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IDAHO PUBLIC
 UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

CASE NO. AVU-E-04-01
 CASE NO. AVU-G-04-01

REBUTTAL TESTIMONY
 OF
 DON F. KOPCZYNSKI

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

1 **Q. Please state your name, the name of your employer, your business**
2 **address, and current position.**

3 A. My name is Don F. Kopczynski. I am employed by Avista Corporation at
4 1411 East Mission Avenue, Spokane, Washington. In the time period since I filed direct
5 testimony, I have been named Vice-President of Transmission and Distribution Operations.

6 **Q. What is the purpose of your rebuttal testimony?**

7 A. My testimony will respond to Staff's direct testimony relating to customer
8 service quality and vegetation management issues.

9 **Q. Please summarize your rebuttal testimony.**

10 A. Staff Witness Marilyn Parker has identified five areas of concern to Staff
11 regarding customer service. These include a lack of customer participation in the Winter
12 Payment Plan, the Company's timeliness of answering incoming customer calls,
13 disconnection procedures, and the potential for out-of-cycle meter reading. I address each of
14 these issues in turn.

15 Avista Utilities has historically been "the hometown utility" with an emphasis on
16 reliable, high-quality, and low-cost service. It is our firm intention to continue this legacy.
17 Thus, my response to Ms. Parker's concerns is generally supportive of her positions while
18 recognizing that several issues are concurrently being reviewed in the Staff-hosted Best
19 Practices Task Force comprised of Idaho jurisdictional utilities and interested stakeholders.

20 In regard to vegetation management, the Company reiterates its initial proposal to
21 increase its tree-trimming expenditures with related cost recovery. An alternative proposal, a

1 one-way balancing account, is suggested as a means to avoid any concerns about over-
2 collection, or a mismatch of future revenue to expense.

3 **Q. Staff Witness Parker, starting at page 11 of her direct testimony, states**
4 **that Staff is concerned that no Avista customer in Idaho participated in the Winter**
5 **Payment Plan during the last two heating seasons. She states that the Company should**
6 **resolve computer programming problems so that customers may participate in this**
7 **program while simultaneously receiving protection from disconnection by declaring**
8 **eligibility for the Moratorium. What is the Company's response to this concern?**

9 A. We have undertaken further investigation regarding the Company's computer
10 capabilities for simultaneously placing customers on the Winter Payment Plan and the Idaho
11 Moratorium. Our computer system does allow customers to be set up on both. We will train
12 all customer service representatives by November 1, 2004.

13 Any residential customer who declares that he or she is unable to pay in full for utility
14 service and whose household includes children, elderly or infirm persons will be offered the
15 opportunity to establish a Winter Payment Plan. If a customer makes a decision to go on the
16 Winter Payment Plan, the process will be to set up a payment plan with an end date of April
17 1st and set up Idaho Moratorium simultaneously. When customers pay the required amount
18 under their payment plan, it will be in affect until April 1. If a customer is not able to keep
19 their payment plan, the payment plan will drop and they will continue to be enrolled in the
20 Idaho Moratorium which will be in effect until March 1.

21 As noted in Ms. Parker's testimony, Avista is an active participant in the Best
22 Practices task force and we are committed to developing enhanced customer education in

1 collaboration with the Staff, other Idaho jurisdictional energy utilities, and other interested
2 stakeholders.

3 **Q. Are there additional payment issues the Company would like to comment**
4 **on?**

5 A. Yes. Ms. Parker at page 21, lines 23-24 of her direct testimony, notes that
6 Avista currently does not have the ability to make payment arrangements on the Company
7 website. The Company will add to our website the ability to make payment arrangements
8 within the next few months.

9 **Q. Ms. Parker, beginning at page 14 of her testimony, expresses concern**
10 **regarding the Company's level of service as measured by the average time to answer**
11 **incoming customer calls. What is the Company's response?**

12 A. Before I discuss Staff's specific suggestions and the Company's response, I
13 want to provide an overview of how Avista approaches establishing customer service
14 standards. As stated by Ms. Parker, service standards are generally measured by the
15 percentage of incoming customers answered in a defined number of seconds. The
16 Company's internal goal has been set at answering 70% of incoming calls within 60 seconds.
17 In national regulatory meetings over the past two years, there have been significant
18 discussions about establishing a higher standard of service.

19 The Company attempts to balance the cost of meeting service standard goals with
20 customer satisfaction. The cost of meeting service standards is predominantly labor, or the
21 number of contact center representatives available to answer calls. Customer satisfaction is
22 defined by specific service attributes important to our customers to drive positive evaluation

1 of the Company's service. The Company measures five such attributes and the importance of
2 these to customers. The results of Avista's recent customer service
3 survey are as follows.

<u>Attribute</u>	<u>Customers Responding</u> <u>"Very or Somewhat Important"</u>
4 Representative being informed and knowledgeable	98.4%
5 Representative providing all of the information needed in one call	98.3%
6 Representative handling the call in a friendly, caring manner	97.5%
7 Representative meeting needs promptly	96.5%
8 Connecting to a representative in one minute or less	91.7%

9
10
11
12 These data suggest that knowledgeable representatives who can promptly respond to
13 customer requests in a courteous manner are what Avista's customers value. These data also
14 suggest that a response from the Company within 60 seconds on hold is acceptable to
15 customers. Balancing customer satisfaction results with the cost for service improvement has
16 historically been Avista's approach to appropriate contact center standards.

17 In addition, even with the current goals, as stated above, our customer service surveys
18 indicate that customer satisfaction has remained high. In fact, our most recent overall
19 customer satisfaction survey results show a satisfied customer rating of 90% in our Idaho and
20 Washington operating divisions.

21 **Q. In regard to Staff's specific recommendations of moving from a 70%-60**
22 **second standard to 80%-30 seconds standard, what is the Company's response?**

23 A. In the past 18 months, Avista has added 6.5 full time equivalent (FTE)
24 positions to the Contact Centers. For the 12 month period ending June 30, 2004 Avista
25 answered 69.29% of calls in 60 seconds. However, for the month of June 2004, the number
26 of calls answered within 60 seconds has increased to 74%.

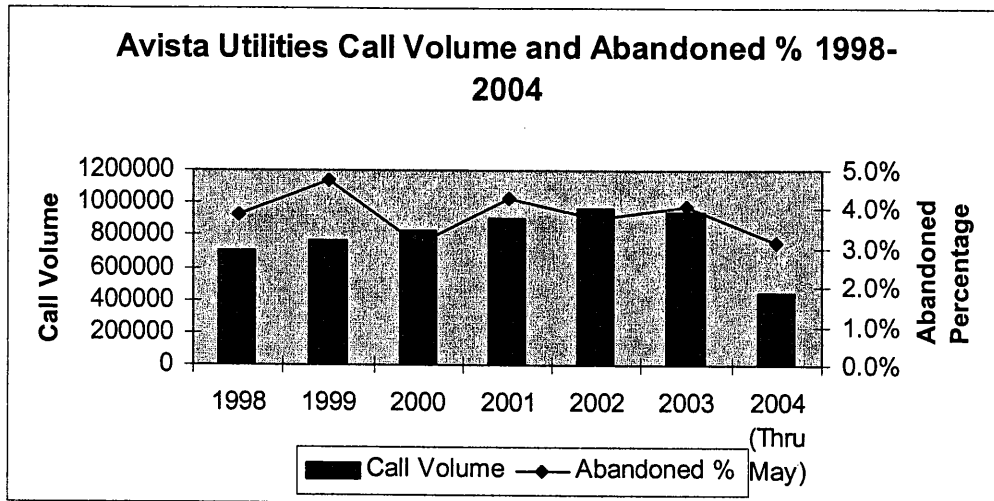
1 The Company's analysis shows that an additional nine FTE positions would be
2 required to answer 80% of incoming customer calls within 30 seconds. Many of these
3 positions would be part-time due to the need to match call volumes with the appropriate
4 staffing levels of the contact center. For example, a typical Monday can have about 1500
5 calls, or 30%, more than other days. This need for flexible staffing means that nine FTE
6 translates to approximately 13 new employees.

7 The Company intends to add this additional contact center staff in the next year and
8 establish 80% of incoming calls answered in 30 seconds as a target. This additional FTE
9 complement, with a 27.4% allocation to Idaho, would increase expense over that requested in
10 the Company's Application by \$162,735 (or \$593,925 on a system basis). We believe it
11 would be reasonable and appropriate to reflect these additional costs in the Company's
12 revenue requirement in this case.

13 **Q. What is the Company's response to Ms. Parker's recommendation that**
14 **the Company significantly reduce the number of abandoned calls per month?**

15 A. As the Company moves to an 80%-answered-calls-in-30-seconds standard, the
16 number of customers who hang up before they reach a contact center representative (or
17 abandoned calls) should be reduced. Ms. Parker notes that the average number of abandoned
18 calls increased in 2003 over 2002. However, when comparing the average number of
19 abandoned calls to an increasing call volume, abandoned calls in the past five years have
20 remained relatively steady or decreased as a percentage of call volume. This is shown in the
21 following chart which illustrates a downward trend in the percentage of abandoned calls.

22



8 **Q. Ms. Parker observes at page 18 of her testimony that “Staff does not**

9 **believe this practice [outbound disconnection recorded message] complies with the**

10 **spirit of the rule. However, the Best Practices Task Force plans to address the issue**

11 **soon of how to improve the disconnection notification process. Both Avista and Staff**

12 **will be participating in the discussions.” What is Avista’s response?**

13 **A. Avista is an active participant in the Best Practices Task Force and looks**

14 **forward to examining improvements to this component. As I stated earlier, Avista places**

15 **high import on responsive and appropriate customer service levels.**

16 **Q. Ms. Parker, at pages 22 and 23 of her testimony, states a concern about**

17 **out-of-cycle meter readings. She observes that Staff intends to explore this matter**

18 **going forward. What is the Company’s perspective on this issue?**

19 **A. The Company does not routinely read meters outside of regular monthly meter**

20 **reading cycles. Reading meters as part of a regularly scheduled route takes advantage of**

21 **economies of scale; reading individual meters on an as-needed basis creates significant**

1 upward cost pressure. These costs, in turn, need to be balanced with the benefits to be
2 achieved by out-of-cycle meter readings.

3 In 2003, Avista had 49,000 opens/closes in the Idaho jurisdiction. Approximately 3%
4 of these changes had the meter read within one day of service changes as part of the regularly
5 scheduled meter reading route. The average cost of an individually read meter is \$18 per trip.
6 The cost of reading the remaining 47,530 meters (49,000 meters less the 3% picked up by
7 scheduled routes) would be \$855,540. With approximately 109,000 electric Avista
8 customers in Idaho, out-of-cycle meter reads would result in an additional cost of
9 approximately \$8 per year for every customer.

10 The Company believes that its bill estimating system is relatively accurate and the
11 additional cost of moving to individual meter reads for out-of-cycle meter reading is not
12 warranted.

13 **Q. Do you have other observations regarding Ms. Parker's testimony?**

14 A. Yes. I appreciate Ms. Parker's recognition of the Company's customer
15 assistance programs, in particular our Customer Assistance Referral and Evaluation Service
16 (CARES) program.

17 **Q. Does the Company agree with Staff Witnesses Patricia Harms' and Kathy**
18 **Stockton's adjustment to the Company's pro forma level of vegetation management, or**
19 **tree trimming, expense?**

20 A. No, the Company disagrees with the Staff adjustment on tree trimming. The
21 Company continues to support its request to include an increased level of vegetation

1 management expense in its rate request. Company witness Don Falkner elaborates on this
2 issue and provides an alternative accounting treatment.

3 We recognize the Staff's concern regarding an increase in expense from that included
4 in the Company's historic test year. However, for the reasons outlined in my direct testimony
5 and the recent increased emphasis on transmission reliability, and vegetation management in
6 particular, we believe the additional funding is especially important at this time. The tree
7 trimming and danger tree work is important for system reliability. This benefits both
8 residential and commercial customers in rural and urban communities throughout north
9 Idaho.

10 As explained by Mr. Falkner, a one-way balancing account would ensure that any
11 dollars collected in rates but not expended on vegetation management would be returned to
12 customers. If the Company were to spend in excess of the amount included in rates, the
13 Company would absorb the additional costs.¹

14 **Q. Does this conclude your prefiled rebuttal testimony?**

15 **A. Yes.**

¹ Extraordinary costs due to events such as severe weather, however, may cause the Company to seek additional relief.