

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

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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. )  
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CASE NO. AVU-E-09-1/  
AVU-G-09-1

DIRECT TESTIMONY OF CURTIS THADEN

IDAHO PUBLIC UTILITIES COMMISSION

MAY 29, 2009

1 Q. Please state your name and business address  
2 for the record.

3 A. My name is Curtis Thaden. My business address  
4 is 472 West Washington Street, Boise, Idaho.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed by the Idaho Public Utilities  
7 Commission as a Utilities Compliance Investigator. I  
8 accepted that position with the Consumer Assistance Staff  
9 in July 2007.

10 Q. What is your professional and educational  
11 background?

12 A. Prior to my employment with the Idaho Public  
13 Utilities Commission, I had 18 years experience working in  
14 private industry for Hewlett Packard in a variety of  
15 manufacturing positions which include Material Handler,  
16 Administrative Assistant, Technical Product/Process  
17 Specialist and Engineering Coordinator. In my position as  
18 an Engineering Coordinator, I worked with engineering teams  
19 to document and communicate, worldwide, the changes made to  
20 products and manufacturing processes. I received an  
21 Associate of Science Degree from Links School of Business  
22 (now known as ITT Technical Institute) in Boise, Idaho, in  
23 September of 1983. Additionally, I am a licensed real  
24 estate agent in the State of Idaho.

25

1 Q. Have you previously testified before the  
2 Commission?

3 A. Yes, I have.

4 Q. What is the purpose of your testimony in this  
5 proceeding?

6 A. I will be addressing the following:  
7 (1) demographics of the 10 Idaho Counties in Avista's  
8 service territory; (2) factors affecting customers' ability  
9 to pay their bills; (3) programs offering financial  
10 assistance to Avista's Idaho customers; (4) programs,  
11 payment plans and payment arrangements offered by Avista to  
12 its customers; and (5) Low-Income Weatherization and other  
13 Energy Efficiency Programs.

14 Q. Please summarize your recommendations to the  
15 Commission as discussed in your testimony.

16 A. Staff recommends that the Commission:  
17 (1) direct Avista to confer with Staff to assess the  
18 effectiveness of the Company's new payment plans and  
19 identify ways to decrease the number of customer defaults  
20 on payment arrangements; and 2) encourage the Company to  
21 look for new and creative ways to increase energy  
22 efficiency and provide assistance to customers,  
23 particularly those customers who are economically  
24 disadvantaged.

25

1 **Demographics and Factors Affecting Bill Payment**

2 Q. Has the Staff prepared a demographic profile  
3 of Avista's service territory in Idaho?

4 A. Yes. Exhibit No. 127 includes both  
5 demographics obtained from the most recent Census Bureau  
6 data and unemployment data obtained from the Idaho  
7 Department of Labor for each of the counties served by  
8 Avista. For comparison, this Exhibit also includes  
9 statistics for the State of Idaho and the United States.  
10 Exhibit No. 128 shows the 2009 Federal Poverty Level (FPL)  
11 Guidelines. For purposes of Staff's analysis, income at or  
12 below 100% of poverty was used. A map of the ten counties  
13 served by Avista can be found in Exhibit No. 129.

14 Q. In reviewing the data, what stands out as  
15 particularly noteworthy?

16 A. Unemployment is a particularly acute problem  
17 in Avista's service territory. Seven out of the ten  
18 counties within the service territory exceed the April 2008  
19 seasonally adjusted state average unemployment rate of  
20 7.0%.<sup>1</sup> Five of these seven counties (Benewah, Boundary,  
21 Clearwater, Idaho and Shoshone) have unemployment rates  
22 exceeding 9% and rank in the state's top eleven counties  
23 with the highest unemployment. Four of these five counties  
24 (Benewah, Boundary, Clearwater, and Shoshone) have double-

25 <sup>1</sup> At the time this testimony was pre-filed in May 2009, the most recent  
forecast of unemployment data was from April 2009.

1 digit unemployment rates.

2                   When comparing each county within the service  
3 territory, it is obvious that some counties are better off  
4 than others. Kootenai County has the area's highest median  
5 income and the lowest percentage of individuals living in  
6 poverty (11.3%). In contrast, Shoshone County has the  
7 area's lowest median income and the state's highest  
8 percentage of individuals living in poverty (17.5%).

9                   Nine of the ten counties (Benewah, Bonner,  
10 Boundary, Clearwater, Idaho, Kootenai, Lewis, Nez Perce and  
11 Shoshone) exceed the state average of persons over 65 years  
12 of age (11.7%). This statistic is significant because the  
13 elderly tend to have special needs and are often the most  
14 vulnerable members of society.

15                   Seven counties (Benewah, Bonner, Boundary,  
16 Clearwater, Idaho, Latah, Shoshone) have high percentages  
17 (over 14.7%) of individuals living at or below 100% of  
18 Federal Poverty Level Guidelines. This exceeds the state  
19 average of 12.1%.

20                   With the exception of Latah County, these  
21 counties also have high unemployment rates (over 8.9%).  
22 High unemployment rates coupled with the high poverty rates  
23 suggest that these counties have a large percentage of  
24 individuals who are challenged with paying for life's basic  
25

1 needs. These individuals face high energy burdens.<sup>2</sup>

2 In summary, the ten counties that comprise the  
3 area that Avista serves have the state's highest average  
4 unemployment rate (9.2%) and the state's highest average  
5 poverty rate (14.8%).

6 Q. Do the Federal Poverty Level Guidelines  
7 reflect an accurate gauge of poverty in the United States  
8 and Idaho?

9 A. Not necessarily. The 100% of poverty level is  
10 regarded by social service organizations such as CAPAI  
11 (Community Action Partnership Association of Idaho) as  
12 underestimating what it costs to maintain a basic standard  
13 of living. Realizing this, federal and state agencies  
14 charged with the responsibility to protect human health and  
15 welfare set household income eligibility limits for social  
16 service programs at levels that exceed the Federal Poverty  
17 Guideline's benchmark of 100% of poverty.

18 Avista's service territory has the highest  
19 poverty level in the state when compared to other regulated  
20 utility service areas. However, since the Federal Poverty  
21 Guideline is regarded as an underestimation, the actual  
22 number of those who live in poverty in Avista's service  
23 territory is even greater.

24

25 <sup>2</sup> Energy Burden is the percentage of a household's income that is spent  
on all home energy expenses, which includes all energy used for space  
heating and cooling, lighting, and water heating.

1                   An example of the underestimation of those  
2 living in poverty can be seen by comparing the Federal  
3 Poverty Level Guideline's (FPL) estimation of Idaho  
4 households living in poverty to the state's LIHEAP (Low  
5 Income Home Energy Assistance Program) estimation of those  
6 living in poverty and eligible for financial assistance.  
7 Under the FPL 44,000 households in Idaho are at or below  
8 100% of poverty. Under Idaho's LIHEAP Program calculations  
9 (which are based upon 150% of poverty), 101,000 households  
10 qualify for benefits. The difference between these two  
11 estimates is 57,000 households statewide.

12               Q.       What conclusion can be drawn from these  
13 demographics?

14               A.       Customers who are living in poverty and/or are  
15 unemployed have limited or diminished financial resources  
16 with which to pay utility bills. Given the recent economic  
17 turmoil, Staff believes that the Census data, although  
18 somewhat stale, provides a fairly good picture of Avista's  
19 customers today. In fact, there is reason to believe, as  
20 discussed below, that customers may be worse off in the  
21 future. Staff is concerned that a significant number of  
22 Avista's customers will have problems paying their electric  
23 and natural gas bills, especially when faced with  
24 increasing rates.

25               Q.       What do you see as the greatest threat that

1 could impact the ability of customers to pay their utility  
2 bills?

3 A. As previously discussed, unemployment  
4 continues to be a great concern. Current Idaho Department  
5 of Labor data as of April 2009 shows a continued and  
6 sustained upward trend in the state's unemployment rate,  
7 which now stands at the highest level in twenty-one years  
8 (7.0%). Exhibit No. 130 provides Department of Labor press  
9 release excerpts (March and April 2009) pertaining to the  
10 current trend in unemployment in both Idaho and the United  
11 States.

12 An increase in the unemployment rate can lead  
13 to an increase in the percentage of Avista customers who  
14 fall below the Federal Poverty Level. As a result, more  
15 strain will be placed upon agencies that provide financial  
16 assistance for payment of utility bills. The number of  
17 disconnections has the potential to increase as people  
18 experience difficulty paying their bills. Even people who  
19 were high wage earners can find themselves in a tight  
20 financial situation following a layoff. Higher  
21 unemployment, rising fuel costs and increasing food costs  
22 are additional stresses that will have an impact on  
23 people's finances.

24 Q. Do you see any other factors that might  
25 inhibit a customer's ability to pay his/her utility bill?



1           A.       The current housing crisis (record number of  
2 foreclosures) has placed additional pressure on households.

3                       According to RealtyTrac, Inc., the nation's  
4 largest online foreclosure marketplace, Idaho is now ranked  
5 eighth out of the top ten states for having the highest  
6 foreclosure rates in the country. One in every 147 housing  
7 units received a foreclosure filing in the first quarter of  
8 2009 (January - March 2009), up 15.56% from the previous  
9 quarter (October - December 2008). In just one month, from  
10 February 2009 to March 2009, the foreclosure rate increased  
11 8.90% (1,921 new filings).<sup>3</sup> Due to the steady rise in  
12 unemployment, the pressure on homeowners to maintain  
13 monthly mortgage payments will most likely increase  
14 throughout the year.

15                      Homeowners with ARMs (Adjustable Rate  
16 Mortgages) that are unable to refinance their home due to  
17 declining property values and/or job loss will be faced  
18 with making a higher mortgage payment when their ARM resets  
19 in 2009. This could cause a severe hardship on individuals  
20 who are already strapped with having to pay higher utility  
21 costs. Low income households are not the only ones  
22 impacted. This is an issue that impacts a diverse group of  
23 wage earners.

24                      In October 2008, a new federal program called

25                      <sup>3</sup> Regional foreclosure data specific to Avista's service area was not  
available.

1 "Hope for Homeowners" (H4H) was authorized by the Housing  
2 and Economic Recovery Act of 2008. The program targets  
3 homeowners who are at risk of loan default and foreclosure.  
4 Lenders are allowed to voluntarily refinance delinquent  
5 mortgages by "writing down" the loan amount to 90% of a  
6 home's newly appraised value. The new loan is backed by  
7 the Federal Housing Administration (FHA) using current  
8 fixed mortgage rates that will reduce the monthly mortgage  
9 payment.<sup>4</sup>

10 Q. Has the number of customers who have been  
11 disconnected for non-payment increased or decreased?

12 A. The number of Idaho Avista residential  
13 customers disconnected for non-payment has greatly  
14 increased over the past four calendar years (2005-2008)  
15 from 4,588 to 6,959. This represents a 51% increase in the  
16 number of disconnections. Traditionally, Avista's service  
17 territory suffers from higher unemployment and poverty  
18 rates. As the economic downturn continues and more  
19 customers struggle financially, it is apparent that a  
20 greater need to provide help for those needing financial  
21 assistance exists within the community. This also presents  
22 an opportunity for Avista to address the issue of

23 <sup>4</sup>As of March 2009, though \$300 billion was allocated for the new  
24 program, only one homeowner in the U.S. benefited. The major reason  
25 for the program's lack of success is that lenders consider the program  
too costly. Lenders prefer to either extend the term of the existing  
loan up to 40 years or allow for interest rate reductions (temporary or  
permanent). To date the program has been a failure. Source:  
CNNMoney.com, "Hope prevents 1 foreclosure", March 25, 2009.

1 disconnects due to non-payment by offering its customers  
2 additional payment options, which will be discussed later.

3 Q. When a residential customer is disconnected  
4 for non-payment of their bill, does Avista require a  
5 deposit to reestablish service?

6 A. Yes. For low income customers who have been  
7 disconnected from service for non-payment, a deposit  
8 requirement makes it more difficult for them to reestablish  
9 service and further places them into debt. Staff believes  
10 that the additional financial burden of a deposit  
11 requirement causes a greater hardship for low income  
12 customers and often presents a barrier to customers in  
13 obtaining or retaining service. Allowing customers to make  
14 installment payments on deposits over a period of time  
15 longer than the current minimum of two months required by  
16 the UCCR (Utility Customer Relation Rules) might prove  
17 beneficial to the Company and affected customers. Taking  
18 this approach may lessen the impact of an additional  
19 financial burden placed upon customers.

20 Avista is currently working with Staff to  
21 develop a study regarding the impact and effectiveness of  
22 deposit collection. Avista offered to conduct a study in  
23 its comments filed with the Commission in Case No.  
24 GNR-U-08-01, which addressed energy affordability issues.  
25 Once completed, the study can be used to evaluate deposit

1 policies.

2 **Programs Offering Financial Assistance**

3 Q. What resources are available to help customers  
4 pay their energy bills?

5 A. LIHEAP (Low Income Home Energy Assistance  
6 Program) is funded by the Federal government through a  
7 grant to the State of Idaho. Unlike the situation in other  
8 states, state government funding is not available in Idaho  
9 to help customers pay energy bills at any time of year.

10 For the 2008/2009 heating season only, a one-  
11 time increase in federal funding for LIHEAP occurred;<sup>5</sup>  
12 allowing for larger benefit amounts to be given to each  
13 participant. In addition, eligibility guidelines changed  
14 to allow for more households to participate in the LIHEAP  
15 program. The level at which a household is eligible to  
16 receive assistance changed from a maximum of 150% to 160%  
17 of the Federal Poverty Level Guidelines. Because this was  
18 a one-time funding increase added to the yearly grant,  
19 Staff anticipates the total funding amount will probably  
20 decrease for the next winter heating season, and the  
21 previous eligibility requirement will be reinstated to 150%  
22 of poverty level.

23  
24 <sup>5</sup> An increase in LIHEAP Funding for this past winter heating was  
25 authorized on September 30, 2008, by HR 2638, The Consolidated  
Security, Disaster Assistance, and Continuing Appropriations Act, 2009.  
As a result, funds available to state of Idaho this past winter heating  
season increased from \$9,410,895 to \$17,439,570.

1 For the 2008-2009 winter heating season,  
2 \$2,830,660 in LIHEAP funding was distributed to 6,850  
3 Avista customers in Idaho to help pay home heating bills.  
4 The average amount paid to each participant was \$413. The  
5 table below reflects the number of Avista customers in  
6 Idaho who received LIHEAP benefits and the average dollar  
7 amount allocated during the last three heating seasons.

8 **Regular LIHEAP Funding**

9	<b>Program Year</b>	<b>Funding</b>	<b># of Participants</b>	<b>Avg. Benefit</b>
10	2006/2007	\$1,499,729	5,201	\$288
11	2007/2008	\$1,453,885	5,199	\$280
12	2008/2009	\$2,830,660	6,850	\$413

13 Energy Assistance funding provided by LIHEAP does not  
14 sufficiently meet the energy needs of low income customers.  
15 Therefore, Crisis Funding benefits are available to  
16 customers whose circumstances qualify them for additional  
17 financial assistance under the LIHEAP program. Money is  
18 not always available for Crisis Funding. Even when funds  
19 are available, the number of people who can be helped is  
20 quite small. For the 2008-2009 winter heating season,  
21 \$76,014 in Crisis Funding benefits was distributed to 130  
22 Avista customers in Idaho. The average amount paid to each  
23 participating customer in 2007-2008 was \$585. The table  
24 below reflects the number of Avista customers in Idaho who  
25 received LIHEAP Crisis Funding benefits and the average

1 dollar amount allocated during the last three heating  
2 seasons.

3 **Crisis LIHEAP Funding**

4 <b>Program Year</b>	<b>Funding</b>	<b># of Participants</b>	<b>Avg. Benefit</b>
5 2006/2007	\$70,196	211	\$336
6 2007/2008	\$78,747	177	\$445
7 2008/2009	\$76,014	130	\$585

8 Q. Are there other programs in place that can  
9 help Idaho customers?

10 A. Yes. In Avista's service territory, two CAP  
11 Agencies (Community Action Partnership and Spokane  
12 Neighborhood Action Programs) administer a program, Project  
13 Share, which provides financial assistance. The program is  
14 a fuel-blind fund, which means that monies are dispersed  
15 towards payment of bills that are for any energy sources  
16 (electric, natural gas, wood, coal, propane, kerosene and  
17 oil). All money collected, with the exception of  
18 administration costs, goes back to the community.

19 In the past three fiscal years (2006 - 2008),  
20 Avista shareholders donated \$200,425 to Project Share for  
21 Idaho; Avista customers in Idaho donated \$210,919. Of the  
22 total amount collected (\$411,344), \$41,134 of both the  
23 shareholder and customer contribution (10% of funds  
24 collected) was paid to the two CAP agencies for  
25 administering the program. The table below reflects total

1 dollar amounts donated by Avista customers and its  
2 shareholders in the past three fiscal years.

3 <b>Fiscal Year</b>	<b>Avista Customers</b>	<b>Shareholders</b>
4 2006	\$73,355	\$50,000
5 2007	\$63,231	\$100,425
6 2008	\$74,333	\$50,000

7 Q. In addition to customer and shareholder  
8 donations was any additional Project Share money provided  
9 to assist with heating costs in each of the past three  
10 fiscal years?

11 A. Yes, an additional \$250,444 was available.  
12 Therefore, during the past three fiscal years a total of  
13 \$662,118 was provided to Idaho households served by Avista.  
14 Because Project Share donations are pooled together from  
15 both Idaho and Washington, Idaho receives an assistance  
16 amount that is greater than the total amount that is  
17 donated by Idaho Avista customers and shareholders. The  
18 table below reflects the total dollar amounts paid to  
19 assist Idaho households with their heating costs.

20 <b>Fiscal Year</b>	<b>Money Disbursed</b>
21 2006	\$182,104
22 2007	\$305,700
23 2008	\$174,314

24 Q. What efforts does Avista put forth to make the  
25 community and its customers aware of Project Share?

1           A.       Avista publicizes Project Share through its  
2 website, newsletters, and monthly customer billings.  
3 Avista is doing well marketing Project Share and Staff  
4 encourages the Company to continue promoting the program.

5       **Programs, Payment Plans and Payment Arrangements**

6           Q.       What utility programs are in place to help  
7 customers avoid being disconnected during the winter  
8 months?

9           A.       Besides LIHEAP and Project Share, the Idaho  
10 Moratorium Program and Winter Payment Plan also address  
11 this issue.

12                   Idaho's Moratorium Program allows residential  
13 customers whose household includes children, elderly or the  
14 infirm to be protected from disconnection during the months  
15 of December through February if they declare that they are  
16 unable to pay their utility bill in full. However,  
17 customers are not absolved of paying their utility debt.

18                   The Winter Payment Plan allows customers who  
19 have declared eligibility for the moratorium an additional  
20 two months of protection (November and March) if they agree  
21 to accept and follow-through on monthly payments during the  
22 winter protection period that are equal to half of the  
23 monthly average of the previous 12 months' billings.

24                   A brochure entitled "Helpful Information About  
25 Your Avista Utilities Account," with information on both



1 the Idaho Moratorium Program and Winter Payment Plan, is  
2 sent to all residential customers annually. All customers  
3 that receive a Final Disconnection Notice during the months  
4 of November through February are made aware of the Idaho  
5 Moratorium Program and the Winter Payment Plan through a  
6 bill insert entitled "Winter Payment Plan, Moratorium  
7 Information." For those customers who have declared  
8 eligibility for the moratorium, a brochure on the Winter  
9 Payment Plan is provided with the December, January and  
10 February payment reminder notices that are sent out. The  
11 intent of this brochure is to encourage these protected  
12 customers to pay a portion of their energy bills during the  
13 winter months. Both Customer Service Representatives and  
14 Field Personnel receive training on the options available  
15 to customers who are struggling to pay their energy bills.  
16 Avista adequately educates its customers on both the Idaho  
17 Moratorium Program and Winter Payment Plan.

18 Q. Has the number of customers who have declared  
19 eligibility for the moratorium increased or decreased?

20 A. The number of Avista customers in Idaho who  
21 declared eligibility for the moratorium during the  
22 2008/2009 winter heating season totaled 2,188. This  
23 represents a 17% decrease in comparison to the previous  
24 winter heating season. The decrease in the number of those  
25 requesting winter protection could be attributed to more

1 people receiving financial assistance through the LIHEAP  
2 program this past winter. As discussed earlier in my  
3 testimony, more households received LIHEAP benefits, and  
4 larger grant amounts were paid out to each LIHEAP  
5 participant on average.

6 Therefore, Staff anticipates that the number  
7 of individuals who declare eligibility for the moratorium  
8 will increase next winter heating season. Exhibit No. 131  
9 reflects the total number of moratorium participants in the  
10 past three winter heating seasons.

11 Q. Has there been an effort by Avista to increase  
12 the number of participants in the Winter Payment Plan?

13 A. Of the 2,188 participants who declared  
14 eligibility for the moratorium in the 2008/2009 winter  
15 heating season, 54.1% elected to be placed on the Winter  
16 Payment Plan. This is significantly higher than the  
17 previous winter heating season, when only 14.3% of  
18 moratorium participants had a Winter Payment Plan. The  
19 increase could be attributed to Avista's educational  
20 efforts in providing information on the payment plan and  
21 attempting to encourage customers protected from  
22 disconnection to pay at least a minimal amount toward their  
23 heating bills. Exhibit No. 131 reflects the total number  
24 of plan participants in the last three winter heating  
25 seasons.

1 Q. Have customers on the Winter Payment Plan been  
2 able to successfully pay down their outstanding account  
3 balances before the end of the winter protection period on  
4 March 31?

5 A. Of the 1,184 participants who elected to be  
6 placed on the Winter Payment Plan during the 2008/2009  
7 winter heating season, 63% were not able to meet their  
8 monthly payment. In the previous winter heating season, of  
9 the 484 participants who elected to be placed on the Winter  
10 Payment Plan, 80% were unable to meet their monthly  
11 payment.

12 While the decrease in the percentage of  
13 defaults is encouraging, the percentage of defaults is  
14 still high at 63%. Such high default percentages cause  
15 concern about the effectiveness and success of the Winter  
16 Payment Plan.

17 Q. Have the number of residential payment  
18 arrangement agreements and defaulted payment arrangement  
19 agreements made on accounts increased or decreased?

20 A. The number of Idaho Avista residential  
21 customers has steadily increased over the past four  
22 calendar years (2005-2008) from 128,130 to 136,890. This  
23 represents a 6.8% increase. During this time period the  
24 number of payment arrangement agreements increased by 17%  
25 and the number of defaulted payment arrangements increased

1 by 39.8%. A customer can have more than one payment  
2 arrangement in a given month for an account and customers  
3 can have more than one account. Because of this, a number  
4 of payment arrangement agreements and payment arrangement  
5 defaults do not correlate to the actual number of  
6 customers. This table shows the number of customers,  
7 payment arrangements and payment arrangement defaults.

8	<b>Year</b>	<b># of customers</b>	<b>Arrangements</b>	<b>Defaults</b>	<b>% Defaults</b>
9	2005	128,130	63,003	28,600	45%
10	2006	130,396	66,700	30,600	46%
11	2007	133,508	67,881	31,318	46%
12	2008	136,890	73,768	39,994	47%

13 Q. What can be done to help reduce the number of  
14 customers who default on their payment arrangement  
15 agreements?

16 A. At this time, Staff is not sure why customers  
17 are not meeting the terms of payment arrangements. It may  
18 be that a more diligent effort by Avista to provide monthly  
19 customer reminder calls would be beneficial, allowing the  
20 Company to assess each customer's situation and reinforce  
21 to each customer the importance of making the agreed upon  
22 payment. However, it may be that customers are simply  
23 agreeing to make payments in an amount and/or at a time  
24 that is not feasible given their financial circumstances.  
25 Whether customers are doing so because they feel they have

1 no choice but to agree to terms suggested by the Company,  
2 are using payment arrangements as a means to defer  
3 disconnection of service due to a lack of ability to budget  
4 for expenses, or some other reason, more study is required  
5 to determine why so many arrangements result in default.  
6 During the last four years the percentage of payment  
7 arrangement defaults has remained relatively high, ranging  
8 between 45% and 47%. Unless an effort is put forth by the  
9 Company to address the reason as to why so many payment  
10 arrangements end in default, the number will remain high.

11 Q. What new payment options have been implemented  
12 by Avista to assist customers who have fallen behind on  
13 their monthly payments and are struggling to pay down their  
14 arrearages?

15 A. In March 2009, Avista added three new payment  
16 plan options (Budget Billing, Flexible Payment, and Bill  
17 Plus), in addition to its existing payment plan offerings  
18 outlined in Exhibit No. 132. A fourth plan (Pay Day),  
19 though technically not a payment arrangement, was also  
20 added that allows a customer to change the monthly billing  
21 due date. The Company realized the need for additional  
22 bill payment options that offer more flexibility in meeting  
23 the needs of its customers. A brief summary of each plan  
24 can be found in Exhibit No. 133.

25 At this time, Staff believes that Avista's

1 offering of additional bill payment options will benefit  
2 customers who are financially stressed, offering them a  
3 better opportunity to pay off past due balances. Staff  
4 also believes that these options could have a positive  
5 impact in helping reduce the amount of payment arrangement  
6 defaults. Staff recommends that Avista be directed to  
7 confer with Staff to assess the effectiveness of the new  
8 payment plans and identify ways to decrease defaults.

9 Q. What new effort has Avista taken to educate  
10 its customers about the available programs intended to  
11 assist with paying their energy bills?

12 A. In March 2009, Avista launched an advertising  
13 campaign in both Washington and Idaho to inform and educate  
14 its customers about the various assistance and bill payment  
15 options that are available (Exhibit No. 134). Radio and  
16 print ads direct customers to contact Avista so they can  
17 either talk to a customer service representative or access  
18 the Company's website. The media campaign ran from March  
19 30, 2009 through May 22, 2009.

20 Q. Has Avista implemented any programs in Idaho  
21 designed to assist senior citizens?

22 A. Yes, Avista now offers Senior Energy  
23 Conservation Workshops. The program has been in place in  
24 Washington and was recently implemented in Idaho in the  
25 fall of 2008. Workshops are conducted at a variety of

1 different locations such as senior citizen centers, senior  
2 nutrition meal sites, and various other non-profit  
3 organizations. The goal of the workshops is to provide  
4 education on energy savings for seniors without reducing  
5 at-home comfort and safety. All workshop participants  
6 receive an "Every Little Bit" Energy Conservation Kit which  
7 contains compact fluorescent light bulbs, home  
8 weatherization supplies and energy saving tips. Avista  
9 began this program when it came to the Company's attention  
10 that seniors on fixed incomes tend to reduce their use of  
11 heat in order to cut monthly heating expenditures so that  
12 they are able to pay for medication and food.

13 Unfortunately, due to the late implementation of the  
14 program in Idaho, a delay in materials not arriving for the  
15 workshops and the time constraints of the facilitators no  
16 workshops were conducted in Idaho in 2008.

17 Q. What is the status of the Energy Conservation  
18 Education program that was approved by Order No. 30647 in  
19 Avista's previous rate case (AVU-E-08-01)?

20 A. As part of the recent rate case settlement  
21 Avista agreed to support an Energy Conservation Education  
22 program in Idaho by providing \$25,000 in annual funding  
23 through its DSM tariff rider. Avista's 2009 contract with  
24 Community Action Partnership includes this funding amount,  
25 but the program has not yet been implemented. The

1 Community Action Partnership has recently hired a new  
2 employee, an Energy Education Specialist, to oversee the  
3 program that will begin later this year. The purpose of  
4 the program is to provide conservation education to LIHEAP  
5 participants.

6 Q. Does Avista provide personalized customer  
7 service to those customers who have special needs?

8 A. Yes. The Company has a Case Management  
9 Program called CARES (Customer Assistance Referral and  
10 Evaluation Services). The CARES staff is comprised of four  
11 full-time specialized customer service representatives who  
12 assist customers with special needs (elderly or disabled)  
13 and/or hardships to gain access to both utility and non-  
14 utility resources. The assistance provided includes  
15 special payment arrangements, a personalized assessment of  
16 energy usage, advice on energy saving practices, utilizing  
17 energy efficiency programs, home weatherization, and  
18 referrals to other community agencies. The four CARES  
19 representatives handle about 4,000 customers living within  
20 the Company's service territory (Oregon, Washington and  
21 Idaho). CARES benefits both the customer and the Company  
22 by assisting the special needs person, which allows them to  
23 remain as a customer and also lowers the number of  
24 disconnects experienced by the Company that otherwise might  
25 have occurred.



1 **Low Income Weatherization and Energy Efficiency**

2 Q. What other Avista programs are available to  
3 assist low income customers?

4 A. Energy efficiency programs can make bills more  
5 affordable by decreasing usage, thereby lowering energy  
6 costs. The Low Income Weatherization Program offers  
7 financial assistance to qualifying low income customers  
8 with both natural gas and electrically-heated homes for  
9 weatherization of their homes. A household whose income is  
10 150% of poverty or less qualifies to receive weatherization  
11 services; 160% was allowed this past winter heating season  
12 due to an increase in federal funding. This program is  
13 administered by the Community Action Partnership (CAP)  
14 located within Avista's Idaho service territory. The total  
15 number of dwellings weatherized in Idaho in 2008 was 101 at  
16 a total cost of \$351,000. This amount includes CAP  
17 administration costs but does not include Avista's  
18 administrative costs. In Case No. AVU-E-08-01 the  
19 Commission approved annual funding for low income  
20 weatherization of \$465,000. Funding for the low income  
21 weatherization program comes from the Company's existing  
22 DSM tariff riders.

23 Avista offers its Idaho customers additional  
24 energy efficiency programs that are available to households  
25 of all income levels. Such programs include: 1) Senior

1 Energy Conservation Workshops; 2) Energy Conservation  
2 Education Programs for Children; 3) High Efficiency  
3 Equipment Incentives; 4) CFL Lighting; 5) Refrigerator  
4 Recycling Program; 6) Conversion from Electric Straight  
5 Resistance; 7) Energy Star Appliances; 8) New Construction  
6 Energy Star Homes Program; 9) Multi-Family Energy  
7 Efficiency Program; 10) Rooftop Dampers; and 11) Home  
8 Energy Analyzer.

9 More detailed summaries of the programs can be  
10 found in Exhibit No. 135.

11 Q. Does Avista adequately address the needs of  
12 its customers through its various programs?

13 A. Although there is always more that can be  
14 done, Avista's programs do help customers in a variety of  
15 different ways.

16 Q. What efforts has Avista taken to address  
17 energy affordability issues?

18 A. Avista actively participated in the energy  
19 affordability workshops that took place in October 2008 in  
20 Case No. GNR-U-08-01. Workshop participants explored ways  
21 to address energy affordability and the inability of  
22 customers to pay energy bills.

23 Avista also spearheaded efforts to enact  
24 legislation during the 2009 Legislative Session that would  
25 have allowed utilities to propose bill payment assistance

1 programs for low-income customers. Currently, Avista funds  
2 a bill payment program called LIRAP (Low Income Rate  
3 Assistance Program) in both Oregon and Washington. The  
4 program assists low income customers with paying their  
5 energy bills and is administered in the same manner as  
6 LIHEAP (Low Income Heating Assistance Program).

7 Q. Will an increase in Avista's rates affect  
8 customers' ability to pay their bills?

9 A. Yes. As I have pointed out earlier in my  
10 testimony, there are many factors affecting customers'  
11 ability to pay, and a rate increase will add to the  
12 financial difficulties faced by customers. The Company  
13 will need to continue to be more flexible in making payment  
14 arrangements. It will need to work with the customers to  
15 ensure that payments can be made based upon schedules that  
16 fit the customers' circumstances and needs. By  
17 implementing three new payment arrangement plans, the  
18 Company has shown a willingness to do so. Staff recommends  
19 that the Company be encouraged to look for new and creative  
20 ways to increase energy efficiency and provide assistance  
21 to customers, particularly those customers who are  
22 economically-disadvantaged.

23 Q. Does this conclude your testimony?

24 A. Yes, it does.  
25

**DEMOGRAPHICS - AVISTA SERVICE TERRITORY**

County & County Seat	Service Type E= Electric G= Gas	Population (a)	Population Change 00-06 (a)	Median Income (c)	Average Income (d)	Percentage below Poverty (c)	Unemployed (b)	Persons under 18 yrs (e)	Persons over 65+ yrs (e)	Non-English Spoken at Home (f)	
Benewah	E	9,352	2.0%	\$38,402	\$25,911	15.2%	15.4%	24.1%	16.5%		3.4%
St. Maries											
Bonner	E/G	41,168	11.8%	\$42,420	\$27,767	14.7%	8.9%	21.6%	13.9%		3.4%
Sandpoint											
Boundary	G	10,962	11.1%	\$37,653	\$20,243	15.6%	10.5%	25.0%	14.2%		6.0%
Bonniers Ferry											
Clearwater	E	8,176	-8.4%	\$38,785	\$27,405	15.0%	13.7%	18.0%	20.5%		4.0%
Orofino											
Idaho	E	15,448	-0.4%	\$36,952	\$23,753	15.7%	9.2%	20.2%	19.3%		3.4%
Grangeville											
Kootenai	E/G	137,475	26.5%	\$46,724	\$29,134	11.3%	7.3%	24.8%	13.8%		3.7%
Coeur d'Alene											
Latah	E/G	35,906	2.8%	\$42,031	\$26,980	17.0%	5.5%	19.3%	9.7%		6.8%
Moscow											
Lewis	E	3,594	-4.1%	\$36,089	\$27,576	13.0%	4.5%	22.5%	22.2%		3.1%
NezPerce											
Nez Perce	E/G	38,975	4.2%	\$40,726	\$29,405	12.7%	4.9%	21.8%	17.8%		3.9%
Lewiston											
Shoshone	E/G	12,193	-6.2%	\$35,095	\$29,946	17.5%	11.9%	20.5%	18.9%		3.7%
Wallace											
<b>Area Total</b>		<b>313,249</b>									
<b>Area Average</b>			<b>3.9%</b>	<b>\$39,488</b>	<b>\$26,812</b>	<b>14.8%</b>	<b>9.2%</b>	<b>21.8%</b>	<b>16.7%</b>		<b>4.1%</b>
Ada		380,921	26.6%	\$55,121	\$40,445	7.9%	8.1%	26.5%	9.7%		7.8%
Idaho		1,523,816	17.8%	\$46,136	\$29,920	12.1%	7.0%	27.2%	11.7%		9.3%
U.S.		304,059,724	8.0%	\$50,740	\$36,714	13.0%	8.9%	24.5%	12.6%		17.9%

**Source Key:**  
 (a) - 2008 U.S. Census Bureau (Estimate) <http://quickfacts.census.gov/qfd/states/16000.html>  
 (b) - 2009 April Idaho Department of Labor <http://lmi.idaho.gov>  
 (c) - 2007 U.S. Census Bureau <http://quickfacts.census.gov/qfd/states/16000.html>  
 (d) - 2007 Federal Statistics <http://www.fedstats.gov/qf/states/16/16001.html>  
 (e) - 2007 U.S. Census Bureau <http://quickfacts.census.gov/qfd/states/16000.html>  
 (f) - 2000 U.S. Census Bureau <http://quickfacts.census.gov/qfd/states/16000.html>

**Definitions:**  
**Median Income** = the middle point of all wages above and below  
**Average Income** = total of all wages divided by number of wage earners  
**Poverty Level** = minimal level of income for adequate standard of living  
**Unemployed** = # of individuals registered w/ Dept. Labor seeking employment

Exhibit No. 127  
 Case No. AVU-E-9-09-1/  
 AVU-G-09-1  
 C. Thaden, Staff  
 05/29/09

**2009 FEDERAL POVERTY LEVEL GUIDELINES**

**Annual Income Guidelines (\$)**

Family Size	100%		125%		135%		150%		175%		185%	
	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage
1	10,830	5.21	13,538	6.51	14,621	7.03	16,245	7.81	18,953	9.11	20,036	9.63
2	14,570	7.00	18,213	8.76	19,670	9.46	21,855	10.51	25,498	12.26	26,955	12.96
3	18,310	8.80	22,888	11.00	24,719	11.88	27,465	13.20	32,043	15.41	33,874	16.29
4	22,050	10.60	27,563	13.25	29,768	14.31	33,075	15.90	38,588	18.55	40,793	19.61
5	25,790	12.40	32,238	15.50	34,817	16.74	38,685	18.60	45,133	21.70	47,712	22.94
6	29,530	14.20	36,913	17.75	39,866	19.17	44,295	21.30	51,678	24.84	54,631	26.26
7	33,270	16.00	41,588	19.99	44,915	21.59	49,905	23.99	58,223	27.99	61,550	29.59
8	37,010	17.79	46,263	22.24	49,964	24.02	55,515	26.69	64,768	31.14	68,469	32.92

For Family units of more than 8 members, add \$3,740 per person

Minimum Wage - Idaho & Federal = \$6.55 per hour

**Monthly Income Guidelines (\$)**

Family Size	100%		125%		135%		150%		175%		185%	
	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage	Poverty	Hr. Wage
1	903	5.21	1,128	6.51	1,218	7.03	1,354	7.81	1,579	9.11	1,670	9.63
2	1,214	7.00	1,518	8.76	1,639	9.46	1,821	10.51	2,125	12.26	2,246	12.96
3	1,526	8.80	1,907	11.00	2,060	11.88	2,289	13.20	2,670	15.41	2,823	16.29
4	1,838	10.60	2,297	13.25	2,481	14.31	2,756	15.90	3,216	18.55	3,399	19.61
5	2,149	12.40	2,686	15.50	2,901	16.74	3,224	18.60	3,761	21.70	3,976	22.94
6	2,461	14.20	3,076	17.75	3,322	19.17	3,691	21.30	4,306	24.85	4,553	26.27
7	2,773	16.00	3,466	19.99	3,743	21.59	4,159	23.99	4,852	27.99	5,129	29.59
8	3,084	17.79	3,855	22.24	4,164	24.02	4,626	26.69	5,397	31.14	5,706	32.92

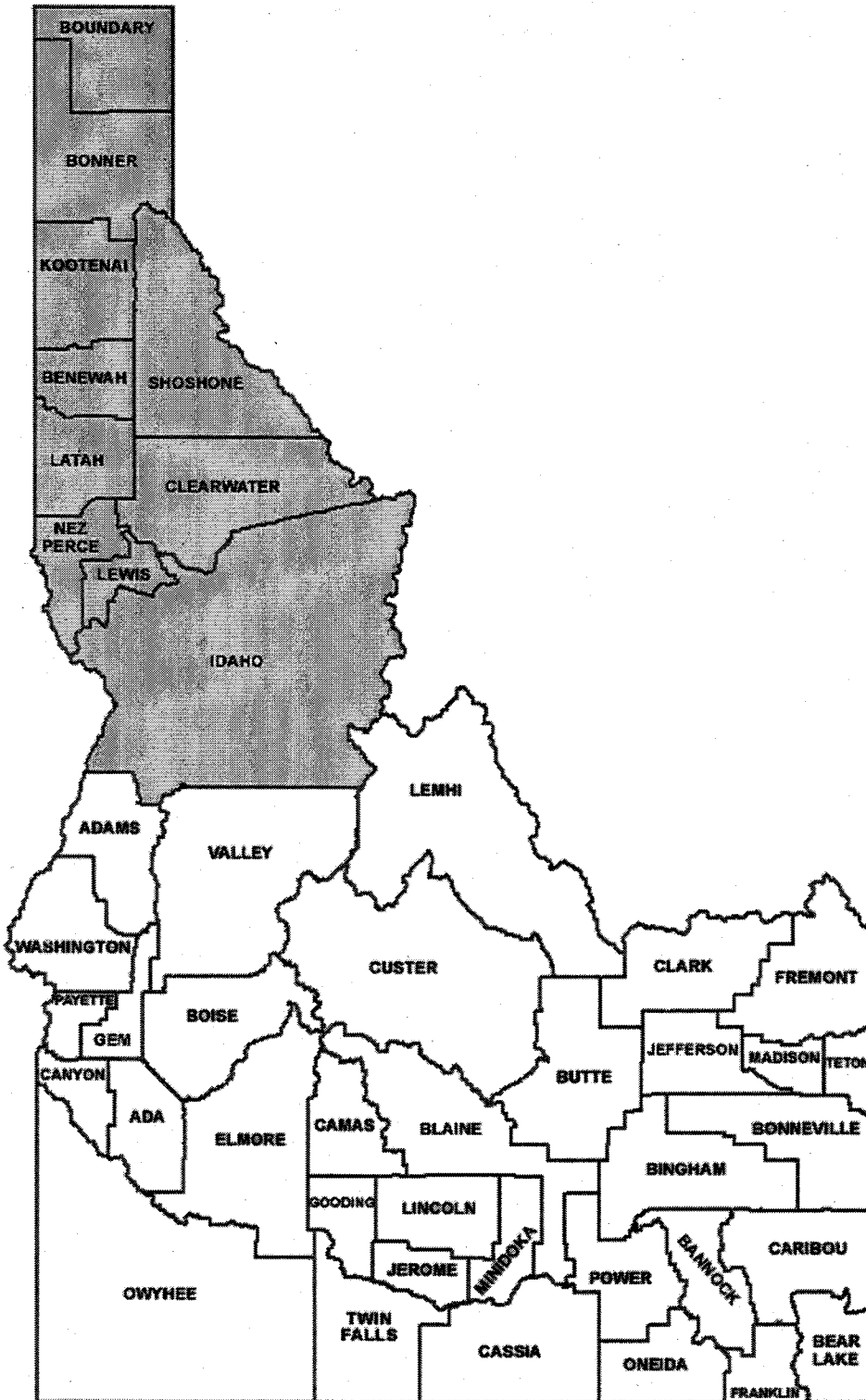
Exhibit No. 128  
Case No. AVU-E-9-09-1/  
AVU-G-09-1  
C. Thaden, Staff  
05/29/09

Source: United States Department of Health & Human Services - <http://aspe.hhs.gov>  
Covers all States and DC except Alaska and Hawaii.

Income Guidelines as Published in the Federal Register on January 23, 2009.

I:\Consumers\Affordability Workshop Project\Exhibits\Poverty Level Chart 2009.xls

# Avista Service Area (10 Counties)



**Counties Served (shaded):** Benewah, Bonner, Boundary, Clearwater, Idaho, Kootenai, Latah, Lewis, Nez Perce, Shoshone

Exhibit No. 129  
Case No. AVU-E-9-09-1/  
AVU-G-09-1  
C. Thaden, Staff  
05/29/09

## March 2009 Idaho and U.S. Unemployment Data

For the first time in 21 years the state's seasonably adjusted unemployment rate rose above 7% and now stands at 7.1%, which is 3% higher than it was a year ago. Additionally, a net job loss between February and March had not occurred in Idaho in over sixty-five years. This decline can be attributed to the ongoing slump in the construction sector where jobs normally increase as the weather improves and new projects are started. The number of jobs lost in March was the second largest monthly loss on record. March was also the twelfth consecutive month that the total number of non-farm jobs was less than the previous year's statistic. For the first time since the 1980's economic down turn, the workforce in Idaho was much smaller than it was the year prior. Over the last year, Idaho lost over 33,000 jobs and hit a record high of 53,000 unemployed.

During the last twelve months, job loss throughout the state impacted every sector: transportation and warehousing (9,400), professional and business (8,600), construction (8,300), manufacturing (6,500) leisure and hospitality (2,600).

Though Idaho's unemployment rate is lower than the national average unemployment rate (8.5%), March marked the nineteenth consecutive month that the state's unemployment rate rose. In looking at Idaho as a whole, all forty-four counties experienced higher unemployment rates when compared to March 2008 rates. Six counties reported double-digit unemployment rates compared to three counties from one year ago. Additionally, twelve months prior, twenty-three counties had unemployment rates below 4%, now only two counties have such low unemployment rates.

In March, the national unemployment rate increased from 8.1% to 8.5% and the number of unemployed persons increased from 694,000 to 13.2 million. In the past twelve months, the national unemployment rate rose by 3.4% and the number of workers unemployed increased by 5.3 million. Half of this increase, for both the unemployment rate as well as the number of those unemployed, occurred during the past four months. The reason for including the national unemployment rate is to not only show the magnitude of what has transpired nationwide, but also to show a correlation between Idaho with the rest of the U.S.

Sources:       1) Idaho Department of Labor website ([www.labor.idaho.gov](http://www.labor.idaho.gov))  
                  2) Bureau of Labor Statistics



## April 2009 Idaho and U.S. Unemployment Data

In April, the seasonably adjusted jobless rate was unchanged from the prior month's revised March figures (7.0%). According to the Idaho Department of Labor, Idaho's job market appears to be stabilizing. For the first time in twenty months the unemployment rate has not increased.

Since July 2008, April marked the first month-to-month increase in employment. Approximately 1,800 construction jobs were added which is typical of what occurs between March and April. (As is typical of what occurs between March and April, approximately 1,800 construction jobs were added last month.) The manufacturing sector continued to experience job loss. Nearly 300 jobs, predominantly in the high-technology sector, were eliminated.

The number of those jobless in April 2009 still exceeds the number of those jobless in April 2008. When comparing April 2008 to April 2009, all 44 counties in Idaho saw the jobless rate increase. But, over half of the counties saw an increase in employment in the month of April. Six counties now boast an unemployment rate below 4% compared to only one county a month ago. For the first time in a decade a major Idaho city posted a double digit unemployment rate. Both Nampa and Caldwell have unemployment rates exceeding 10%. The Boise metro area, which accounts for two-thirds of the state's employment, has an 8.4% unemployment rate.

In April, the national unemployment rate increased from 8.5% to 8.9% and the number of unemployed persons increased from 563,000 to 13.7 million. During the past twelve months, the national unemployment rate rose by 3.9% and the number of workers

unemployed increased by 6.0 million. The unemployment rate is now at the highest level since September 1983.

Sources: 1) Idaho Department of Labor website ([www.labor.idaho.gov](http://www.labor.idaho.gov))  
2) Bureau of Labor Statistics

## Idaho Moratorium/ Payment Plan Participants & Defaults

Winter Heating Season	Moratorium Participants	Payment Plan Participants	Payment Plan Defaults <sup>(1)</sup>	% of Defaults
2006/2007	2,614	399		
2007/2008	2,635	484	360	74%
2008/2009	2,188	1,184	746	63%

<sup>(1)</sup> - Only two years are reflected as Avista had not previously tracked this statistic and the data that is available is incomplete due to data loss.

## New Avista Payment Plans<sup>1</sup>

The **Budget Billing Plan** works in same manner as Comfort Level Billings where the monthly payment is the average of 12 monthly billings based on historical charges or an estimate of future charges. To qualify for Comfort Level Billing, a customer must not have a past due balance (no arrears), in contrast, under the Budget Billing Plan, a customer is allowed to have up to a two-month balance. The past due balance is divided by 12 and added to the preset monthly Comfort Billing amount. The concept of this plan is to help the customer with being able to budget for their utility bills throughout the year by leveling out seasonal highs and lows in their monthly utility bills.

The **Flexible Payment Plan** provides customers needing first-time assistance with the option of making an immediate good faith payment on their past due balance and then allowing the remaining balance to be paid over the course of the next few months (up to six months max) in addition to their current monthly billing. Customer Service Representatives work with the customer, depending on their circumstance, to set up an arrangement that works best for the customer.

The **Bill Plus Plan** is a short-term arrangement (up to six months) intended to help customers who have previously entered into a payment arrangement time to catch up with their past due bill by the end of the summer. A good faith payment is typically due immediately and must be at least one sixth of the past due balance. The remaining balance is paid in addition to their current monthly billing. Customer Service Representatives work with the customer, depending on his or her circumstance, to set up an arrangement that works best for the customer.

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<sup>1</sup> Source of information obtained by e-mail and phone conversations with Avista employee, Linda Gervais.

The **Pay Day Plan**, based on Avista's billing schedule, allows customers to choose an alternative payment due date. A new payment due date can be set prior to the customer's next read date. As an example, this plan allows a customer with a payment due date on the 5<sup>th</sup> of the month to change it to the 10<sup>th</sup> of the month. The goal of the program is to allow customers to choose a payment due date that better meets their needs.

## Existing Avista Payment Plan Options<sup>1</sup>

**Comfort Level Billing** assists customers with being able to budget for their utility bills throughout the year by leveling out seasonal highs and lows in their monthly utility bills. To qualify for this plan a customer must not have a past due balance (no arrears). The monthly payment is the average of 12 monthly billings based on historical charges or an estimate of future charges. The payment amount is reviewed at least once a year against actual usage and an adjustment in the monthly payment is made either up or down.

**Levelized Pay** is long-term payment plan that allows customers to pay their past due balance over a 12 month period. The payment is 1/12<sup>th</sup> of the past due balance in addition to their current monthly billing which is based on the Comfort Level Billing payment plan. Customer Service Representatives work with the customer, depending on his or her circumstance, to set up an arrangement that works best for the customer.

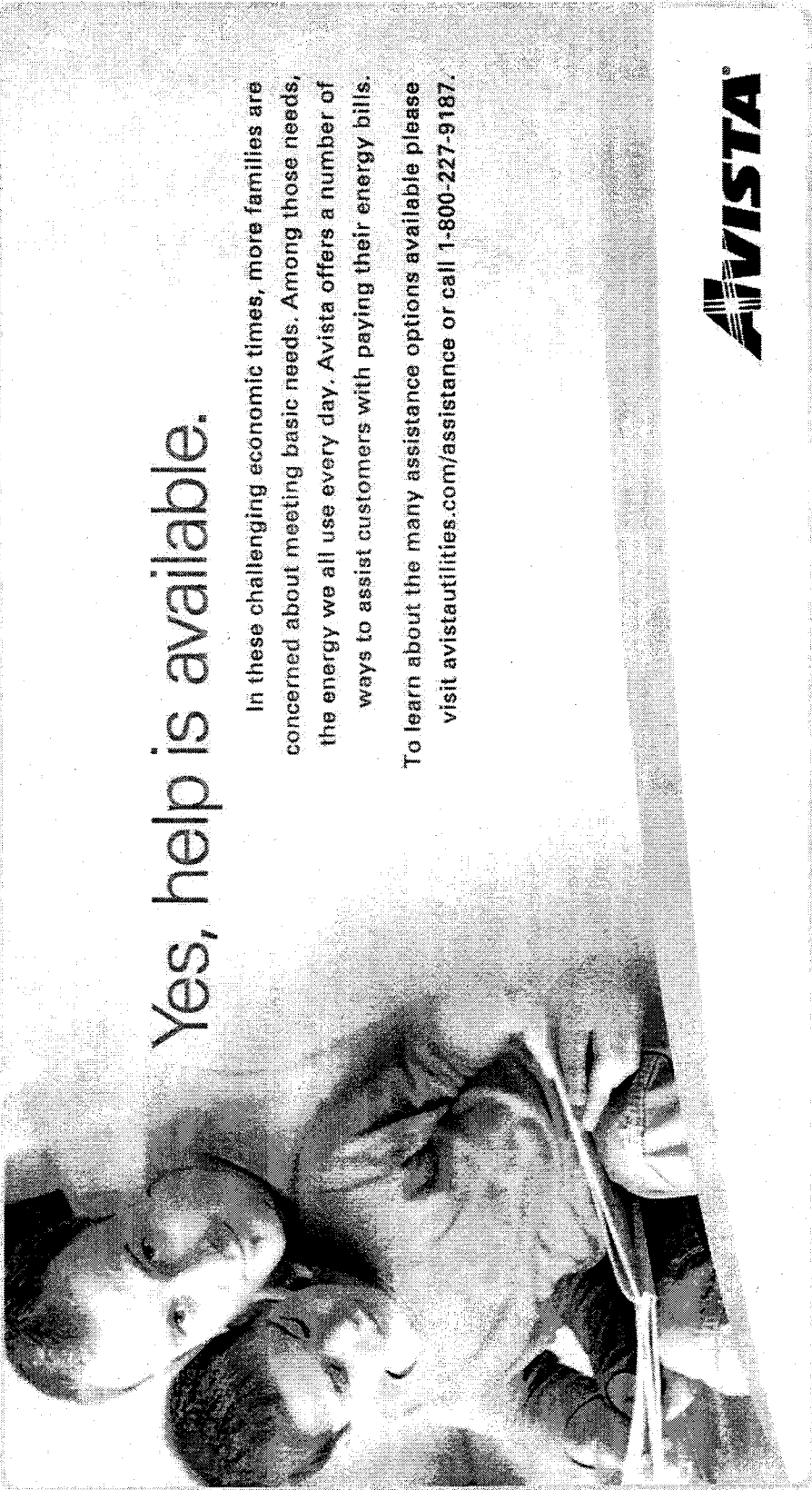
**Short Term Payment Arrangement** is an arrangement that allows a customer to make a payment(s) on the past due balance prior to the next bills due date to avoid disconnection. Customer Service Representatives work with the customer, depending on his or her circumstance, to set up an arrangement that works best for the customer.

**Current Bill Plus** is a short-term arrangement (up to three months) intended to help customers who have previously entered into a payment arrangement time to catch up with their past due bill. A good faith payment is typically due immediately and must be at least one-third of the past due balance. The remaining balance is paid in addition to

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<sup>1</sup> Source of information obtained by e-mail and phone conversations with Avista employee, Linda Gervais Amanda Rheinhardt and Janet Hadley.

their current monthly billing. Customer Service Representatives work with the customer, depending on his or her circumstance, to set up an arrangement that works best for the customer.



# Yes, help is available.

In these challenging economic times, more families are concerned about meeting basic needs. Among those needs, the energy we all use every day. Avista offers a number of ways to assist customers with paying their energy bills.

To learn about the many assistance options available please visit [avistautilities.com/assistance](http://avistautilities.com/assistance) or call 1-800-227-9187.





## Other Avista Energy Efficiency Programs<sup>1</sup>

**Avista** offers additional residential energy efficiency programs such as: 1) Senior Energy Conservation Workshops; 2) Energy Conservation Education Programs for Children; 3) High Efficiency Equipment Incentives; 4) CFL Lighting; 5) Refrigerator Recycling Program; 6) Conversion from Electric Straight Resistance; 7) Energy Star Appliances; 8) New Construction Energy Star Homes Program; 9) Multi-Family Energy Efficiency Program; 10) Rooftop Dampers; and, 11) Home Energy Analyzer.

The *Senior Energy Conservation Workshops* are part of the Senior Outreach Program that helps to identify senior citizens who need assistance with paying their energy bills. The workshops provide education on energy savings for seniors while allowing for comfort and safety with home energy use. All workshop participants receive an "Every Little Bit" Energy Conservation Kit.

The *Energy Conservation Education for Children Program* is designed to educate low-income elementary age children and families with the goal of changing lifestyle habits of using energy efficiently. Wattson, the Energy Watchdog, is featured with the goal of targeting children ages 4 to 8 with emphasis on reaching low-income children and their families.

The *High Efficiency Equipment Incentives Program* offers rebates to customers who purchase energy efficiency equipment for their homes. Rebates ranging from \$100 to \$1500 are offered for items such as high efficiency natural gas furnaces/boilers, heat pumps, air conditioning units, variable motors for heating systems, and electric water heaters.

The *CFL Lighting Program* provides customers with coupons for the purchase of compact fluorescent bulbs (CFL) and also provides a list of CFL recycling locations.

The *Refrigerator Recycling Program* is provided to Idaho residents who own a working refrigerator or freezer that was manufactured in, or prior to, 1995. Through a local partner, the units are removed and recycled to prevent further use. The customer is then given \$30 for allowing removal of the units. Additionally, rebates of \$25.00 are offered toward the purchase of a new energy efficient refrigerator and \$100 toward the purchase of a new energy efficient freezer.

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<sup>1</sup> Source of information obtained from Avista's website and communication with Avista representatives.

The *Conversion from Electric Straight Resistance Program* offers three customer options: 1) a \$1,000 rebate is provided to customers who replace electric as their primary heating source with a central natural gas heating system. The rebate can be claimed in conjunction with the high-efficient natural gas furnace incentive. Additionally, a \$500 incentive is available to replace electric heat with a natural gas wall heater; 2) a \$1,000 rebate is provided to customers who replace electric as their primary heating source with a heat pump. The rebate cannot be combined with the electric to natural gas heat incentive. A \$500 rebate is available to replace electric heat with a natural gas wall heater; and, 3) a \$250 rebate is provided to customers who replace an electric water heater with a natural gas water heater. The rebate may be claimed in conjunction with the high-efficient natural gas water heater incentive.

The *Energy Star Appliances Program* provides rebates ranging from \$25 to \$100 for the purchase of an Energy Star appliances (refrigerator, freezer, dishwasher, or clothes washer). The rebates only apply to customers who reside in single and multi-family residences, including manufactured and modular homes.

The *New Construction Energy Star Homes Program* is a residential construction program providing incentives to builders, suppliers, and subcontractors who build energy efficient homes. Energy Star homes are 30% more efficient than those homes that are built only to Idaho's energy code. A \$900 rebate is available to builders for new construction homes that use Avista electric or Avista electric and natural gas that meet the Energy Star Homes criteria and are verified as an Energy Star Home. A \$650 rebate is available for homes that have Avista gas but not Avista electric.

The *Multi-Family Energy Efficiency Program* is a brand new program that is designed to increase energy efficiencies and reduce water/sewer costs for property owners of multi-family dwellings while increasing tenant efficiencies and offering saving opportunities for those who live in multi-family properties. A third-party company (UCONS, LLC) administers the program. The energy efficiency measures include water heat pipe installation, floor and ceiling insulation for under insulated buildings, the installation of high quality shower head and aerators and the installation high quality compact fluorescent bulbs. The program is free for both property owner and tenant.

The *Rooftop Dampers Program* provides customers who heat primarily with electric or natural gas but also have a wood burning fireplace with the opportunity to receive up to \$100 toward the installation of a rooftop damper to prevent energy loss through the chimney.

The *Home Energy Analyzer* allows customers the ability to access their energy efficiency needs by using an interactive Home Energy Analyzer that is located on Avista's website.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29TH DAY OF MAY 2009,  
SERVED THE FOREGOING **DIRECT TESTIMONY OF CURTIS THADEN**, IN CASE  
NOS. AVU-E-09-1 & AVU-G-09-1, BY ELECTRONIC MAIL TO THE FOLLOWING:

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