Leaf	Scribe: Rachelle Humphrey	Scribe: Janna Leaf
Karen Doran	Gary Douglas	Steve Plewman/Lamont Miles	Rachelle Humphrey	Karen Doran
Janna Leaf	Pamela Horne	Sheryl Florance/Paul Good	Renee Coelho	Janna Leaf
Gudu Fischer	Erika Jacobs	Ted Boyle/Steve Aubuchon	Chris Drake	Catherine Cooper
Monica Bannon	Mike Faulkenberry	Frank Binder/Connie Gorman	Kristine Meyer	Yvonne Cook
Jeannie Schmidt		Michelle Heskett		Don Falkner
Catherine Mueller				

March 26th 2012	March 27th 2012
1:00-5:00	1:00-5:00
4 hrs.	4 hrs.
CR 702	CR 702
CP Follow Up	Cash Processing
Attendees:	**Attendees:**
Facilitator: Jody Morehouse	Facilitator: Tami Judge
Recorder: Amber Solverson	Recorder: Bobbi Jo Pemberton
Scribe: Deb Noah	Scribe: Janna Leaf
Gary Douglas	Karen Doran
Gary Horne	Janna Leaf
Katy Cordrey	Denise Burns
Erika Jacobs	Angela Hayne
Mike Faulkenberry	Sue Senescall
	Rosemary Coulson/Diane Thorne

March 29th 2012
12:30-4:00
3.5 hrs
CR 702
Returned Payments
Attendees:
Facilitator: Renee Webb
Recorder: Michelle Heskett
Scribe: Janna Leaf
Kym Stiles
Deb Noah
Amanda Reinhardt

March 29th 2012
1:00-4:00
3 hrs.
CR 145
As Built Drawing Mgmt.
Attendees:
Facilitator: Bob Weisbeck
Recorder: Karen Kusel
Scribe: Weisbeck to Provide
Steve Wenke/Mike Gonnella
John Hamill/Glen Farmer
Ron Hargrave/Mary Jensen
Tom Whitehead/Jeff Marsh
Clint Laws

APPENDIX J: Current State Mapping Schedule Continued

Week 9

Current State Mapping Week 9

Monday	Tuesday	Wednesday	Thursday	Friday
April 2nd 2012		April 4th 2012		April 6th 2012
8:30-11:30		10:00-2:30		8:00-11:00
3 hrs		4.5 hrs		2 hrs
CR 702		CR 701		CR 702
Email Address		Job Scheduling		Sales including Competitive Situations and Contract Negotiation
Attendees:		**Attendees:**		**Attendees:**
Facilitator: DJ Kinservik		Facilitator: Teresa Damon		Facilitator: DJ Kinservik
Recorder: Deb Noah		Recorder: Michelle Heskett		Recorder: Amber Solverson
Scribe: Nancy Upham		Scribe: Janna Leaf		Scribe: Janna Leaf
Amber Solverson		Lamont Miles/Ted Boyle		Ann Carey
Nancy Upham		Steve Aubuchon		Sue Baldwin
Stacie Friend		Deb Denney/Katy Cordery		Catherine Bryan
Deb Noah		Steve Plewman/Paul Good		
		Charmaine Heidt/Eric Rosentrater		
		Kelly Donohue/Shane Pacini		

APPENDIX J: Current State Mapping Schedule Continued

Week 10

Current State Mapping Week 10

Monday	Tuesday	Wednesday	Thursday	Friday
April 9th 2012	April 10th 2012	April 11th 2012	April 12th 2012	April 13th 2012
1:00-4:00	10:00-3:00	9:00-11:00	8:30-11:30	9:00-12:00
3 hrs.	5 hrs.	2 hrs.	2 hrs.	3 hrs.
CR 702	CR 701	CR 428	CR 702	CR 145
Newsletters/Customer Communication	Invoice Job prior to construction, Invoice Job when closed	Net-Metering: Renewable (Schedule 63)	Merge Customer	Engineer Information Management
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: DJ Kinservik	Facilitator: Teresa Damon	Facilitator: DJ Kinservik	Facilitator: DJ Kinservik	Facilitator: Bob Weisbeck
Recorder: Amber Solverson	Recorder: Michelle Heskett	Recorder: Amber Solverson	Recorder: Deb Noah	Recorder: Karen Kusel
Scribe: Janna Leaf	Scribe: Janna Leaf	Scribe: Rachelle Humphrey	Scribe: Amber Solverson	Scribe: Provided by Weisbeck
Ann Carey	Linda Fleming/Tia Benjamin	Rachelle Humphrey	Deb Noah	Steve Wenke
Kelly Conley	Jeanie Schmidt/Lamont Miles	Renee Coelho	Gayle Gonser	Mike Gonnella
Sue Baldwin	Steve Aubuchon/Steve Plewman	Chris Drake	Jan Casis	John Hamill
Cathreine Bryan	Paul Good/Raven Perry	Ann Carey	Betsy Townsend	Glen Farmer
	Michelle Heskett			Ron Hargrave/Mary Jensen
	Frank Binder			Andy Vickers

April 9th 2012
8:30-12:00
1.5 hrs.
CR 702
CIAC's
Attendees:
Facilitator: Catherine Mueller
Recorder: Bobbi Jo Pemberton
Scribe: Janna Leaf
Howard Grimsrud
Sue Mullerleile

April 11th 2012
1:00-5:00
4 hrs.
CR 702
Rates - LIRAP Application Process
Attendees:
Facilitator: Janna Leaf
Recorder
Scribe
Jennifer Smith
Ken Humphries

April 11th 2012
9:30-3:30
6 hrs.
CR 701
Service Work Resolution
Attendees:
Facilitator: Teresa Damon
Recorder: Michelle Heskett
Scribe: Janna Leaf
Lamont Miles
Steve Plewman
Paul Good
Michelle Heskett

APPENDIX J: Current State Mapping Schedule Continued

Week 11

Current State Mapping Week 11

Monday	Tuesday	Wednesday	Thursday	Friday
April 16th 2012	April 17th 2012	April 18th 2012	April 19th 2012	April 20th 2012
8:30-11:30	10:00-3:00	1:00-3:00	9:30-12:00	8:30-11:30
2 hrs.	5 hrs.	2 hrs.	2.5 hrs	3 hrs.
CR 702	CR 701	CR 702	CR 145	CR 701
Problem Customer	Receive Payments-Process Refunds for Line Extension Certificates	Uncollectiable Analysis	Invoicing Process	C/I DSM Projects
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: DJ Kinservik	Facilitator: Teresa Damon	Facilitator: Tami Judge	Facilitator: Bob Weisbeck	Facilitator: DJ Kinservik
Recorder	Recorder	Recorder	Recorder	Recorder
Scribe	Scribe	Scribe	Scribe	Scribe
Amber Solverson	Jeannie Schmidt/Steve Aubuchon	Janna Leaf	Cody Krogh	Ann Carey
Deb Noah	Steve Plewman/Paul Good	Ian McLelland	Tim Carlberg	Sue Baldwin
Gayle Gonser	Linda Fleming/Doug Donahoo	Amanda Reinhardt	Debbie Briggs	Catherine Bryan
Greg Paulson	Frank Binder/Raven Perry	Catherine Cooper	Andrea Marlowe	Camielle Martin/Kerry Shroy
Mike Littrel	Ted Boyle/Lamont Miles		Andy Vickers/Tammie Miller	Greta Zink/Lorri Kirstein
	Michelle Heskett/Judy Olson		Steve Wenke	Renee Coelho/Tom Lienhard

April 19th 2012	April 20th 2012
8:30-12:30	1:00-4:30
4 hrs	3.5 hrs.
CR 702	CR 702
Meter Reading Rerouting, Problem Cust, Apt Usage, ERT Search	Exposed Pipe (Session 2)
Attendees:	**Attendees:**
Facilitator: Janna Leaf	Facilitator: Kevin Farrington
Recorder	Recorder
Scribe	Scribe
Jackie Foss	David Howell
Robin Hunter	Linda Burger
Allyn Smith	Sonia Johnson

April 19th 2012
1:00-3:30
2.5 hrs
CR 702
CAE Approval Process
Attendees:
Facilitator: DJ Kinservik
Recorder
Scribe
Galen Lorenz
Darrin Belgarde
Janna Leaf

April 19th 2012
1:00-4:30
3.5 hrs.
CR 701
Exposed Pipe (Session 1)
Attendees:
Facilitator: Kevin Farrington
Recorder
Scribe
David Howell
Linda Burger
Sonia Johnson
Liz St. Mark

APPENDIX J: Current State Mapping Schedule Continued

Week 12

Current State Mapping Week 12

Monday	Tuesday	Wednesday	Thursday	Friday
April 23rd 2012	April 24th 2012	April 25th 2012	April 26th 2012	April 27th 2012
8:30-11:30	8:30-12:00	8:30-11:30	9:00-10:00	9:00-11:00
3 hrs.	3.5 hrs	3 hrs.	1 hr.	2 hrs
CR 702	CR 702	CR 702	Medford Office	CR 702
Code Word	Meter Read Exceptions, On Cycle Billing, Estimation Current State	Rate Schedule Change	Current State Log and Manage Audit Requests	Request Duplicate Bill
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: DJ Kinservik	Facilitator: Janna Leaf	Facilitator: DJ Kinservik	Facilitator: Kerry Shroy	Facilitator: DJ Kinservik
Recorder	Recorder	Recorder	Recorder	Recorder
Scribe	Scribe	Scribe	Scribe	Scribe
Amber Solverson	Theresa Reimer	Gayle Gonser	Lisa McGarity	Amber Solverson
Deb Noah	Heather Acord	Jan Cassis		
Nancy Upham	Mollie Weis	Theresa Reimer		
	DJ Kinservik			

April 23rd 2012	April 24th 2012	April 25th 2012	April 26th 2012	April 27th 2012
9:00-1:00	12:30-3:30	9:30-3:30	10:00-11:00	8:00-12:00
4 hrs.	3 hrs.	6 hrs.	1 hr.	4 hrs.
CR 701	CR 702	CR 701	Medford Office	CR 701
Gas Meter Annual Test Selection and Performance Reporting	Remove and Change Metered / Unmetered Services	Job Stage Notebook - Status Jobs	Process Weatherization Incentive Payments	Health Check Monitors (Cent. Disp)
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Janna Leaf	Facilitator: DJ Kinservik	Facilitator: Teresa Damon	Facilitator: Kerry Shroy	Facilitator: Jody Morehouse
Recorder	Recorder	Recorder	Recorder	Recorder
Scribe	Scribe	Scribe	Scribe	Scribe
Steve Williams	Heather Acord	Ted Boyle/Paul Good	Lisa McGarity	Jeff Potter
David Howell	Theresa Reimer	Steve Aubuchon/Judy Olson		Mike Littrel
Judy Olson	Sarah Sather	Deb Denney/Frank Binder		Garth Brandon
Dan Whicker	Gayle Gonser	Patti Horbiowski/Linda Fleming		Mike McAllisster
	Janna Leaf	Karen Cornwell/Michelle Heskett		Reuben Arts

April 23rd 2012	April 24th 2012
9:00-12:00	10:00-2:30
3 hrs.	4.5 hrs.
CR 145	CR 701
Unplanned Work (Drop in, Equipment Failures)	Ability to Associate Jobs, Ability to Change Jobs
Attendees:	**Attendees:**
Facilitator: Bob Weisbeck	Facilitator: Teresa Damon
Recorder	Recorder
Scribe	Scribe
Tim Carlberg	Lamont Miles/Frank Binder
Steve Wenke	Ted Boyle/Sheryl Florance
Greg Lancaster	Sheila Ward/Steve Plewman
Randy Pierce	Steve Aubuchon/Patti Horobiowski
Alan Lackner	Carie Mourin/Mike Littrel
Jerry Cox/Andy Vickers	Michelle Heskett/Paul Good

April 26th 2012	April 27th 2012
11:00-12:00	12:00-4:00
1 hr.	4 hrs.
Medford Office	CR 702
Weatherization Reporting	Regulator Station Inspections, Session 1 - Industrial meter sets, reg stations, master meters
Attendees:	**Attendees:**
Facilitator: Kertry Shroy	Facilitator: Keving Farrington
Recorder	Recorder
Scribe	Scribe
Lisa Mcgarity	Sonia Johnson
	David Howell
	Candace Baker

April 26th 2012
12:30-4:00
3.5 hrs.
Trailer
Rates: Customer Research Process
Attendees:
Facilitator: Janna Leaf
Recorder
Scribe
Ken Humphires
Shawn Bonfield

April 26th 2012
1:00-4:00
3 hrs.
CR 701
Remarks
Attendees:
Facilitator: DJ Kinservik
Recorder
Scribe
Amber Solverson
Deb Noah
Nancy Upham

APPENDIX J: Current State Mapping Schedule Continued

Week 13

Current State Mapping Week 13

Monday	Tuesday	Wednesday	Thursday	Friday
April 30th 2012	May 1st 2012	May 2nd 2012	May 3rd 2012	May 4th 2012
9:30-11:30	9:00-12:00	8:30-11:30	1:00-4:00	8:00-12:00
2 hrs.	3 hrs.	2 hrs.	3 hrs.	4 hrs.
CR 701	CR 145	CR 702	CR 145	CR 702
Propertry Removal Notice	Budget Allocation	Estates	Work Integration Between GPSS, Transmission and Substation Design	OMT Electric Trouble
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Teresa Damon	Facilitator: Bob Weisbeck	Facilitator: DJ Kinservik	Facilitator: Bob Weis	Facilitator: Jody Morehouse
Recorder	Recorder	Recorder	Recorder	Recorder
Scribe	Scribe	Scribe	Scribe	Scribe
Lamont Miles/Linda Fleming	Tim Carlberg	Amber Solverson	Andy Vickers	Mike Littrel
Ted Boyle/Steve Plewman	Steve Wenke	Deb Noah	Greg Lancaster	Garth Brandon
Patti Horobiowski/Janna Leaf	Andy Vickers	Amanda Reinhardt	Randy Pierce	Jeff Potter
Michelle Heskett/Paul Good	Andrea Marlowe	Nancy Upham	Cody Krogh	Mike McAllistser
Steve Aubuchon/Frank Binder	Alan Lacker		Mike Magruder	Reuben Arts
	Jerry Cox		Ken Sweigart	

April 30th 2012	May 1st 2012	May 2nd 2012	May 3rd 2012
12:00-2:00	9:00-1:00	8:00-12:00	8:00-12:00
2 hrs.	4 hrs	4 hrs.	4 hrs.
CR 701	CR 701	CR 701	CR 702
Job Stage Notebook	Gas Meter Equipment Inventory, Retire Gas Meter Equip, Tracking Gas Meter Equip.	Gas Jobs by Engineers	Gas Service Mobile Order
Attendees:	**Attendees:**	**Attendees:**	**Attendees:**
Facilitator: Teresa Damon	Facilitator: Janna Leaf	Facilitator: Jody Morehouse	Facilitator: Jody Morehouse
Recorder	Recorder	Recorder	Recorder
Scribe	Scribe	Scribe	Scribe
Steve Aubuchon	Steve Williams	Jeff Webb	Jeff Potter
Frank Binder/Steve Plewman	David Howell	David Smith	Mike Littrel
Patti Horobiowski	Judy Olson	Liz St. Mark	Garth Brandon
Ted Boyle		Sonia Johnson	Mike McAllister
Judy Olson			Reuben Arts
Lamont Miles			

APPENDIX J: Current State Mapping Schedule Continued

Week 14

Current State Mapping Week 14

Monday	Tuesday	Wednesday	Thursday	Friday
	May 8th 2012	May 9th 2012	May 10th 2012	May 11th 2012
	1:00-4:30	9:30-3:30	8:30-12:00	10:00-4:00
	3.5 hrs	6 hrs	3.5 hrs	6 hrs.
	CR 702	CR 701	CR 702	CR 702
	Transportation	Tree Trimming/Invoice from Contractors	Edits (Payroll, Transportation, A/P)	Regulator Stations, Farm Tap and Odorizer Inspections
	Attendees:	**Attendees:**	**Attendees:**	**Attendees:**
	Facilitator: Catherine Mueller	Facilitator: Teresa Damon	Facilitator: Catherine Mueller	Facilitator: Kevin Farrington
	Recorder	Recorder	Recorder	Recorder
	Scribe	Scribe	Scribe	Scribe
	Howard Grimsrud	Eric Rosentrater/Larry Lee/Plewman	Howard Grimsrud	Sonia Johnson
	Sue Mullerleile	Julie Lee/Vicki Tallman/Miles	Sue Mullerleile	Candace Baker
	Tami Judge	Raven Perry/Paul Good	Tami Judge	David Howell
	Karen Doran	Ted Boyle/Steve Aubuchon	Karen Doran	
	Linda Fleming	Frank Binder/Patti Horobiowski	Linda Fleming	
		John Hanna/Pam Luders/Michelle Heskett		

May 8th 2012	May 9th 2012	May 10th 2012
9:00-1:00	12:00-3:00	12:30-4:00
4 hrs.	3 hrs.	3.5 hrs.
CR 701	CR 145	CR 701
Gas Meter Testing - New Meters, Manual Results, Test Board and 3rd Party Results	Budget Approval Process	Meter Reading Skip Reads, Prep Table, Code Table, Mark Sense Reads
Attendees:	**Attendees:**	**Attendees:**
Facilitator: Janna Leaf	Facilitator: Bob Weisbeck	Facilitator: Janna Leaf
Recorder	Recorder	Recorder
Scribe	Scribe	Scribe
Steve Williams	Andy Vickers	Jackie Foss
David Howell	Jerry Cox	Robin Hunter
Judy Olson	Alan Lackner	Allyn Smith
	Andrew Marlowe	

May 9th 2012
8:30-12:30
4 hrs.
CR 702
OMT Meter Ping Tool
Attendees:
Facilitator: Jody Morehouse
Recorder
Scribe
Jeff Potter
Mike Littrel
Garth Brandon
Reuben Arts
Mike McAllister

APPENDIX J: Current State Mapping Schedule Continued

Week 15

Current State Mapping Week 15

Monday	Tuesday	Wednesday	Thursday	Friday
	May 15th 2012	May 16th 2012	May 17th 2012	May 18th 2012
	10:00-3:00	8:00-12:00	8:30-12:00	9:00-12:30
	Duration	4 hrs.	3.5 hrs	3.5 hrs
	CR 701	CR 702	CR 702	CR 702
	Closing Job	Pipeline Markers	FA & Depriciation	Projects Accounting - PA (system generated journal)
	Attendees:	**Attendees:**	**Attendees:**	**Attendees:**
	Facilitator: Teresa Damon	Facilitator: Jody Morehouse	Facilitator: Catherine Mueller	Facilitator: Catherine Mueller
	Recorder	Recorder	Recorder	Recorder
	Scribe	Scribe	Scribe	Scribe
	Steve Plewman	Mike Faulkenberry	Kellee Quick	Tami Judge
	Paul Good	Erika Jacobs	Tami Judge	Karen Doran
	Lamont Miles	Liz St. Mark	Karen Doran	Howard Grimsrud
	Michelle Heskett		Howard Grimsrud	Sue Mullerleile
			Sue Mullerleile	

	May 15th 2012	May 16th 2012	May 17th 2012	May 18th 2012
	9:00-12:00	12:30-4:00	9:00-1:00	1:00-4:00
	3 hrs.	3.5 hrs.	4 hrs	3 hrs.
	CR 145	CR 701	CR 701	CR 702
	Material Procurement	Street Light Setup and Billing	Gas Rotary and Turbine Meter Testing, Tracking Correctors and Telemetry Equipment	Regulator Stations, Electronic Instrument Inspections
	Attendees:	**Attendees:**	**Attendees:**	**Attendees:**
	Facilitator: Bob Weisbeck	Facilitator: Janna Leaf	Facilitator: Janna Leaf	Facilitator: Kevin Farrington
	Recorder	Recorder	Recorder	Recorder
	Scribe	Scribe	Scribe	Scribe
	Andy Vickers	Karen Cornwell	Steve Williams	David Howell
	Steve Wenke	Teresa Damon	David Howell	Sonia Johnson
	John Hamill	Gayle Gonser	Judy Olson	Candace Baker
	Karen Terpak	Mollie Weis		Steve Williams
	Randy Pierce	Bart Janson		
	Greg Lancaster/Ron Gray			

May 15th 2012
1:00-5:00
4 hrs.
CR 702
OMT Transformer Loading Tool
Attendees:
Facilitator: Jody Morehouse
Recorder
Scribe
Mike Littrel
Garth Brandon
Reuben Arts
Mike McAllister
Jeff Potter

APPENDIX J: Current State Mapping Schedule Continued

Week 16

Current State Mapping Week 16

Monday	Tuesday	Wednesday	Thursday	Friday
	May 22nd 2012	May 23rd 2012	May 24th 2012	May 25th 2012
	9:00-1:00	1:00-5:00	1:00-5:00	9:00-12:00
	4 hrs.	4 hrs.	4 hrs.	3 hrs.
	CR 702	CR 702	CR 702	CR 145
	Process	OMT Gas Trouble Current State	SCADA Gas Alarms	Design Reivew Process
	Attendees:	**Attendees:**	**Attendees:**	**Attendees:**
	Facilitator: Janna Leaf	Facilitator: Jody Morehouse	Facilitator: Jody Morehouse	Facilitator: Bob Weisbeck
	Recorder	Recorder	Recorder	Recorder
	Scribe	Scribe	Scribe	Scribe
	Steve Williams	Mike Littrel	Jeff Potter	Steve Wenke
	David Howell	Jeff Potter	Reuben Arts	Mike Gonnella
	Sonia Johnson	Garth Brandon	Mike Littrel	John Hamill
	Jenny Bushnell	Reuben Arts	Garth Brandon	Glen Farmer
		Mike McAllister	Mike McAllister	Mary Jensen/Kristina Newhouse
				Brian Vandenberg/Jeremy Winkle
				May 25th 2012
				10:00-3:00
				5 hrs.
				CR 702
				Regulator Stations, Relief Capacity Review, Unscheduled Reg Station or meterset work
				Attendees:
				Facilitator: Kevin Farrington
				Recorder
				Scribe
				David Howell
				Jenny Bushnell
				Sonia Johnson

Week 17

Current State Mapping Week 17

Monday	Tuesday	Wednesday	Thursday	Friday
	May 29th 2012		May 31st 2012	
	8:00-12:00		1:00-4:00	
	4 hrs.		3 hrs.	
	CR 702		CR 145	
	Valve Maintenance		Project Management	
	Attendees:		**Attendees:**	
	Facilitator: Kevin Farrington		Facilitator: Bob Weisbeck	
	Recorder		Recorder	
	Scribe		Scribe	
	Sonia Johnson		Tim Carlberg	
	Jenny Bushnell		Steve Wenke	
	Condace Baker		Andy Vickers	
	David Howell		Mike Gonnella	
	Liz St. Mark		John Hamill/Cody Krogh	
	Mike Littrel		Glen Farmer/Ron Hargrave	

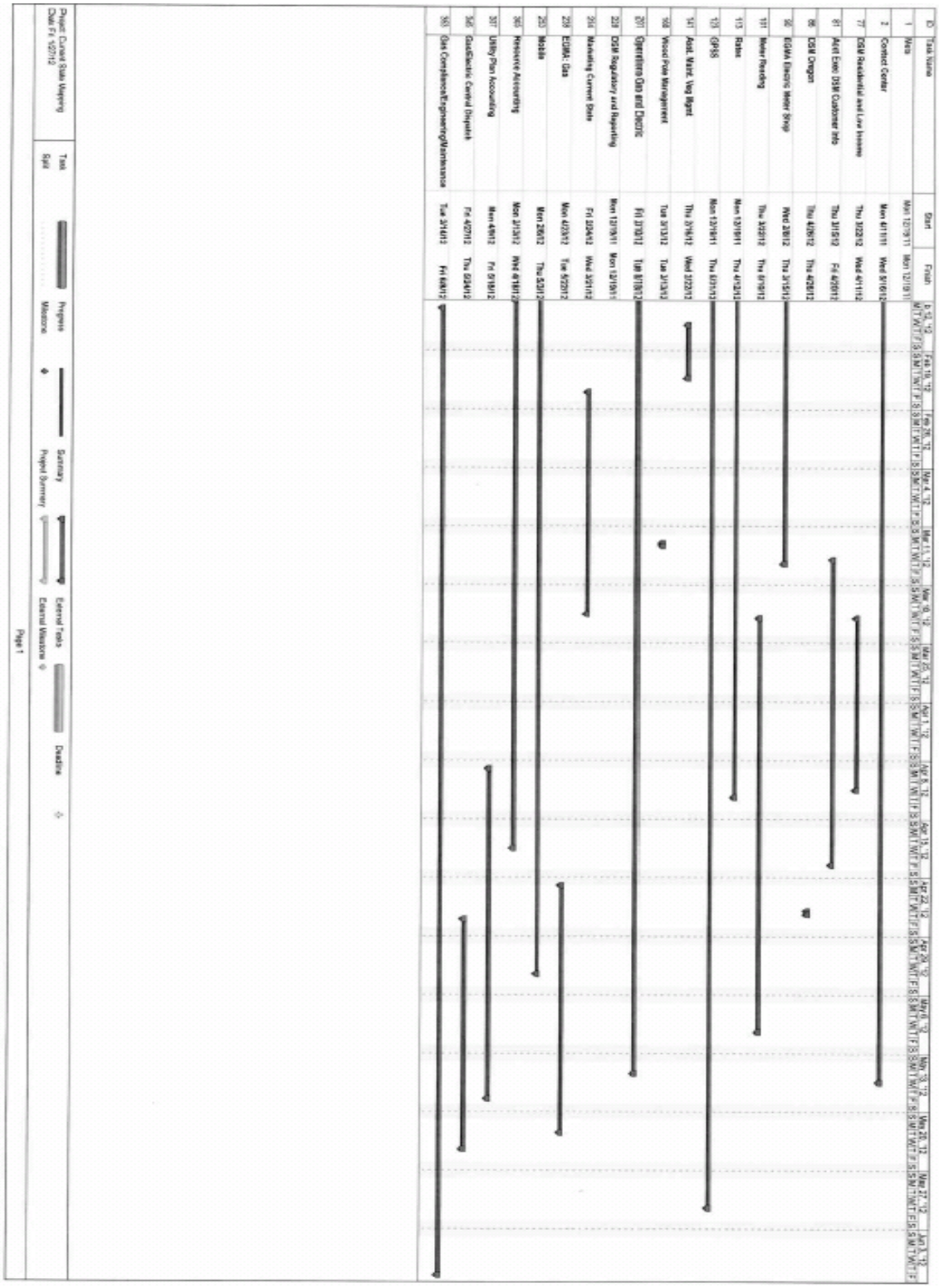
APPENDIX J: Current State Mapping Schedule Continued

Week 18

Current State Mapping Week 18

Monday	Tuesday	Wednesday	Thursday	Friday
	June 5th 2012		June 7th 2012	June 8th 2012
	8:00-12:00		1:00-4:30	9:30-12:00
	4 hrs.		3.5 hrs.	2.5 hrs
	CR 702		CR 702	CR 12 - Dollar Road
	Valve Maintenance		Obsolete Manufacturer and Part Number	Health Check Monitoring
	Attendees:		**Attendees:**	**Attendees:**
	Facilitator: Kevin Farrington		Facilitator: Kevin Farrington	Facilitator: Kevin Farrington
	Recorder		Recorder	Recorder
	Scribe		Scribe	Scribe
	Sonia Johnson		David Howell	Sonia Johnson
	Jenny Bushnell		Linda Burger	Jenny Bushnell
	Condace Baker		Robin Burchett	Candace Baker
	David Howell		Dan Wisdom	David Howell
	Liz St. Mark			
	Mike Littrel			

Appendix K: Current State Mapping Gantt Schedule



Appendix L: Current State Mapping Resources by Business Area

Contact Center: Customer Care
Facilitator: DJ Kinservik

SMEs:

Nancy Upham	Charmaine Heidt
Amber Solverson	Gayle Gonser
Jan Cassis	Renee Webb
Tamara Carter	Janna Leaf
Teresa Damon	Stacie Friend
Debi Neumeier	Deb Noah
Missy Gores	Rachelle Humphrey
Betsy Townsend	Teresa Reimer

Treasury and Finance
Facilitator: Tami Judge

SMEs:

Karen Doran	Gina Armstrong
Tami Judge	Gayle Gonser
Mollie Weis	Angie Hayne
Rick Lloyd	Denise Burns
Cameron Dunlop	Ian McLelland
Maureen Olsen	Carolyn Groome
Cindy Healy	Jeannie Schmidt
Monica Bannon	Gudu Fischer
Kym Stiles-Lewis	Catherine Bowden
Amanda Reinhardt	Amanda Gehrig
Janna Leaf	Eric Bowles
Adam Munson	Sue Senescall
	Laura Brittain

Utility Plant Accounting
Facilitator: Tami Judge

SMEs:

Catherine Mueller	Sue Mullerleile
Howard Grimsrud	Karen Doran

Gas Compliance, Gas Programs, Gas Eng.
Facilitator: Jody Morehouse & Kevin Farrington

SMEs:

Pam Horney	Shawn Gallagher
Sonia Johnson	Virginia Omoto
Jenny Bushnell	Rob Cloward
Kevin Farrington	Linda Burger
Jeff Webb	David Smith
Steve Williams	Mike Littrel
Erika Jacobs	Liz St. Mark
David Howell	Dan Wisdom
Erika Jacobs	Mike Faulkenberry
Gary Douglas	Katy Cordrey

DSM Regulatory and Reporting
Facilitator: DJ Kinservik

SMEs:

Mark Baker	Greta Zink
Lorri Kirstein	

EMT (METS)
Facilitator: Mike Magruder

SMEs:

Rodney Pickett	Eric Meier
Glen Madden	Darrell Soyars
Liz St Mark	Bryce Robbert
Ernie Lugan	Mike Dahl

Commercial DSM/Account Management
Facilitator: DJ Kinservik

SMEs:

Ann Carey	Kerry Shroy
Sue Baldwin	Lorri Kirstein
Catherine Bryan	Kelly Conley
Camilee Martin	Greta Zink
Tom Leinhard	Renee Coelho

DSM Oregon
Facilitator: DJ Kinservik

SMEs:

Lisa McGarity
Kerry Shroy

Contact Center: Credit and Collections
Facilitator: Renee Webb

SMEs:

Kym Stiles	Patty Batters
Deb Noah	Nancy Upham
Amanda Reinhardt	Jackie Foss
Heather Acord	Sarah Sather
Jennifer Willis	Teresa Reimer
Tamara Carter	

Rates
Facilitator: Ken Humphries

SMEs:

Ken Humphries	Jen Smith
Shawn Bonfield	Joe Miller
Tara Knox	

Gas Meter Shop
Facilitator: Janna Leaf

SMEs:

Steve Williams	Sonia Johnson
David Howell	Mollie Weis
Dan Whicker	Judy Olson
Mike Littrel	

Electric and Gas Operations
Facilitator: Teresa Damon

SMEs:

Paul Good	Jeannie Schmidt
Charmaine Heidt	Vicki Tallman
Steve Aubuchon	Shelia Ward
Ted Boyle	Patti Horobiowski
Scott Phipps	Connie Gorman
Leslie Suprgeon	Frank Binder
Sheryl Florance	Mike Littrel
Genne Lehti	Carrie Mourin
Pam Luders	Karen Cornwell
David Scalido	Nancy Carroll
Vicki Vinson	Larry Lee
Raven Perry	John Hanna
Shane Pacini	Judy Olson
Deb Denney	Kelly Donohue
Eric Rosentrater	Maria Sullivan
Mark Porier	

DSM Residential & Low Income
Facilitator: DJ Kinservik

SMEs:

Rachelle Humphrey	Kathy Carpenter
Kerry Shroy	Kristine Meyer
Ann Carey	Stacie Friend
Renee Coelho	Chris Drake
Renesha Conley	Roxanne Williams

Substation Inspections (METS)
Facilitator: Mike Magruder

SMEs:

Rodney Pickett	Eric Meier
Glen Madden	Darrell Soyars
Liz St Mark	Bryce Robbert
Ernie Lugan	Mike Dahl

Marketing
Facilitator: DJ Kinservik

SMEs:

Kelly Conley	Scott Phipps
Mary Broemeling	Tom Heavey
Mary Tyrie	Colette Bottinelli
Scott Steele	Dana Anderson

Meter Reading
Facilitator: Janna Leaf

SMEs:

Jackie Foss
Allyn Smith
Robin Hunter

Contact Center: Billing and Bill Printing
Facilitator: Janna Leaf

SMEs:

Maureen Olson	Karen Cornwell
Galen Lorenz	Heather Acord
Darrin Belgarde	DJ Kinservik
Sandy Honn	Teresa Reimer
Mollie Weis	

Electric Meter Shop
Facilitator: Janna Leaf

SMEs:

Greg Paulson	Mollie Weis
Judy Olson	Robert Dodd
Bob Hooper	Shana Gail
Sarah Sather	Mark Poirier

Asset Maint: Vegetation Management
Facilitator: Amber Gifford

SMEs:

Pam Luders	Larry Lee
Steve Schwartz	Rob Wagner
Derek Babcock	Rob Cloward
Michelle Muck	Chris Richardson
Kipp Dennis	Iban Lucera

Asset Maint: Wood Pole Maintenance
Facilitator: Amber Gifford

SMEs:

Glenn Madden	Mark Gabert
Amber Fowler	Ivan Rounds
Valerie Petty	Gary Knight
Amber Gifford	Howard Grimsrud
Dan Gregovich	Janine Seibel
Cherie Hirschberger	

Central Dispatch
Facilitator: Jody Morehouse

SMEs:

Jeff Potter	Mike McAllister
Mike Littrel	Reuben Arts
Garth Brandon	

PCB Testing and Tracking
Facilitator: Amber Gifford

SMEs:

Rodney Pickett	Eric Meier
Glen Madden	Darrell Soyars
Liz St Mark	Bryce Robbert
Ernie Lugan	Mike Dahl

Distribution Transformers (METS)
Facilitator: Amber Gifford

SMEs:

Rodney Pickett	Eric Meier
Glen Madden	Darrell Soyars
Liz St Mark	Bryce Robbert
Ernie Lugan	Mike Dahl

Generation and Production
Facilitator: Bob Weisbeck

SMEs:

Andy Vickers	Dean Hull
Jerry Cox	Gregory Wiggins
Kelly Magalsky	Debbie Biggs
Deb Mortlock	Ryan Bean
Ken Sweigart	Eric Atkinson
Ron Hargrave	Glen Farmer
Tom Zimmerer	Tammie Miller
Randy Pierce	Greg Lancaster
Andrea Marlowe	Brian Vandenberg
Lin Miller	Cody Krogh
Steve Wenke	Mike Gonnella
Alan Lackner	John Hamill
Karen Terpak	Mary Jenson
Adam Newhouse	Jason Graham
Aaron Henson	

CONFIDENTIAL

Scoring results of the assessments of vendor's solution and services proposals, per Attachment 8

Pages 1 through 62

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Final solution evaluation workbook, per Attachment 8

Pages 1 through 15

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Voting tallies for final vendor Selections

Pages 1 through 2

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Price comparison of final solutions packages

Pages 1 of 1

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Final capital budget approved for Project Compass.

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Project update for Avista's Board of Directors, February 2012.

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Project update for Avista's Board of Directors, September 2012

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Project update for Avista's Board of Directors, February 2013

Pages 1 through 11

Revised Timeline and Budget Forecast

Avista's Project Compass

Avista Utilities

June 2014

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Avista's Project Compass

Revised Project Timeline and Budget Forecast

Q. Why is the Company revising its initial project plan?

A. Avista is in the latter stages of implementing its new Customer Service and Work and Asset Management software systems, named "Project Compass" (or "Project" or "System"). The Company is installing Oracle's Customer Care & Billing system (or "CC&B"), and IBM's Maximo Work and Asset Management system (or "Maximo"). The initial Project plan was completed in 2012 and envisioned a launch of the new System, known as the "Go Live," in Q3 2014. Through the course of implementation, the Project team has developed much-more complete information about the full detail of the System work requirements and its ultimate cost. This information, which is described below in this report, provides the basis for the current revision of the initial plan. The overarching consideration for revising the schedule is ensuring the new computer applications undergo thorough testing to validate they will perform at a level, when launched, to execute critical business functions properly and minimize the potential for disruptions to our customers and the Company. The Compass management team determined a Q3 Go Live would not provide sufficient time for the robust testing needed to ensure the readiness of the new applications. Accordingly, the Company's officers recently agreed to extend the Go Live time frame to include Q1 2015.

Q. Did the Company's plan and schedule, as initially developed, provide adequate time for testing the System?

A. Yes. The initial work plan generally provided ample time for comprehensive application testing. But, because there were longer than estimated delivery times required by several implementation activities, the new System was not ready to commence testing on the schedule originally envisioned.

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Q. Specifically, what work processes took longer to complete?

A. The key activities that required additional time were the development of code for "Extensions" to the CC&B application, and the currently-ongoing process of "Defect Management" associated with application testing. Secondary activities that required additional time, included "System Configuration," writing "Test Cases" to support the testing protocol, the processes of "Data Conversion" for both CC&B and Maximo, and the development of "Integration Code" for the new replacement System and interconnected applications and systems.

Q. Please briefly describe each of the work processes mentioned above?

A. System Configuration – "Configuring" an application is the process of setting parameters in a vendor's computer software that enables its built-in logic to perform the functions required by the Company's various work processes. The process involves selecting among options, embedding algorithms, entering data, and creating specialized instructions. Configuration is performed through a series of input tables that organize the process of setting parameters. Each input table, which could represent one particular type of customer service agreement, for example, may have up to 100 individual, flexible, and configurable fields. Configuring each field requires entering from one to several individual values, instructions, or algorithms to establish the new base System. Each field in each table is often cross-linked with content in dependent fields in complementary tables, creating a complex of dependencies between many multiples of tables and fields. This initial work requires the person entering the configuration settings on a particular table to work iteratively and sequentially in configuring the dependent fields in the other tables as one integrated work flow. As one example of the work involved, it required one technician working full time over six months to configure Avista's existing rate tariffs into CC&B (142 different service agreements across our three jurisdictions). Considering that CC&B has 1,686

configuration tables, containing 12,158 configurable fields, the magnitude and complexity of this task is quickly evident.

Extension Code – There is considerable flexibility to accommodate a range of business processes within the application's off-the-shelf Configuration settings. But, many business steps are complex enough that they require programming of specialized software code that is outside the application itself. The capability enabled by this specialized code is referred to as an application "Extension." The process of developing this code, which is complex and labor intensive, begins with a description of the work process steps that a particular extension will perform (its technical requirements). Each set of requirements is then translated into a technical specification that guides development of the actual programming code. Once the technical staff has written the code, it is subjected to several iterations of "Unit Testing." Unit Testing validates that the unit of code, in isolation from the System, properly performs the steps identified in the technical specification.

Integration Code – "Integrations" refer to the connections between separate computer applications that allow them to work in concert to perform allied functions. An integration may involve exchanges of data, transmission of instructions or changes in state, performance of computations and other algorithms, and myriad other shared functions. Like Extensions, Integrations require the development of specialized programming code that connects the CC&B application with the Maximo application, and that connects them both with the approximately 100 other applications and systems required to support the Company's customer service and business operations. Some of these systems include the Avista customer website, the Company's various internal systems (such as financial applications, varied databases, supply chain, crew dispatch, outage management reporting), systems of outside financial institutions used by the Company and our customers, and the many vendors who support our delivery of natural gas and electric service, such as bill printing and presentment. In

addition to Integration connections between applications, this work also encompasses the development of Avista's "enterprise service bus." The latter is essentially an Integration network that is shared by the integrated applications. The process of developing and Unit Testing the Integration code mirrors that of the code for Extensions, described above.

Code Defect Management – The work of Configuration and coding Extensions and Integrations is very complex and highly interrelated. As a consequence, it is inherent that each unit of the completed work will require several iterations of testing and modification before it will properly execute its part of a business process. Portions of the configuration settings and the specialized code, which initially do not perform properly, are known in the industry as "Defects." Defects are identified during testing when the configured application and specialized code are run through a simulated business process referred to as a "Test Case." During the test, the program simulation runs to the point where a Defect is encountered and the simulation is halted. In the work process known as "Defect Management," that Defect is located and analyzed, and is returned to the Configuration or coding team for correction. The revised code is then run through the very same test-case simulation until the next-limiting defect is encountered. This process is iteratively repeated until all of the defects in that unit of code or Configuration, for that one unique Test Case, have been located and repaired. Then, the testing process is repeated for the next individual Test Case. Over a cycle of testing, it is typical for the rate of defects to be relatively low, initially, and then to increase to a peak before tapering back down to a low and predictable rate. This pattern is important because during the initial testing it is impossible to predict the ultimate number or complexity of Defects in a unit of code. Only at the point where the number of Defects peaks and begins to decline in a predictable way can the remaining Defect-Management effort be reliably forecast.

Application Testing – Three major areas of testing play a critical role in the successful implementation of the new applications. Each type of testing is

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associated with its own unique process of code Defect Management. "**System Testing"** commences when the work of Configuration and the coding of Extensions is complete. Its purpose is to ensure the new applications perform properly as they have been Configured and coded to support Avista's business processes. "**Systems Integration Testing"** occurs next in the sequence and focuses on testing the specialized Integration code to ensure the new applications perform properly with all of the other integrated applications and systems. This is followed by "**User Acceptance Testing,**" which is performed by Avista employees who will be using the new System to serve our customers. It has the twin objectives of scrubbing the System to further identify and repair any critical Configuration, Extension or Integration Defects, and to identify and implement changes to the System that will make it more user friendly and function more smoothly and efficiently for customers and employees.

Simulation Test Cases – Test-Case scenarios are written to evaluate virtually every step of every business process that is enabled by the new System. Each Test Case is unique from all other Test Cases and is written to evaluate a very specific portion of the configured application or specialized code. The complexity of the applications requires a significant number of unique Test Cases to fully validate the integrity of the new System. The number of Test Cases written for each phase of testing of the Company's new applications, is presented below.

Application Testing	Number of Test Cases
Avista Utilities' Customer Web Portal	1,283
CC&B Credit and Collections System	667
CC&B Credit and Collections System Integration	407
CC&B System Test	1,472
CC&B System Integration Test	2,471
Maximo System Test	210
Maximo System Integration Test	454
Interactive Telephone System Test	351

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Total	**7,315**

Data Conversion – All of the Company's existing data, whether customer account information, energy-use history, electric and natural gas facilities data of all types, mapping system information, and regulatory and compliance information, etc., must be transferred from existing computer hardware and data bases, such as the Company's current mainframe platform, to new data formats, databases, and computer platforms connected to the new applications. To accomplish the conversion, data in the existing databases is mapped according to where it will eventually reside in the new databases. The data are then extracted from the old databases, are transformed as necessary, and are loaded into the new databases. The integrity of the loaded data is then validated for accuracy. Defects in data conversion are identified in the process, Defects are repaired, and the data load/validation exercise is repeated.

Q. Why are these work processes taking longer to complete than was initially planned?"

A. The longer implementation times are primarily the result of the high degree of complexity of the integrated systems being installed by the Company.

Q. What do you mean by "complexity of the integrated systems?"

A. While it's common for a business to install one major system at a time, such as a customer service, financial management, supply chain or asset management system, the Company is installing two major systems simultaneously (CC&B and Maximo Asset Management). Avista is required to implement both new applications because our legacy System contains a customer service module and work and asset management module that are highly integrated, mainframe based, and both in need of replacement. As described above, this effort requires not only that these two systems be custom integrated, but that

together, they be integrated with the approximately 100 other applications and systems required to perform the Company's integrated business operations.

In addition to the number of other applications and systems, Avista has several complex applications that many utilities do not possess. Some of these include our Avista Facilities Mapping system ("AFM"), which geographically displays every element of our electric and natural gas facilities in a Geographic Information System (GIS) map format; our Outage Management System, which integrates outage management computer logic with the AFM system to provide accurate outage information for customers and diagnostic tools that reduce outage restoration time and costs; and our Central Dispatch System, which integrates AFM, the Outage Management System, and our Mobile Workforce Management application, to optimize the dispatch and management of restoration crews in real time across our entire electric and natural gas system.

The degree of complexity of the new System is also impacted by the diversity of service provided by the utility. Because Avista provides both natural gas and electric service, the complexity is substantially greater than that of a utility providing either one or the other. Further, the Company provides service in three regulated jurisdictions, each of which has separate and unique operating tariffs and rules that must be coded into the new applications. For portions of our new System, Avista's application configuration and specialized coding will be roughly five times greater than that of a single-fuel utility operating in one state.

Q. Did Avista take steps to understand the source of and to mitigate the impact caused by the longer code development?

A. Yes it did. In December 2013, the Project Compass team assessed the relationship between the complexity of Avista's code requirements, the project schedule, and the level of staffing applied to the work. The end result was that Avista's integration contractor retained additional resources to bolster its overseas code-development team. Progress on the other activities that were taking additional time (application configuration, data

conversion, integration code, and writing the test cases) was managed to ensure that applicable portions were ready for System Testing once the CC&B Extension code was available. Through this analysis and actions taken, the Company believed it could better manage the overall time required for coding extensions.

Q. Why didn't the Company change its forecast of the Go Live date earlier in 2014?

A. The Project Compass team concluded that even with an expected addition of time for code completion, that it might be able to make up the time and maintain a Q3 Go Live. The team specifically investigated the structure and schedule allotted for testing the new System, as the primary tool for managing the overall Go Live schedule. The Company wanted to test these ideas before making any formal decision to revise the schedule.

Q. How did the team propose to change its testing protocol in an effort to maintain its initial Go Live schedule?

A. As described above, the System Testing, System Integration Testing, and the User Acceptance Testing, are typically performed in sequence. Each phase of testing, including the process of Defect Management, is relatively complete before the next phase is initiated. The Project Compass team revised this testing protocol to partially overlap the phases of testing to be conducted. In this approach, completed "portions" of an application are subjected to limited System Testing and then to limited System Integration Testing with similarly-completed portions of the other application, including the required Integrations. The net effect of this testing protocol, if successful, would be a reduction in the overall calendar time allotted to application testing.

Q. What did the Project Compass Team learn from the overlapping testing approach?

A. The Company implemented and evaluated this approach for System Testing and concluded that it did reduce the time required for this test phase. But, because of the emerging complexity and additional time required for code Defect Management, the overlapping testing was not able to sufficiently reduce the time required for a successful Go Live. Because overlapping testing adds complexity, and because code Defect Management was becoming the more critical scheduling constraint, the team has made limited use of the overlapping testing protocol for the System Integration and User Acceptance Testing.

Q. What impact is Defect Management having on the overall Project schedule?

A. Avista has experienced greater complexity with the Project Compass Defects than had been anticipated. The result is that even though some time was saved by overlapping portions of the System Test, it has been offset by additional time being spent on Defect Management. The result is the present revision of the overall Project timeline to include Q1 2015.

Q. What steps has Avista taken to reduce the time being spent on code Defect Management?

A. Avista has implemented actions in the areas of process cycle time and testing protocol to improve the rate, or velocity, of Defect repair.

Process Cycle time – Avista worked with its system-integration contractors to reduce the time required for defects in the code to be repaired by the development team and returned to Avista for the next round of testing. Actions have included changing communication protocols, assigning key development staff of the contractors to work from Avista's offices, and modifying schedules of the overseas development teams.

Testing Protocol – In a conventional testing protocol, as described above, the Test Case scenario will be run until a limiting Defect is encountered. The testing is then stopped,

the Defect is located and analyzed, and it's returned to the development team for repair. The Company is piloting a revised protocol where an identified Defect is patched with a temporary workaround, and the Test Case is continued until the next-limiting Defect is encountered. When possible, the second Defect is likewise patched, and testing is continued until the point where a limiting Defect blocks any workaround and further testing. Then, these accumulated Defects are analyzed and sent to the development team for repair. The intent is that by aggregating several Defects at a time it will improve the overall velocity of code Defect Management.

Q. What additional steps has the Company taken to help control the overall Go Live schedule?

A. The company has implemented changes to the Data Conversion process for CC&B and Maximo. These have helped accelerate Data Conversion and have improved the efficiency of the data validation process. Additional project resources have been added to various workstreams such as the Customer Web Integration effort. System-integration contractors have arranged for their lead staff to spend additional direct time with Avista's team in Spokane, and Avista employs a fifty-hour work week, as needed, to meet peak Project demands. The Project team has also increased the capability of the computer systems supporting the application testing processes. This allows the iterative Test Cases to be run more quickly, further accelerating the Defect Management process. In addition, the Test Cases are being re-prioritized to help ensure the most important business processes are tested and repaired first. The team has also launched the first wave of training for its customer service employees who will be using the new CC&B application. Finally, the Project managing directors are working to ensure morale of employees and contractors remains at a high level for the intensive duration of the Project.

Q. Has the revised implementation plan impacted the Project budget?

A. Yes. The longer time frame required to complete the work processes described above are in large part responsible for the addition of approximately $18 million to the estimated Project budget. This additional capital budget amount, forecast by cost category, is presented in the table below.

Compass Major Costs	**$(1000's)**
System Integrators	**$3,163**
Avista Labor / Loadings	**$4,661**
Technology Contractors	**$3,201**
AFUDC	**$3,609**
Software Licenses	**$480**
Common (PMO)	**$654**
Hardware/Hosting	**$10**
Oracle DB License	**-**
Contingency	**$2,150**
Total	**$17,927**

The revised capital budget authorization for Project Compass is $100 million, which was approved by the Company's officers and Board of Directors on May 8, 2014.

Q. When you say "in part" do you mean there are other factors driving an increase in the project budget beyond a later implementation?

A. Yes. There have been a number of additions to the Project that have contributed to its overall cost, and that were not known at the time the Project plan and budget were assembled in 2012. These changes to the implementation of the applications have been tracked through a formalized process known as a "Project Change Request." The sum of these changes represents a total cost addition of $9.128 million.

Q. Can you provide some examples of the activities and costs that comprise these Project Change Requests?

A. Yes. One of the larger cost items (approximately $1.8 million) is associated with the Company's AFM system. During implementation, the Compass team learned that a GIS software update would provide for a more efficient transfer of data between the AFM system and the new Maximo and CC&B applications. Another addition to the Project was the development of a more-comprehensive customer communication plan (approximately $1 million) to precede the Go Live of the new System. The plan includes ad placement and a direct mailing that identifies subtle changes and improvements in service, as well as the potentially-longer service times (such as call hold time and average time per call) that are expected to temporarily coincide with the Go Live of the new System. Another substantial addition to the capital cost of Project Compass was the inclusion of software maintenance fees to cover the second year of implementation (approximately $998,000). Most of the Project Change Requests have addressed the need for additional technical resources to accomplish specific tasks during implementation of the new systems. For a brief description of each of these Project Change Requests please see Attachment A to this report.

Q. Didn't the Company have a "contingency" in its initial budget to accommodate such changes?

A. Yes. The $80 million initial capital authorization included a contingency amount of $7.176 million. This contingency has offset the majority of the costs added through Project Change Requests.

Q. Has the Company established a definitive date for the Go Live?

A. Not at this point. While the Project Compass team believes that a Go Live window that includes Q1 2015 will provide sufficient time for an effective implementation of the Project, it must complete the bulk of the testing and Defect Management processes before it has confidence in setting a definitive date. When the Go Live date has been selected it will be shared with customers through the communication plan.

Q. Does the Company believe the Project Compass Costs, including the budget additions, are reasonable and prudent?

A. Yes. The original timeline and budget were important project management tools that, while much more refined than the earliest estimates, were still associated with some degree of uncertainty. As described above, when the initial estimates of time and resources required for coding the extensions were developed, the team had no way of knowing the precise degrees of complexity of the coding, the resources required to meet a specified timeline, or the degree of complexity of the defect management process. If the Project team had that precise foreknowledge, it may have added resources and budget to the Project to achieve the initial Go Live date, or it may have added budget to the initially-planned resources to achieve a later date. Because the Project is costing more to implement than was initially estimated, doesn't mean it is no longer the least-cost solution for our customers. Avista believes its revised implementation plan and budget simply reflects a more accurate assessment of the true cost of implementing the Project.

Q. How does the Company believe the implementation of large IT projects should be evaluated?

A. First, Avista is not aware of any large enterprise application system that has been installed by a peer utility that explicitly achieved its initial estimates of timeline and budget. That said, there are distinguishing factors in every project that are useful in helping to assess the reasonableness of its costs. In extreme cases, some companies have abandoned the applications during the course of implementation; the new systems are never placed in service. These failures are often followed by an entirely new selection and implementation effort. In less dire cases, the company may learn during the course of implementation that it selected a less than optimum solution set, which requires a significant and expensive workaround to successfully install. In some cases, the scope of functionality has been set either too broad or too restrictive. In either case, the costs and the time delay associated with mitigating those initial choices can be very substantial. In

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other cases, companies have made implementation errors such as overlooking basic required functionality, resulting in additional time and budget to include while the majority of the project is awaiting the Go Live. In the best cases, companies have simply underestimated, to varying degrees, the true cost of implementing the selected applications. In other words, these companies have completed a comprehensive needs assessment, prepared a balanced project scope, conducted a robust selection process, selected the proper solutions, hired capable implementation contractors, adequately prepared their organizations for the many changes associated with implementing the new systems, including timely and effective training, prepared their customers for any changes associated with the new systems, and achieved a reasonable balance in the timing of completion of implementation activities. Although these companies took longer to Go Live and spent more money than initially planned, they successfully avoided the major pitfalls that have rendered so many of these projects less than fully successful. Avista counts its Project Compass in this latter class of successful projects, and is confident in the successful completion of the Project.

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Debbie Simock/Peggy Blowers

COMMUNICATION

PROJECT COMPASS

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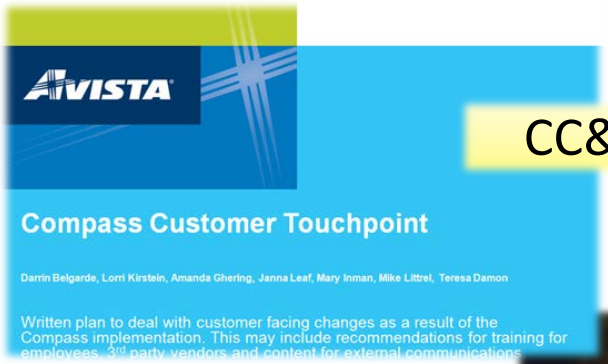
Project Compass Communication Planning



CC&B Project Team

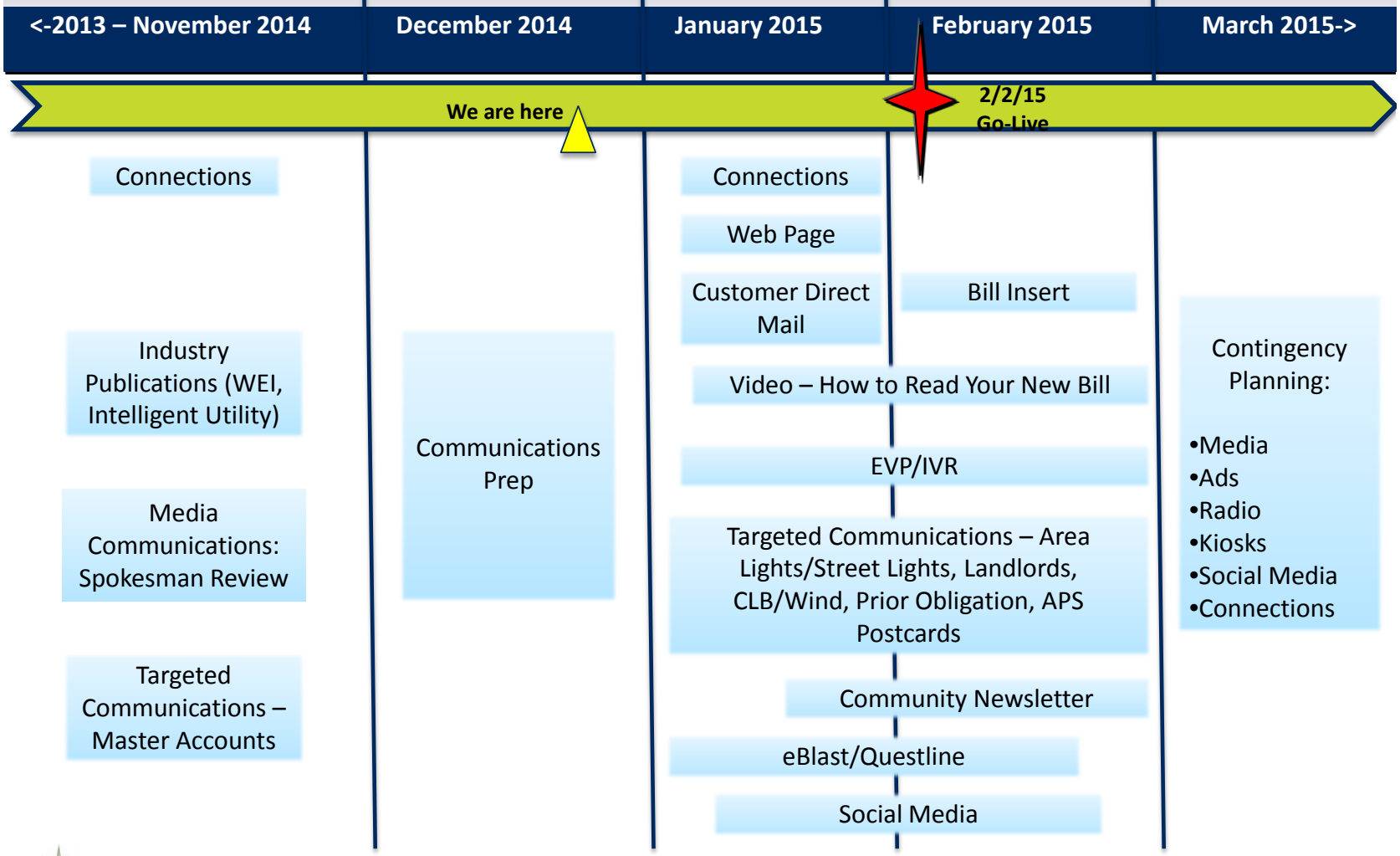
Focus Group

J.D. POWER AND ASSOCIATES®

External Communication Plan

PROJECT COMPASS

Project Compass External Communications



PROJECT COMPASS

Informing our Customers

AVISTA

Connections

January 2015 | Washington • Idaho

Use energy wisely

Use our online energy advisor to learn about the energy savings available for you. Being aware of the energy you use can reduce costs and conserve our natural resources. With a variety of tools available, there are many simple, low-cost steps to take to reduce energy waste. One of the easiest and most convenient ways is by using our online energy advisor.

Utilizing the latest web technologies, our online energy advisor creates a customized energy savings plan that is specific to you. There are many features energy savers will love, such as:

- Receive a free energy analysis of your home.
- Outline top ways you can save energy.
- Access a library of how-to videos, expert advice and information about energy topics.
- Track your progress online.

To access the online energy advisor, log onto your "My Account" on avistautilities.com and start exploring ways to save today.

Your new bill and account number changes coming in February

Beginning in February, Avista's new customer information and billing system will be in place, providing us with increased efficiencies in serving you and with new opportunities to build on the excellent customer service that you expect.

Our new system will bring two important changes to you in February:

- **a new 10-digit account number**
- **a new and improved bill**

Steps you need to take

Do you pay your monthly energy bill online through your bank or other third party? **If so, you will need to update your account number with your bank or payment service as soon as possible after receiving your February bill.** Your new account number will be on your February bill.

If you pay your bill by check or money order, just make sure to write your new account number in the memo field and use your new account number if you make a one-time electronic payment in February. We'll take care of the rest for you.

Important dates to remember

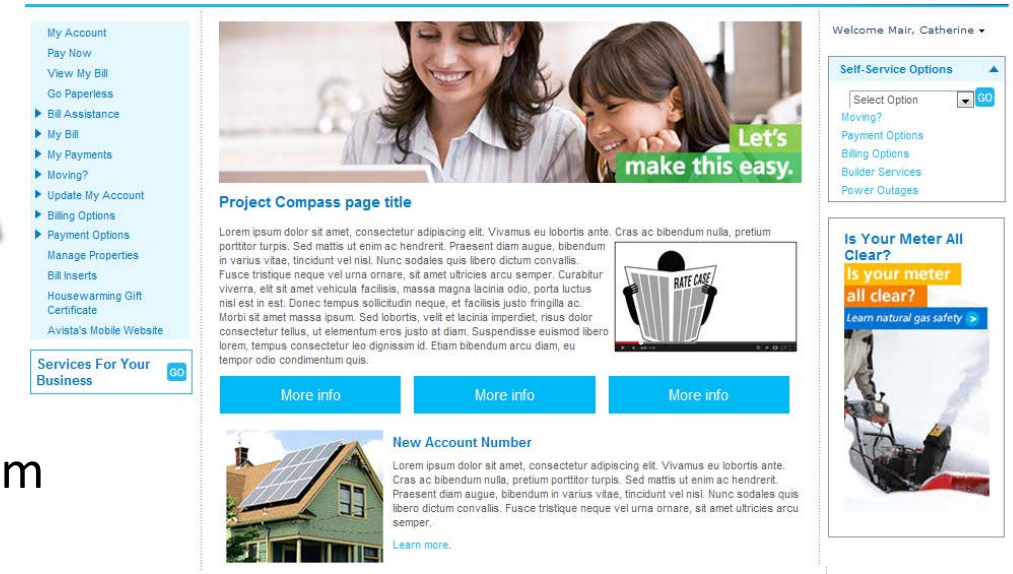
Conversion to the new customer information and billing system is planned for January 29 to February 2. During this time, access to your My Account information and self-service options at avistautilities.com and on our automated phone system will not be available. However, our customer service team will be happy to help you — just give us a call at (800) 227-9187.

We appreciate your patience and know that this change may be initially a little inconvenient. However, we're confident our new customer information and billing system will help us continue providing excellent service when you contact Avista. Watch for a special mailing in January for more information on our new system.

You can also visit avistautilities.com or call us at (800) 227-9187.

PROJECT COMPASS

Informing our Customers

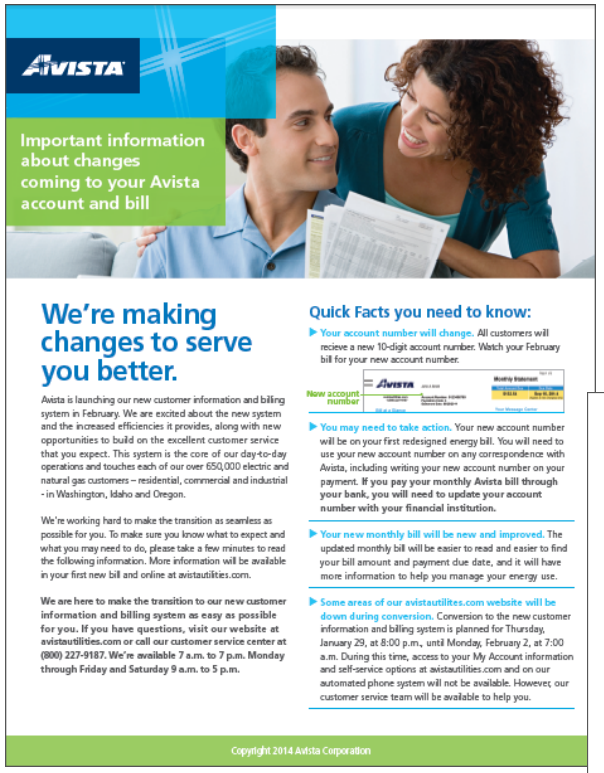


avistautilities.com

- Home page banner
- Web ad
- New landing page –
  Changes to serve you better

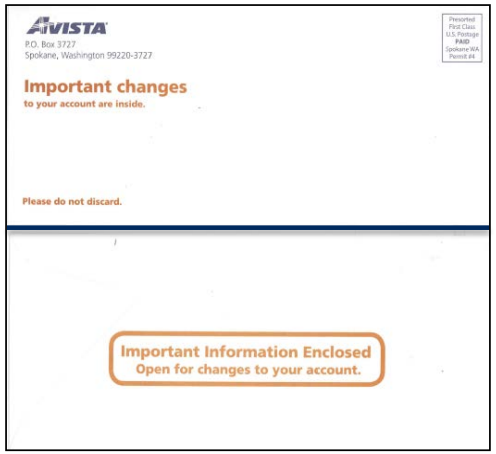
PROJECT COMPASS

Customer Direct Mail – January 2015



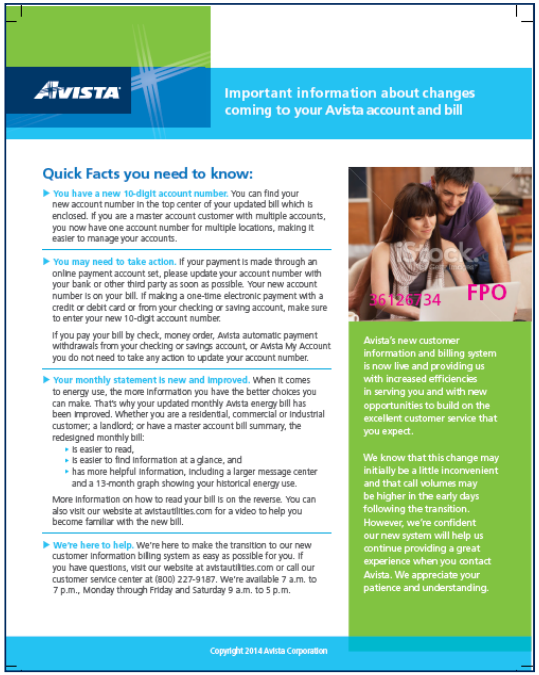
Key messages:

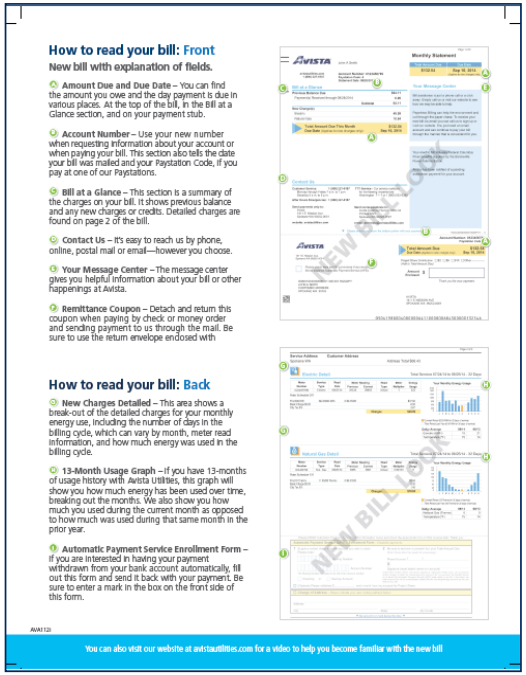
- Account Number Change
- New bill
- Website availability during cutover
- FAQs
- In specially-marked envelope



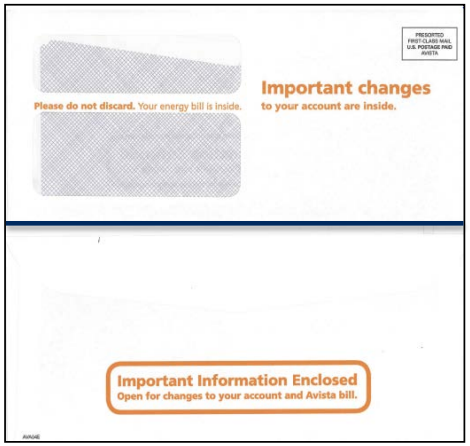
PROJECT COMPASS

February Bill Insert





Specially-marked bill envelopes in February and March



Key Messages

- Account number change
- New bill
- We're here to help
- How to read your bill
- Promotes video

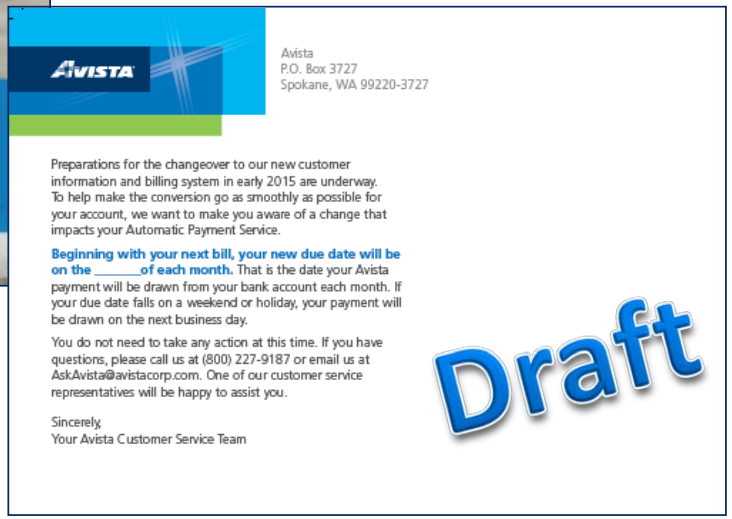
PROJECT COMPASS

Exhibit No. 10
Case Nos. AVU-E-15-05 & AVU-G-15-01
J. Kensok, Avista
Schedule 3, p. 7 of 9

Customer Segmentation

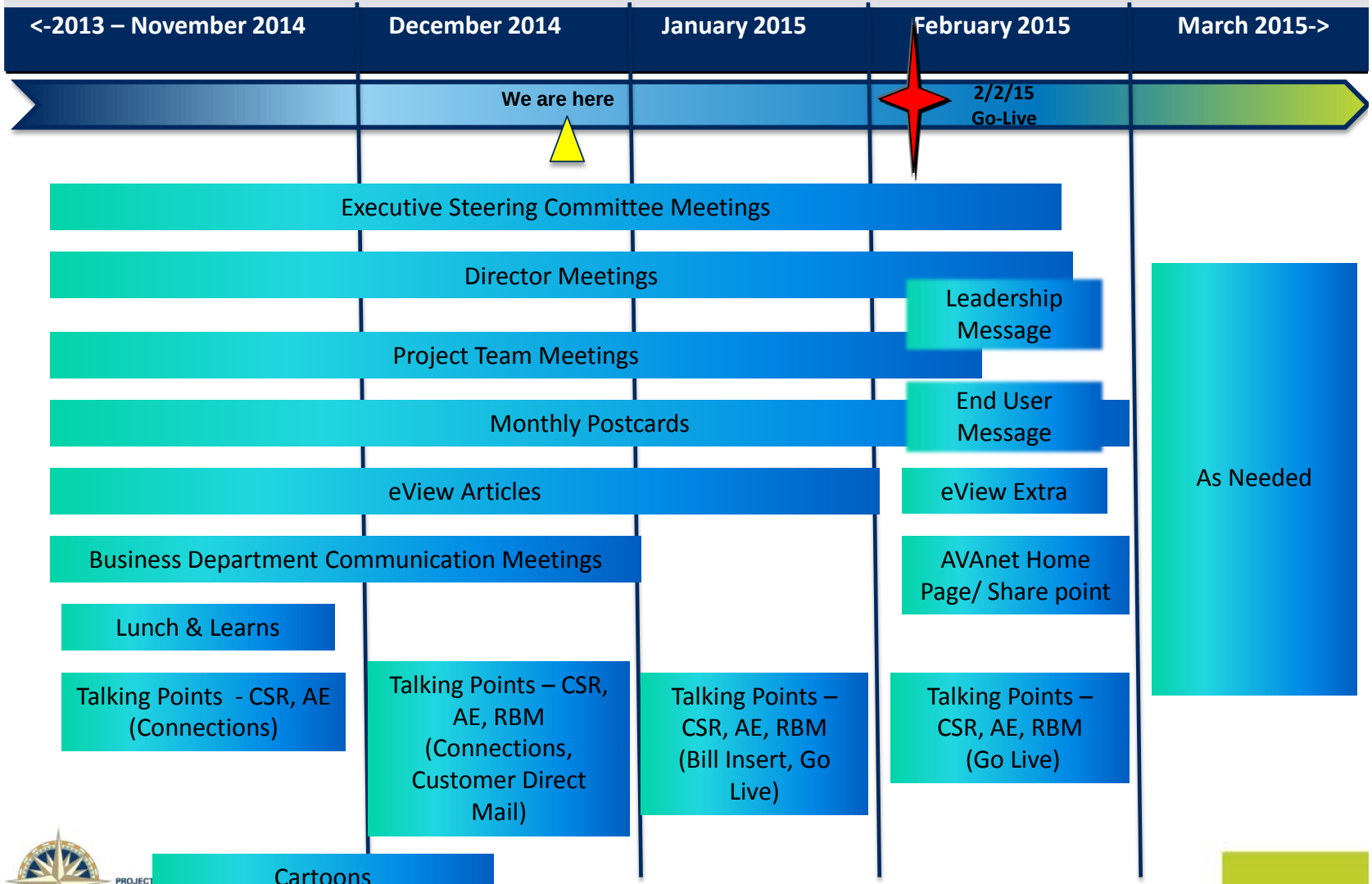
In Process:

- Automatic Payment Service
- Landlords



PROJECT COMPASS

Project Compass Internal Employee Communications

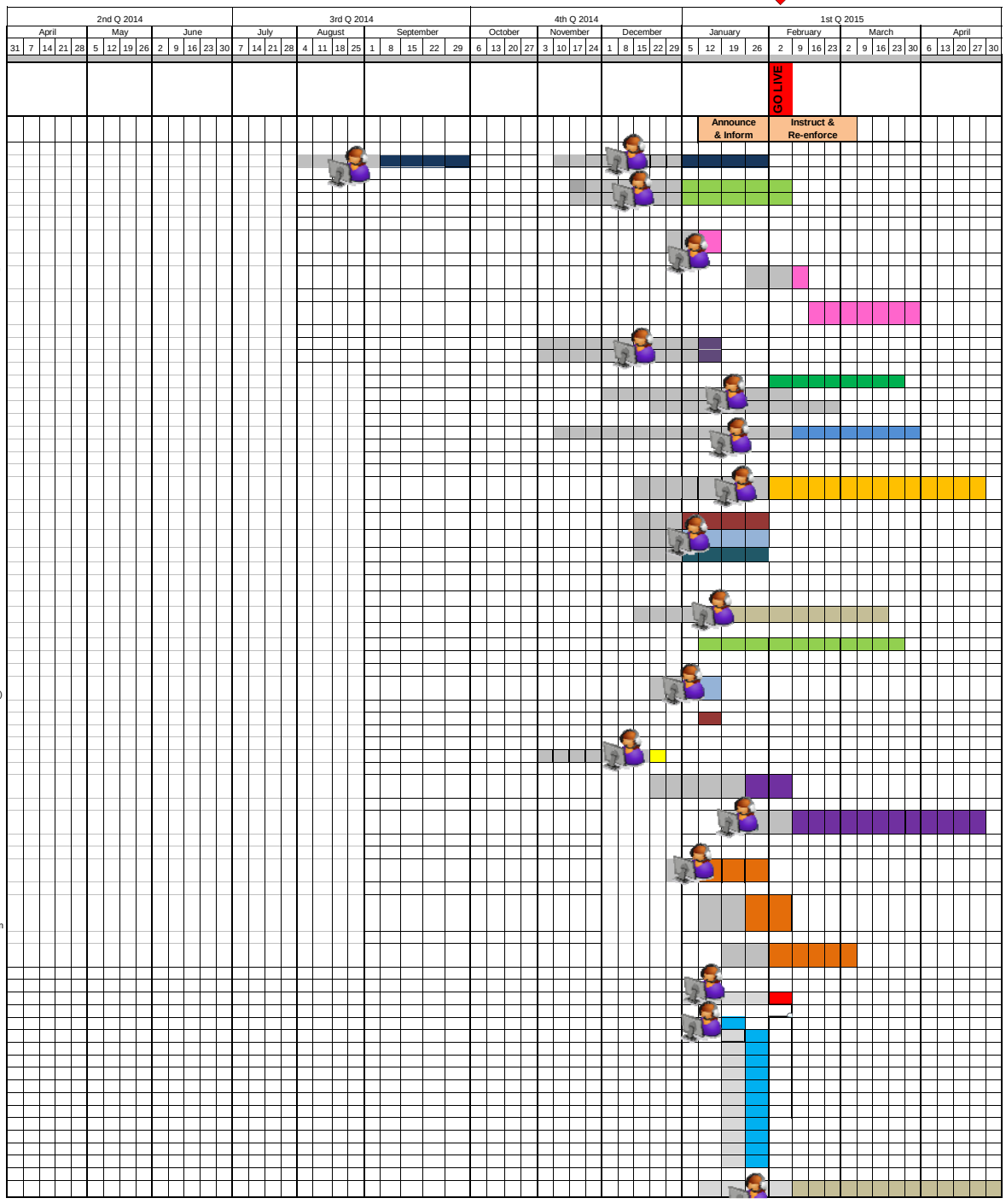


Project Compass Communication Timeline

DRAFT

Updated 12-9-14

Peggy Blowers, Debbie Simock



Color Key - gray is development and review timeline; colors indicate the time period communications wil be occurring.

CONNECTIONS NEWSLETTER

C&I COMMUNICATION BILL INSERT OR DIRECT MAIL

PR/NEWS STORIES (Tentative)

Information Guide Release

Change is here: New bill and account number; Benefits of new CC&B.

Post-launch issues management (if necessary)

DIRECT MAIL-RESIDENTIAL& C&I w SPECIAL ENVELOPE

BILL INSERTS

Feb. insert production timeline

Mar. insert production timeline

CHANGE MESSAGE PRINTED ON SPECIAL BILL MAILING ENVELOPE

BILL MESSAGE CENTER

Targeted message for residential and C&I

Targeted Cusomter Segment Communications

Area/Street Lights

APS - Postcard

Landlords

Prior Ob (TBD)

3rd Party Notification (TBD)

Collection Agencies

Wind Power

SOCIAL MEDIA

EBLAST (May be Direct Mail)

Anchor Communication piece (specific to e-bill customers)

QUESTLINE

C&I BUSINESS ONE-SHEET

WEBPAGE and VIDEO

Reminder of blackout

Web content goes live: How to read your bill; Direct mail piece; FAQ; video

EVP/IVR

On-hold message: Change is coming

On-hold message: Information about the conversion taking place over the weekend and the website being down

On-hold message: Information about new bill and new account number reminders

GO-LIVE EMPLOYEE COMMUNICATIONS

eView

Interim message to employees

Executive Steering Committee Announcement

Project Team Announcement

Leadership Announcement

All employee announcement

eView Extra

Weclome to Maximo

Welcome to CC&B

AVAnet Home Page Announcement

Web update

Any needed talking points to CSR's

POST GO-LIVE EMPLOYEE COMMUNICATIONS

Exhibit No. 10
Case Nos. AVU-E-15-05 & AVU-G-15-01
J. Kensok, Avista
Schedule 4, p. 1 of 2

Project Compass Customer Communications Timeline

DRAFT

Updated 5 -29-2014

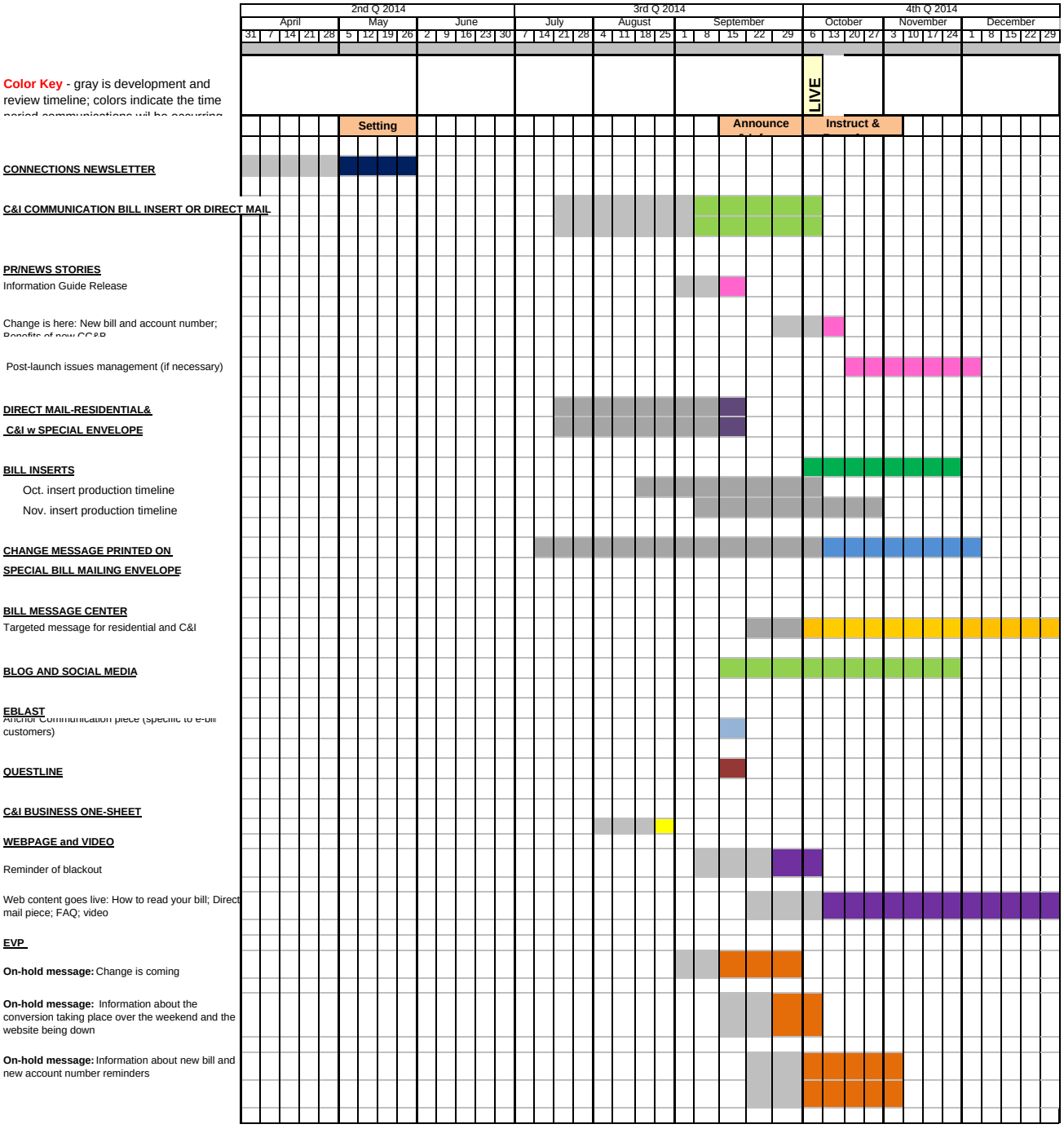


Exhibit No. 10
Case Nos. AVU-E-15-05 & AVU-G-15-01
J. Kensok, Avista
Schedule 4, p. 2 of 2

Important information about changes coming to your Avista account and bill

We're making changes to serve you better.

Avista is launching our new customer information and billing system in February. We are excited about the new system and the increased efficiencies it provides, along with new opportunities to build on the excellent customer service that you expect. This system is the core of our day-to-day operations and touches each of our more than 650,000 electric and natural gas customers – residential, commercial and industrial - in Washington, Idaho and Oregon.

We're working hard to make the transition as seamless as possible for you. To make sure you know what to expect and what you may need to do, please take a few minutes to read the following information. More information will be available in your first new bill and online at avistautilities.com.

We are here to make the transition to our new customer information and billing system as easy as possible for you. If you have questions, visit our website at avistautilities.com or call our customer service center at (800) 227-9187. We're available 7 a.m. to 7 p.m. Monday through Friday and Saturday 9 a.m. to 5 p.m.

Quick facts you need to know:

- **Your account number will change.** All customers will receive a new 10-digit account number. Refer to your February bill for your new account number.

- **You may need to take action.** Your new account number will be on your first redesigned energy bill. You will need to use your new account number on any correspondence with Avista, including writing your new account number on your payment. **If you pay your monthly Avista bill through your bank or other third party, you will need to update your account number with your financial institution or payment service.**

- **Your monthly bill will be new and improved.** The updated monthly bill will be easier to read and make it easier to find your bill amount and payment due date, and it will have more information to help you manage your energy use.

- **Some areas of our avistautilities.com website will be down during conversion.** Conversion to the new customer information and billing system is planned for Thursday, January 29, at 8 p.m., until Monday, February 2, at 7 a.m. During this time, access to your My Account information and self-service options at avistautilities.com and on our automated phone system will not be available. However, our customer service team will be available to help you.

Frequently Asked Questions

We're making upgrades to serve you better – what you need to know

▶ **Why is my account number changing?** The updated system requires a 10-digit account number rather than a nine-digit account number that is currently used. Changing account numbers can be a little inconvenient initially, but we're sure our updated customer information and billing system will provide new opportunities to build on the excellent customer service that you expect when you contact Avista.

▶ **How do I find my new account number?** Your new account number will be in the top center of your first bill following the conversion, which should be your February bill. You'll be reminded about your new account number with a message on the bill and on the outer envelope of your bill.

▶ **Do I need to use my new account number to pay my bill?** Yes. To make sure your payment is correctly applied to your account, please start using your new account number as soon as possible after receiving it on your first new bill and make sure to write it on your check or money order.

▶ **What if I pay my bill by…..**

- **Check or money order by mail** – Simply write your new account number in the memo field of your check or on a money order and place it, along with the payment stub, in the return envelope included with your bill.
- **Online payment by bank** – If you have an online payment account set up, **please update your account number with your bank or other third party** as soon as possible after receiving your first updated bill. Your new account number will be on the bill.
- **Payment service** – You do not need to take any action if you have Avista make automatic payment withdrawals from your checking or savings account each month or if you have a payment profile set up through Avista's My Account.
- **One-time electronic payment** – You can continue to make a one-time payment with a credit or debit card or from your checking or savings account. Just make sure to enter your new 10-digit account number.

▶ **Why is the bill changing?** The updated bill will be easier to read and make it easier to find information on your bill amount and payment due date, and will have an expanded message center with helpful information. Your first bill after the conversion will include an insert with more information on how to read the updated bill. You can also visit our website at avistautilities.com for a video to help you become familiar with the new bill.

▶ **How will I know when the change to the new system has taken place?** Watch for a specially-marked Avista envelope in the mail that will include your first updated bill following the change to our new system. If you're an eBill customer, look for a message on the email notifying you that your bill is available for viewing. The transition is planned for Thursday, January 29, at 8 p.m., until Monday, February 2, at 7 a.m.

▶ **What if I still have questions?** We are here to help make the transition to our new customer information system and new bill as easy as possible for you. If you have questions, visit our website at avistautilities.com or call our customer service center at (800) 227-9187. Call volumes may be higher in the early days after conversion, so we appreciate your patience and understanding.

AVISTA

Learning Opportunities

Almost two months after successfully implementing new customer information and enterprise asset management systems, Avista looked back at the nearly four-year process to evaluate key learnings. Here's what we discovered:

- Leadership is key – establish active, executive sponsorship and develop a clear program management structure with roles and responsibilities understood.
- Benchmark with experienced vendors and others to help establish an initial budget.
- Closely manage the change-request process.
- Treat your System Integrator as part of your team and establish the on-site schedule early in the project.
- Establish a dedicated full-time core team, determine the best way to provide ongoing recognition for the team, and then do it. Food, food and more food is always good.
- Focus on the true requirements and keep them simple. Understand the long-term implications of how the requirements will be used.
- Robust quality assurance and test methodology are critical to the success of the project.
- Strategically plan for change – don't let change just happen. Manage it!
- Have a dedicated Organizational Change Management resource at the beginning and throughout the project.
- Invest in training – it is critical for success, with the more training, the better.
- Engage a training vendor who understands the software and provides a known quality product.
- Do not overlook CC&B training for non-customer-service employees or Maximo training for non-operational employees who use the software as reference or for information purposes only.
- Naming the work Project Compass and creating a visual identity created a team environment and fostered company-wide awareness.

PROJECT COMPASS

About Avista

Avista Utilities, headquartered in Spokane, Washington, is involved in the production, transmission and distribution of energy. We provide energy services and electricity to 370,000 customers and natural gas to 330,000 customers in a service territory that covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.6 million. Avista Utilities is an operating division of Avista Corp. (NYSE: AVA). **For more information, please visit avistautilities.com.**

Contact

For more information, contact
Debbie Simock
Avista
External Communications
509.495.8031
debbie.simock@avistacorp.com

Go-Live, February 1, 2015.

Partnerships drive success for Avista technology implementations.

Replacing a 20-year-old homegrown customer information system, adding a new enterprise asset management system, and launching a redesigned monthly energy statement for customers are not often tackled simultaneously. But we took on the challenge with primary partners Oracle, IBM, Mosaic, EY, Black and Veatch, and TMG Consulting (formerly Five Point Consulting).

After a nearly four-year journey on what we call Project Compass, Avista successfully implemented Oracle Customer Care and Billing (CC&B) and IBM Asset Management (Maximo) with support from our partners. These new systems will carry Avista into the future while increasing our operating efficiencies and providing new opportunities to build on the excellent service our customers expect.

Here's how we did it.

Exhibit No. 10
Case Nos. AVU-E-15-05/AVU-G-15-01
J. Kensok, Avista
Schedule 6, p. 1 of 2

Taking the Right Approach

To ensure that Avista successfully implemented the right technology for our business, it was important to start with a firm foundation. That included:

- understanding what worked well and not so well for others
- partnering with TMG Consulting to select the right systems for our business needs
- establishing an organizational structure lead by a steering committee of Avista officers with co-executive sponsors embedded in the project team
- incorporating Organizational Change Management (OCM) into all aspects of the project
- selecting an overall program manager external to Avista
- having several employees from the business units on the project full time, sharing their knowledge while learning the new systems. This approach provided expertise during the project, as well as at go-live.

A unique element of developing a team identity for those implementing CC&B and Maximo was having an Avista-wide employee contest to name the project. The result – Project Compass. This fostered company-wide awareness for the work that would have an enterprise-wide impact.

"Address issues head on, be proactive to exchange information at all levels of the project, and don't forget to celebrate the smallest of successes."

Vicki Weber, Director of Energy Delivery Technology.

Fostering Relationships

Important to the success of Project Compass was establishing a strong Project Management Office (PMO) team, including Avista's co-executive sponsors and OCM, plus project managers from IBM, Oracle, EY, and Black and Veatch. Benefits included:

- more direct communications between all parties
- full integration of vendors into the Project Compass team
- providing an off-site location for the PMO team, Avista employees and all contractors working on Project Compass
- minimized day-to-day interruptions

Training for Success

Preparing employees to use CC&B and Maximo on day one was an important goal for successful implementation. Achieving that included:

- partnering with Mosaic for a training program of web-based courses, classroom training, self-directed system practice and planned activities
- using a train-the-trainer approach to create super-users when trainers returned to their normal work groups after go-live

"Invest in Organizational Change Management. This is perhaps the most important piece of the project."

Pat Dever, Director of Application and System Programming

Defining Success

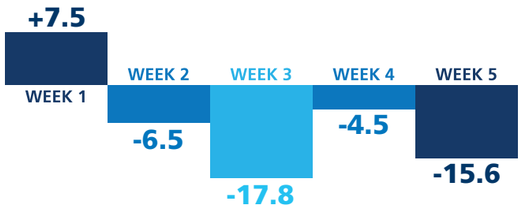
Avista's measure of success on day one was continued delivery of exceptional customer service with fully integrated systems, mailing accurate redesigned customer energy bills, and having employees who could successfully conduct transactions in both CC&B and Maximo. These implementations were successful, exceeding Avista's expectations and maintaining grade of service targets. This was a huge accomplishment, considering the 100 integration points between CC&B, Maximo and other critical systems.

We are proud of our employees and partners who all contributed to Avista's success in reaching our implementation goal with minimal impact to the business.

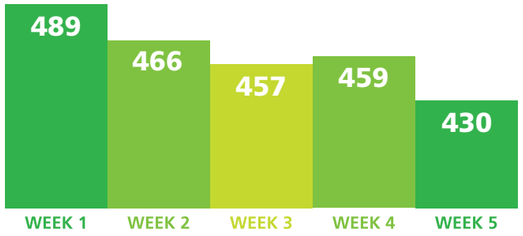
Tracking Success

CC&B

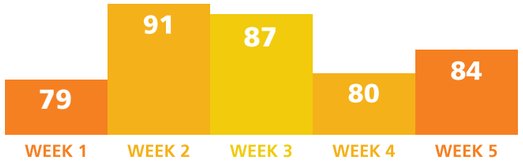
Average Customer Service Call Volume
percent change from same week last month



Average Customer Service Handle Time in seconds



Average Customer Service service level



Maximo

Date	Work Orders		Service Requested	
2015	Created	Complete	Created	Complete
February	6,851	6,104	9,592	10,260
Mar 2-6	3,225	2,459	1,919	3,542

Grade-of-service targets were maintained during Go-Live.

Voice of the Customer

Customer Satisfaction in percentage

Date	Month	Year to Date
February 2015	95	97
February 2014	95	93

Training

CC&B	Employees Trained	Training Hours
Customer Service Representatives, billing, back office	180+	25,600+
Non-Customer Service Real estate, distribution dispatch, credit service dispatch, demandside management, rates, meter shop, remittance, construction	229	220
Maximo	**Employees Trained**	**Training Hours**
Customer project coordinators, construction technicians, dispatchers, engineers at 15 training locations, accommodating 25 outside offices	380+	8,400

Exhibit No. 10
Case Nos. AVU-E-15-05/AVU-G-15-01
J. Kensok, Avista
Schedule 6, p. 2 of 2